

E Ink Holdings Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Introduction

We have reviewed the accompanying consolidated financial statements of E Ink Holdings Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 14 and 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements for the same reporting periods were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$1,943,606 thousand and NT\$1,274,992 thousand, respectively, representing 3% and 2%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$456,978 thousand and NT\$320,990 thousand, respectively, both representing 2% of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income or loss of these non-significant subsidiaries were NT\$75,330 thousand, NT\$26,963 thousand, NT\$112,284 thousand and NT\$86,125 thousand, respectively, representing 2%, 5%, 1% and 2%, respectively, of the consolidated total comprehensive income or loss. As of September 30, 2022 and 2021, the carrying amounts of the above mentioned

investments accounted for using the equity method were NT\$1,349,111 thousand and NT\$823,841 thousand, respectively; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income or loss of investments accounted for using the equity method were NT\$31,938 thousand, NT\$(37,459) thousand, NT\$44,540 thousand and NT\$(26,962) thousand, respectively.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph and the related information of these non-significant subsidiaries as disclosed in Note 36 to the consolidated financial statements been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 4, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 10,332,683	16	\$ 8,751,235	15	\$ 10,201,184	20
Financial assets at fair value through profit or loss (Note 7)	1,026,083	2	99,401	-	311,027	1
Financial assets at amortized cost (Notes 9, 11 and 32)	4,382,945	7	2,499,045	5	1,638,024	3
Contract assets (Note 23)	2,557	-	35,045	-	12,626	-
Accounts receivable (Notes 10, 23 and 31)	3,171,936	5	3,247,721	6	2,094,399	4
Other receivables	226,047	-	167,782	-	180,921	-
Current tax assets	139	-	6,768	-	2,365	-
Inventories (Note 12)	5,072,619	8	4,142,022	7	3,846,435	7
Prepayments (Note 31)	562,902	1	314,252	1	329,825	1
Other current assets	1,913	-	103	-	846	-
Total current assets	<u>24,779,824</u>	<u>39</u>	<u>19,263,374</u>	<u>34</u>	<u>18,617,652</u>	<u>36</u>
NON-CURRENT ASSETS (Note 4)						
Financial assets at fair value through profit or loss (Note 7)	2,741,970	4	3,429,586	6	2,841,805	5
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	16,206,166	25	16,799,349	30	13,005,355	25
Financial assets at amortized cost (Notes 9, 11 and 32)	1,415,039	2	1,353,730	2	1,435,936	3
Investments accounted for using the equity method (Note 15)	1,349,111	2	733,642	1	823,841	2
Property, plant and equipment (Notes 16, 28 and 31)	6,556,259	10	5,274,647	9	4,922,583	9
Right-of-use assets (Notes 17 and 31)	1,973,842	3	1,668,669	3	1,610,808	3
Goodwill (Note 18)	7,351,640	12	6,531,427	12	6,545,420	13
Other intangible assets (Note 18)	611,514	1	683,251	1	796,956	2
Deferred tax assets	928,909	2	804,793	1	873,439	2
Other non-current assets (Note 31)	94,903	-	467,531	1	118,988	-
Total non-current assets	<u>39,229,353</u>	<u>61</u>	<u>37,746,625</u>	<u>66</u>	<u>32,975,131</u>	<u>64</u>
TOTAL	<u>\$ 64,009,177</u>	<u>100</u>	<u>\$ 57,009,999</u>	<u>100</u>	<u>\$ 51,592,783</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES (Note 4)						
Short-term borrowings (Notes 19 and 32)	\$ 6,098,149	10	\$ 3,766,997	7	\$ 4,682,993	9
Short-term bills payable (Note 19)	1,374,470	2	4,644,546	8	4,643,386	9
Financial liabilities at fair value through profit or loss (Note 7)	228,378	-	221,939	-	297,359	1
Contract liabilities (Note 23)	1,071,428	2	3,259,113	6	1,569,101	3
Notes and accounts payable (Note 31)	3,256,737	5	3,123,992	6	2,641,959	5
Other payables (Notes 20 and 28)	2,145,461	3	1,845,998	3	1,410,855	3
Current tax liabilities	1,492,352	2	763,772	1	581,734	1
Other current liabilities (Notes 13, 17 and 31)	259,940	1	213,218	-	187,412	-
Total current liabilities	<u>15,926,915</u>	<u>25</u>	<u>17,839,575</u>	<u>31</u>	<u>16,014,799</u>	<u>31</u>
NON-CURRENT LIABILITIES (Note 4)						
Long-term borrowings (Note 19)	3,828,616	6	847,340	1	536,450	1
Contract liabilities (Note 23)	-	-	-	-	3,060	-
Deferred tax liabilities	607,938	1	295,512	1	108,693	-
Lease liabilities (Notes 17 and 31)	1,946,845	3	1,632,196	3	1,571,947	3
Deferred revenue (Note 13)	160,427	-	588,642	1	650,484	2
Net defined benefit liabilities	100,962	-	104,357	-	95,581	-
Other non-current liabilities (Note 31)	6,113	-	4,492	-	4,684	-
Total non-current liabilities	<u>6,650,901</u>	<u>10</u>	<u>3,472,539</u>	<u>6</u>	<u>2,970,899</u>	<u>6</u>
Total liabilities	<u>22,577,816</u>	<u>35</u>	<u>21,312,114</u>	<u>37</u>	<u>18,985,698</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)						
Share capital	11,404,047	18	11,404,047	20	11,404,047	22
Capital surplus	10,724,721	17	10,407,670	18	10,386,225	20
Retained earnings	16,020,817	25	11,000,202	20	9,623,179	19
Other equity	2,734,179	4	2,355,247	4	670,138	1
Total equity attributable to owners of the Company	<u>40,883,764</u>	<u>64</u>	<u>35,167,166</u>	<u>62</u>	<u>32,083,589</u>	<u>62</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>547,597</u>	<u>1</u>	<u>530,719</u>	<u>1</u>	<u>523,496</u>	<u>1</u>
Total equity	<u>41,431,361</u>	<u>65</u>	<u>35,697,885</u>	<u>63</u>	<u>32,607,085</u>	<u>63</u>
TOTAL	<u>\$ 64,009,177</u>	<u>100</u>	<u>\$ 57,009,999</u>	<u>100</u>	<u>\$ 51,592,783</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 4, 2022)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 8,103,880	100	\$ 4,396,760	100	\$ 21,517,163	100	\$ 12,882,941	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>3,199,702</u>	<u>39</u>	<u>2,532,516</u>	<u>58</u>	<u>10,228,283</u>	<u>47</u>	<u>7,149,253</u>	<u>56</u>
GROSS PROFIT	<u>4,904,178</u>	<u>61</u>	<u>1,864,244</u>	<u>42</u>	<u>11,288,880</u>	<u>53</u>	<u>5,733,688</u>	<u>44</u>
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing expenses	223,805	3	168,970	4	649,519	3	487,573	4
General and administrative expenses	647,832	8	543,542	12	1,777,172	8	1,603,479	12
Research and development expenses	<u>808,797</u>	<u>10</u>	<u>625,117</u>	<u>14</u>	<u>2,242,214</u>	<u>11</u>	<u>1,830,054</u>	<u>14</u>
Total operating expenses	<u>1,680,434</u>	<u>21</u>	<u>1,337,629</u>	<u>30</u>	<u>4,668,905</u>	<u>22</u>	<u>3,921,106</u>	<u>30</u>
INCOME FROM OPERATIONS	<u>3,223,744</u>	<u>40</u>	<u>526,615</u>	<u>12</u>	<u>6,619,975</u>	<u>31</u>	<u>1,812,582</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 24)	118,578	1	52,550	1	278,224	1	144,603	1
Royalty income (Notes 4 and 23)	223,315	3	335,164	8	1,149,510	5	1,244,366	10
Dividend income	534,925	7	449,431	10	660,392	3	500,584	4
Other income (Notes 13, 24 and 31)	125,764	2	333,712	8	547,048	3	441,474	3
Interest expenses (Notes 16 and 31)	(48,233)	(1)	(22,088)	(1)	(102,644)	-	(68,686)	-
Net gain (loss) on disposal of investment (Note 15)	(1,323)	-	-	-	(1,778)	-	653,705	5
Net gain on foreign currency exchange (Note 35)	673,807	8	164,981	4	1,113,686	5	291,142	2
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	164,845	2	(190,501)	(4)	(335,705)	(2)	(226,015)	(2)
Other expenses	<u>(14,076)</u>	<u>-</u>	<u>(27,824)</u>	<u>(1)</u>	<u>(26,430)</u>	<u>-</u>	<u>(32,064)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,777,602</u>	<u>22</u>	<u>1,095,425</u>	<u>25</u>	<u>3,282,303</u>	<u>15</u>	<u>2,949,109</u>	<u>23</u>
INCOME BEFORE INCOME TAX	5,001,346	62	1,622,040	37	9,902,278	46	4,761,691	37
INCOME TAX EXPENSE (Notes 4 and 25)	<u>734,240</u>	<u>9</u>	<u>386,895</u>	<u>9</u>	<u>1,774,302</u>	<u>8</u>	<u>931,626</u>	<u>7</u>
NET INCOME FOR THE PERIOD	<u>4,267,106</u>	<u>53</u>	<u>1,235,145</u>	<u>28</u>	<u>8,127,976</u>	<u>38</u>	<u>3,830,065</u>	<u>30</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 591,531	7	\$ (236,495)	(5)	\$ 159,346	1	\$ 1,983,875	15
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(77,765)</u>	<u>(1)</u>	<u>29</u>	<u>-</u>	<u>(292,234)</u>	<u>(2)</u>	<u>(11,278)</u>	<u>-</u>
	<u>513,766</u>	<u>6</u>	<u>(236,466)</u>	<u>(5)</u>	<u>(132,888)</u>	<u>(1)</u>	<u>1,972,597</u>	<u>15</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	241,959	3	(487,073)	(11)	1,166,628	6	(1,344,427)	(10)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(76,144)	(1)	608	-	(195,111)	(1)	(21,784)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	37,955	1	138	-	56,171	-	(1,703)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>15,763</u>	<u>-</u>	<u>(437)</u>	<u>-</u>	<u>41,060</u>	<u>-</u>	<u>5,010</u>	<u>-</u>
	<u>219,533</u>	<u>3</u>	<u>(486,764)</u>	<u>(11)</u>	<u>1,068,748</u>	<u>5</u>	<u>(1,362,904)</u>	<u>(10)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>733,299</u>	<u>9</u>	<u>(723,230)</u>	<u>(16)</u>	<u>935,860</u>	<u>4</u>	<u>609,693</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 5,000,405</u>	<u>62</u>	<u>\$ 511,915</u>	<u>12</u>	<u>\$ 9,063,836</u>	<u>42</u>	<u>\$ 4,439,758</u>	<u>34</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,240,102	52	\$ 1,226,091	28	\$ 8,075,118	38	\$ 3,784,603	30
Non-controlling interests	<u>27,004</u>	<u>1</u>	<u>9,054</u>	<u>-</u>	<u>52,858</u>	<u>-</u>	<u>45,462</u>	<u>-</u>
	<u>\$ 4,267,106</u>	<u>53</u>	<u>\$ 1,235,145</u>	<u>28</u>	<u>\$ 8,127,976</u>	<u>38</u>	<u>\$ 3,830,065</u>	<u>30</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,993,141	62	\$ 527,103	12	\$ 9,047,004	42	\$ 4,452,667	34
Non-controlling interests	<u>7,264</u>	<u>-</u>	<u>(15,188)</u>	<u>-</u>	<u>16,832</u>	<u>-</u>	<u>(12,909)</u>	<u>-</u>
	<u>\$ 5,000,405</u>	<u>62</u>	<u>\$ 511,915</u>	<u>12</u>	<u>\$ 9,063,836</u>	<u>42</u>	<u>\$ 4,439,758</u>	<u>34</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 26)								
Basic	\$ 3.72		\$ 1.08		\$ 7.08		\$ 3.33	
Diluted	\$ 3.68		\$ 1.07		\$ 7.01		\$ 3.32	

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

(With Deloitte & Touche auditors' review report dated November 4, 2022)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Other Equity			Non-controlling Interests	Total Equity	
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total			
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE AT JANUARY 1, 2021	1,140,468	\$ 11,404,677	\$ 10,310,536	\$ 2,081,731	\$ 100,559	\$ 6,578,580	\$ 8,760,870	\$ (1,022,902)	\$ 1,165,461	\$ (110,032)	\$ 30,508,610	\$ 536,163	\$ 31,044,773
Appropriation of 2020 earnings													
Legal reserve	-	-	-	360,122	-	(360,122)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,062,779)	(3,062,779)	-	-	-	(3,062,779)	-	(3,062,779)
Reversal of special reserve	-	-	-	-	(29,881)	29,881	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,750	-	-	-	-	-	-	-	4,750	240	4,990
Other changes in capital surplus	-	-	34	-	-	-	-	-	-	-	34	-	34
Net income for the nine months ended September 30, 2021	-	-	-	-	-	3,784,603	3,784,603	-	-	-	3,784,603	45,462	3,830,065
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	-	(1,286,444)	1,954,508	-	668,064	(58,371)	609,693
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	3,784,603	3,784,603	(1,286,444)	1,954,508	-	4,452,667	(12,909)	4,439,758
Cancellation of treasury shares	(63)	(630)	(505)	-	-	-	-	-	-	1,135	-	-	-
Share-based payments	-	-	71,756	-	-	-	-	-	-	-	71,756	2	71,758
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	140,485	140,485	-	(140,485)	-	-	-	-
Treasury shares transferred to employees	-	-	(346)	-	-	-	-	-	-	108,897	108,551	-	108,551
BALANCE AT SEPTEMBER 30, 2021	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ 10,386,225</u>	<u>\$ 2,441,853</u>	<u>\$ 70,678</u>	<u>\$ 7,110,648</u>	<u>\$ 9,623,179</u>	<u>\$ (2,309,346)</u>	<u>\$ 2,979,484</u>	<u>\$ -</u>	<u>\$ 32,083,589</u>	<u>\$ 523,496</u>	<u>\$ 32,607,085</u>
BALANCE AT JANUARY 1, 2022	1,140,405	\$ 11,404,047	\$ 10,407,670	\$ 2,441,853	\$ 70,678	\$ 8,487,671	\$ 11,000,202	\$ (2,360,327)	\$ 4,715,574	\$ -	\$ 35,167,166	\$ 530,719	\$ 35,697,885
Appropriation of 2021 earnings													
Legal reserve	-	-	-	530,211	-	(530,211)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,649,295)	(3,649,295)	-	-	-	(3,649,295)	-	(3,649,295)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	241,580	-	-	60	60	2,399	-	-	244,039	-	244,039
Other changes in capital surplus	-	-	7	-	-	-	-	-	-	-	7	-	7
Net income for the nine months ended September 30, 2022	-	-	-	-	-	8,075,118	8,075,118	-	-	-	8,075,118	52,858	8,127,976
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	1,246,615	(274,729)	-	971,886	(36,026)	935,860
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	8,075,118	8,075,118	1,246,615	(274,729)	-	9,047,004	16,832	9,063,836
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	-	-	(621)	-	-	(621)	-	(621)
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	594,732	594,732	-	(594,732)	-	-	-	-
Share-based payments	-	-	75,464	-	-	-	-	-	-	-	75,464	46	75,510
BALANCE AT SEPTEMBER 30, 2022	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ 10,724,721</u>	<u>\$ 2,972,064</u>	<u>\$ 70,678</u>	<u>\$ 12,978,075</u>	<u>\$ 16,020,817</u>	<u>\$ (1,111,934)</u>	<u>\$ 3,846,113</u>	<u>\$ -</u>	<u>\$ 40,883,764</u>	<u>\$ 547,597</u>	<u>\$ 41,431,361</u>

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

(With Deloitte & Touche auditors' review report dated November 4, 2022)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,902,278	\$ 4,761,691
Adjustments for		
Depreciation expenses	576,770	429,031
Amortization expenses	151,775	359,777
Expected credit loss recognized (reversed)	2,384	(83)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	335,705	226,015
Interest expenses	102,644	68,686
Interest income	(278,224)	(144,603)
Dividend income	(660,392)	(500,584)
Compensation costs of share-based payments	75,510	71,758
Share of loss of associates and joint ventures accounted for using the equity method	11,631	25,259
Net gain on disposal of property, plant and equipment	(21,873)	(53,015)
Net loss on disposal of intangible assets	83	-
Net loss (gain) on disposal of investments	1,778	(653,705)
Reversal impairment loss recognized	(222)	(1,576)
Reversal of write-downs of inventories	(53,623)	(103,179)
Net unrealized gain on foreign currency exchange	(90,056)	(26,051)
Gain on lease modifications	-	(2)
Other revenue	(451,410)	(292,873)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	228,851
Contract assets	32,980	35,185
Accounts receivable	318,645	(713,452)
Other receivables	(866)	8,213
Inventories	(733,189)	(1,780,993)
Prepayments	(246,007)	(173,620)
Other current assets	(27)	8,155
Financial liabilities held for trading	(566,364)	(113,289)
Contract liabilities	(2,315,923)	(207,030)
Notes and accounts payable	(89,704)	1,052,248
Other payables	88,028	5,937
Other current liabilities	46,156	(73,681)
Net defined benefit liabilities	(2,685)	(3,382)
Cash generated from operations	6,135,802	2,439,688
Income tax paid	(1,055,866)	(757,833)
Net cash generated from operating activities	<u>5,079,936</u>	<u>1,681,855</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (956,321)	\$ (4,542,050)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,583,059	387,686
Acquisition of financial assets at amortized cost	(10,330,453)	(6,145,658)
Proceeds from sale of financial assets at amortized cost	8,730,320	6,542,138
Acquisition of financial assets at fair value through profit or loss	(771,118)	(2,782,462)
Proceeds from sale of financial assets at fair value through profit or loss	723,211	3,024,763
Acquisition of property, plant and equipment	(1,435,839)	(1,294,076)
Proceeds from disposal of property, plant and equipment	27,918	57,854
Acquisition of other intangible assets	(25,966)	(36,046)
Decrease in other non-current assets	30,777	54,106
Interest received	210,382	93,249
Dividends received	<u>660,392</u>	<u>500,584</u>
Net cash used in investing activities	<u>(1,553,638)</u>	<u>(4,139,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	2,089,094	(681,094)
Increase (decrease) in short-term bills payable	(3,270,076)	3,837,774
Increase in long-term borrowings	2,981,276	473,450
Repayment of the principal portion of lease liabilities	(69,468)	(72,319)
Increase (decrease) in other non-current liabilities	783	(3,158)
Cash dividends	(3,649,295)	(3,062,779)
Proceeds from treasury shares transferred to employees	-	108,551
Interest paid	(89,164)	(72,478)
Regain overdue dividends	<u>7</u>	<u>34</u>
Net cash generated from (used in) financing activities	<u>(2,006,843)</u>	<u>527,981</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>61,993</u>	<u>(822,887)</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,581,448	\$ (2,752,963)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>8,751,235</u>	<u>12,954,147</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 10,332,683</u>	<u>\$ 10,201,184</u>

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

(With Deloitte & Touche auditors' review report dated November 4, 2022)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

E Ink Holdings Inc. (the “Company”) was incorporated in June 1992 in the Hsinchu Science Park. The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan dollars, the functional currency of the Company.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements were approved by the Company’s board of directors on November 4, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRS	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

Refer to Note 14 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main business).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 554	\$ 509	\$ 507
Checking accounts and demand deposits	3,465,838	6,804,813	8,915,432
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	6,149,014	1,945,913	1,285,245
Repurchase agreements collateralized by notes	<u>717,277</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,332,683</u>	<u>\$ 8,751,235</u>	<u>\$ 10,201,184</u>

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting periods were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Demand deposits	0.01%-1.25%	0.01%-1.00%	0.01%-1.15%
Time deposits	0.15%-4.18%	0.25%-1.24%	0.25%-1.00%
Repurchase agreements collateralized by notes	0.70%-2.95%	-	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 3,097	\$ -
Non-derivative financial assets			
Perpetual bonds	1,026,083	-	-
Hybrid financial assets			
Structured deposits	<u>-</u>	<u>96,304</u>	<u>311,027</u>
	<u>\$ 1,026,083</u>	<u>\$ 99,401</u>	<u>\$ 311,027</u>

Financial assets - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 1,132,482	\$ 613,233	\$ 573,088
Perpetual bonds	1,540,985	2,437,101	1,927,567
Hybrid financial assets			
Convertible preferred shares	68,503	121,099	86,610
Convertible bonds	<u>-</u>	<u>258,153</u>	<u>254,540</u>
	<u>\$ 2,741,970</u>	<u>\$ 3,429,586</u>	<u>\$ 2,841,805</u>

Financial liabilities - current

Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 228,378</u>	<u>\$ 221,939</u>	<u>\$ 297,359</u>

At the end of the reporting period, the outstanding foreign exchange forward contract not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2022</u>			
Sell	USD/KRW	2023.01	USD50,000/KRW61,222,200
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.02	USD6,000/NTD166,080
Sell	USD/KRW	2022.01-2022.04	USD216,000/KRW246,979,550

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2021</u>			
Sell	USD/KRW	2021.10-2022.04	USD236,000/KRW267,474,050 (Concluded)

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 15,053,207	\$ 15,899,737	\$ 12,084,599
Investments in debt instruments at FVTOCI	<u>1,152,959</u>	<u>899,612</u>	<u>920,756</u>
	<u>\$ 16,206,166</u>	<u>\$ 16,799,349</u>	<u>\$ 13,005,355</u>

a. Investments in equity instruments at FVTOCI

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,196,173	\$ 11,726,698	\$ 10,226,377
Unlisted shares	<u>22,962</u>	<u>43,313</u>	<u>39,451</u>
	<u>10,219,135</u>	<u>11,770,011</u>	<u>10,265,828</u>
Foreign investments			
Listed shares	4,486,784	3,892,888	1,615,233
Unlisted shares	<u>347,288</u>	<u>236,838</u>	<u>203,538</u>
	<u>4,834,072</u>	<u>4,129,726</u>	<u>1,818,771</u>
	<u>\$ 15,053,207</u>	<u>\$ 15,899,737</u>	<u>\$ 12,084,599</u>

The Group holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Foreign investments			
Straight corporate bonds			
5-year	\$ 62,026	\$ 58,764	\$ 60,121
10-year	406,043	317,790	322,276
10.5-year	264,161	262,589	268,942
11-year	246,239	260,469	269,417
34.75-year	<u>174,490</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,152,959</u>	<u>\$ 899,612</u>	<u>\$ 920,756</u>
Coupon rates	3.10%-5.75%	3.10%-4.84%	3.10%-4.84%
Effective interest rates	2.00%-5.72%	2.00%-4.03%	2.00%-4.03%

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)			
	\$ 1,345,574	\$ 568,065	\$ 465,700
Pledged time deposits (b)	<u>3,037,371</u>	<u>1,930,980</u>	<u>1,172,324</u>
	<u>\$ 4,382,945</u>	<u>\$ 2,499,045</u>	<u>\$ 1,638,024</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (c)			
	\$ 724,462	\$ 703,341	\$ 781,543
Pledged time deposits (b)	127,636	132,580	133,392
Foreign straight corporate bonds (d)	<u>562,941</u>	<u>517,809</u>	<u>521,001</u>
	<u>\$ 1,415,039</u>	<u>\$ 1,353,730</u>	<u>\$ 1,435,936</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months were 2.10%-3.74%, 1.00%-1.15% and 1.15%-1.20% per annum, as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- b. The market rate for time deposits pledged as security were 0.16%-3.99%, 0.08%-3.99%, and 0.08%-1.29% per annum, as of September 30, 2022, December 31, 2021, and September 30, 2021, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

- c. The market rate for time deposits with original maturities of more than 1 year were all 3.99% as of September 30, 2022, December 31, 2021, and September 30, 2021.
- d. The Group bought 10-year foreign corporate bonds in March 2022 and September 2021, the coupon rates and effective rates were all 4.10-4.90% as of September 30, 2022, December 31, 2021 and September 30, 2021.
- e. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

10. ACCOUNTS RECEIVABLE

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	\$ 3,160,476	\$ 3,189,550	\$ 1,981,242
Less: Loss allowance	<u>(25,071)</u>	<u>(23,658)</u>	<u>(23,803)</u>
	<u>3,135,405</u>	<u>3,165,892</u>	<u>1,957,439</u>
Accounts receivable - related parties (Note 31)	56,233	99,006	154,242
Less: Loss allowance	<u>(19,702)</u>	<u>(17,177)</u>	<u>(17,282)</u>
	<u>36,531</u>	<u>81,829</u>	<u>136,960</u>
	<u>\$ 3,171,936</u>	<u>\$ 3,247,721</u>	<u>\$ 2,094,399</u>

The Group recognizes impairment loss when there is actual credit loss from individual client. In addition, the Group recognizes loss allowance based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry and past due receivables in which the debtors operate and past due status.

The following table details the loss allowance for accounts receivable:

September 30, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	95%	
Gross carrying amount	\$ 3,138,062	\$ 31,484	\$ 47,163	\$ 3,216,709
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(44,773)</u>	<u>(44,773)</u>
Amortized cost	<u>\$ 3,138,062</u>	<u>\$ 31,484</u>	<u>\$ 2,390</u>	<u>\$ 3,171,936</u>

December 31, 2021

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	99%	
Gross carrying amount	\$ 3,241,048	\$ 6,164	\$ 41,344	\$ 3,288,556
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(40,835)</u>	<u>(40,835)</u>
Amortized cost	<u>\$ 3,241,048</u>	<u>\$ 6,164</u>	<u>\$ 509</u>	<u>\$ 3,247,721</u>

September 30, 2021

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 2,093,279	\$ 1,120	\$ 41,085	\$ 2,135,484
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(41,085)</u>	<u>(41,085)</u>
Amortized cost	<u>\$ 2,093,279</u>	<u>\$ 1,120</u>	<u>\$ -</u>	<u>\$ 2,094,399</u>

The movements of the loss allowance were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 40,835	\$ 43,139
Reversal of expected credit losses recognized	-	(83)
Effects of foreign currency exchange differences	<u>3,938</u>	<u>(1,971)</u>
Balance at September 30	<u>\$ 44,773</u>	<u>\$ 41,085</u>

Accounts receivables of the Group were mainly concentrated in Customers A, B and C. The accounts receivables from the foregoing customers, as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively, were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Customer A	\$ 1,089,408	\$ 660,752	\$ 163,552
Customer B	535,111	472,701	307,959
Customer C	<u>317,241</u>	<u>1,208,209</u>	<u>681,866</u>
	<u>\$ 1,941,760</u>	<u>\$ 2,341,662</u>	<u>\$ 1,153,377</u>

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Group in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

September 30, 2022

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 1,383,897	\$ 5,798,787
Less: Allowance for impairment loss	<u>(1,581)</u>	<u>(803)</u>
Amortized cost	1,382,316	<u>\$ 5,797,984</u>
Adjustment to fair value	<u>(229,357)</u>	
	<u>\$ 1,152,959</u>	

December 31, 2021

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 933,858	\$ 3,852,775
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	933,858	<u>\$ 3,852,775</u>
Adjustment to fair value	<u>(34,246)</u>	
	<u>\$ 899,612</u>	

September 30, 2021

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 986,671	\$ 3,073,960
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	986,671	<u>\$ 3,073,960</u>
Adjustment to fair value	<u>(65,915)</u>	
	<u>\$ 920,756</u>	

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Group's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

September 30, 2022

<u>Category</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount</u>	
		<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Performing	0.06%-0.21%	<u>\$ 1,383,897</u>	<u>\$ 5,798,787</u>

- a. The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECLs)</u>
Balance at January 1, 2022	\$ -
New financial assets purchased	335
Change in exchange rates or others	<u>1,246</u>
Balance at September 30, 2022	<u>\$ 1,581</u>

For the nine months ended September 30, 2022, the Group's investment in foreign corporate bonds at FVTOCI increased by \$298,580 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$335 thousand.

- b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECLs)</u>
Balance at January 1, 2022	\$ -
New financial assets purchased	44
Change in exchange rates or others	<u>759</u>
Balance at September 30, 2022	<u>\$ 803</u>

For the nine months ended September 30, 2022, the Group's investment in foreign corporate bonds at amortized cost increased by \$70,284 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$44 thousand.

12. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 1,256,122	\$ 1,007,888	\$ 741,267
Semi-finished goods	586,801	456,693	336,895
Work in progress	814,507	251,775	453,745
Raw materials	<u>2,415,189</u>	<u>2,425,666</u>	<u>2,314,528</u>
	<u>\$ 5,072,619</u>	<u>\$ 4,142,022</u>	<u>\$ 3,846,435</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 included reversal (write-downs) of inventory of \$135,719 thousand, \$(32,934) thousand, \$53,623 thousand and \$103,179 thousand, respectively.

13. NON-CURRENT ASSETS HELD FOR SALE

- a. In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT\$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT\$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$99,956 thousand (RMB22,080 thousand), \$275,828 thousand (RMB63,710 thousand), \$451,410 thousand (RMB101,039 thousand) and \$299,331 thousand (RMB69,004 thousand) for the three months ended September 30, 2022 and 2021 and nine months ended September 30, 2022 and 2021, based on the progress the performance obligation is satisfied.
- b. The subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., is expected to dispose of a batch of equipment to a non-related party. Transcend Optronics (Yangzhou) Co., Ltd. has received partial contract price of NT\$17,919 thousand (RMB4,105 thousand, included in other current liabilities), as of December 31, 2020. The sale price is expected to exceed the carrying amount of the related net assets. Hence, the Group did not recognize impairment loss when the aforementioned equipment was reclassified as non-current assets held for sale.

As the above-mentioned transactions did not proceed as expected, the Group reclassified such equipment to property, plant and equipment, and recognized depreciation expenses for the three months ended March 31, 2021.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
E Ink Holdings Inc.	PVI Global Limited (originally named PVI Global Corp.)	Investment	100.00	100.00	100.00	1., 2. and 3.
	E Ink Corporation	Manufacture and sale of electronic ink	-	45.31	45.31	2.
	YuanHan Materials Inc.	Research, development and sale of electronic parts and electronic ink	100.00	100.00	100.00	
	New Field e-Paper Co., Ltd.	Investment	100.00	100.00	100.00	
	Dream Universe Ltd.	Trading	100.00	100.00	100.00	
	Prime View Communications Ltd.	Trading	100.00	100.00	100.00	
	Tech Smart Logistics Ltd.	Trading	-	0.09	0.09	4.
	Linfiny Corporation	Research and development of electronic ink	4.00	4.00	4.00	
	E Ink Japan Inc.	Development of electronics ink products	100.00	100.00	100.00	
	New Field e-Paper Co., Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	-	12.88	12.88
Tech Smart Logistics Ltd.		Trading	-	99.91	99.91	4.
YuanHan Materials Inc.	Linfiny Corporation	Research and development of electronic ink	77.00	77.00	77.00	
	Linfiny Corporation	Research and development of electronic ink	100.00	100.00	100.00	
E Ink Corporation	E Ink California, LLC	Research, development and sale of electronic ink	100.00	100.00	100.00	
PVI Global Limited (originally named PVI Global Corp.)	PVI International Corp.	Trading	100.00	100.00	100.00	1.
	Ruby Lustre Ltd.	Investment	100.00	100.00	100.00	
	Dream Pacific International Limited (originally named Dream Pacific International Corp.)	Investment	100.00	100.00	100.00	2. and 3.
Tech Smart Logistics Ltd.	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	55.61	
	E Ink Corporation	Manufacture and sale of electronic ink	-	41.81	41.81	2.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	1.
	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	
Dream Pacific International Limited (originally named Dream Pacific International Corp.)	Hydis Technologies Co., Ltd.	Research, development and licensing of monitors	94.73	94.73	94.73	
	E Ink Corporation	Manufacture and sale of electronic ink	100.00	-	-	2.
Transcend Optronics (Yangzhou) Co., Ltd.	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	44.39	44.39	44.39	

- a. Transcend Optronics (Yangzhou) Co., Ltd. distributed share dividends of US\$9,000 thousand from retained earnings in June 2022. In June 2021, the Group invested US\$9,000 thousand in cash in its subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., through PVI Global Limited and PVI International Corp.
- b. To improve the Group's strategic development and arrange long-term operating strategy, the Company's board of directors approved an adjustment to organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International Limited in February 2022, and to migrate PVI Global Limited and Dream Pacific International Limited to the Netherlands. The migration is still in progress.
- c. Dream Pacific International Limited and PVI Global Limited were renamed by the board of directors on November 5, 2021.
- d. Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Subsidiaries included in the consolidated financial statements for the nine months ended September 30, 2022 and 2021, were calculated based on the financial statements that have not been reviewed, except for E Ink Corporation, Hydis Technologies Co., Ltd., Dream Pacific International Limited, Tech Smart Logistic Ltd., PVI International Corp., PVI Global Limited, Prime View Communications Ltd., Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd., Transyork Technology Yangzhou Ltd., YuanHan Materials Inc. and New Field e-Paper Co., Ltd. were calculated based on the financial statements that have been reviewed.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2022	December 31, 2021	September 30, 2021
Associates and joint ventures that are not individually material			
Investments in associates	\$ 1,248,834	\$ 631,889	\$ 727,045
Investments in joint ventures	<u>100,277</u>	<u>101,753</u>	<u>96,796</u>
	<u>\$ 1,349,111</u>	<u>\$ 733,642</u>	<u>\$ 823,841</u>

Refer to Tables 7 and 8 for the nature of activities, principal place of business and country of incorporation of the associates.

Aggregate Information of Associates and Joint Ventures That Are Not Individually Material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Group's share of:				
Net loss for the period	\$ (6,017)	\$ (37,597)	\$ (11,631)	\$ (25,259)
Other comprehensive income (loss)	<u>37,955</u>	<u>138</u>	<u>56,171</u>	<u>(1,703)</u>
Total comprehensive income (loss) for the period	<u>\$ 31,938</u>	<u>\$ (37,459)</u>	<u>\$ 44,540</u>	<u>\$ (26,962)</u>

In May 2021, the subsidiary E Ink Corporation used its microfluidic technology (including related equipment and inventory, etc. amounted to approximately US\$1,909 thousand) to exchange for Nuclera Nucleics Ltd.'s 26.5% equity. The investee was accounted for using the equity method. The transaction price was US\$25,000 thousand and recognized gain on disposal of investments was \$663,600 thousand (included in net gain on disposal of investments).

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Nucleics Ltd. to equity and participated in its cash capital increase with \$55,470 thousand (US\$2,000 thousand). The subsidiaries, YuanHan Materials Inc. and E Ink Corporation, totally owned 23.29% shares of Nuclera Nucleics Ltd. In June 2022, the subsidiary YuanHan Materials Inc. and E Ink Corporation did not participate in cash capital increase of Nuclera Nucleics Ltd., resulting in comprehensive shareholding of the Group in Nuclera Nucleics Ltd. reduced to 21.22%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for \$199,770 thousand ordinary shares of Integrated Solutions Technology, Inc. in November 2022, and acquired 35.24% equity.

The share of profit or loss and other comprehensive income (loss) of associates and joint ventures that are not individually material were based on unreviewed financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ -	\$ 3,504,446	\$ 6,676,132	\$ 4,357,397	\$ 724,833	\$ 15,262,808
Additions	-	-	26,573	21,231	1,269,664	1,317,468
Disposals	-	(300,654)	(135,174)	(98,661)	(17,932)	(552,421)
Reclassifications	21,959	294,765	172,183	63,237	(514,981)	37,163
Effects of foreign currency exchange differences	(170)	(32,411)	(37,101)	(59,137)	(11,021)	(139,840)
Balance at September 30, 2021	<u>\$ 21,789</u>	<u>\$ 3,466,146</u>	<u>\$ 6,702,613</u>	<u>\$ 4,284,067</u>	<u>\$ 1,450,563</u>	<u>\$ 15,925,178</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,109,203	\$ 6,022,166	\$ 3,055,529	\$ -	\$ 11,186,898
Depreciation expenses	-	97,859	113,591	156,184	-	367,634
Reversal of impairment losses	-	-	(1,576)	-	-	(1,576)
Disposals	-	(300,654)	(125,976)	(89,426)	-	(516,056)
Reclassifications	-	-	50,752	989	-	51,741
Effects of foreign currency exchange differences	-	(17,068)	(29,522)	(39,456)	-	(86,046)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 1,889,340</u>	<u>\$ 6,029,435</u>	<u>\$ 3,083,820</u>	<u>\$ -</u>	<u>\$ 11,002,595</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ -</u>	<u>\$ 1,395,243</u>	<u>\$ 653,966</u>	<u>\$ 1,301,868</u>	<u>\$ 724,833</u>	<u>\$ 4,075,910</u>
Carrying amount at September 30, 2021	<u>\$ 21,789</u>	<u>\$ 1,576,806</u>	<u>\$ 673,178</u>	<u>\$ 1,200,247</u>	<u>\$ 1,450,563</u>	<u>\$ 4,922,583</u>

(Continued)

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 21,656	\$ 3,486,120	\$ 6,378,519	\$ 4,637,607	\$ 1,276,575	\$ 15,800,477
Additions	-	22,053	107,979	8,617	1,345,164	1,483,813
Disposals	-	(5,159)	(3,521)	(8,548)	-	(17,228)
Reclassifications	-	26,356	627,174	186,079	(843,176)	(3,567)
Effects of foreign currency exchange differences	<u>3,185</u>	<u>105,898</u>	<u>177,561</u>	<u>317,008</u>	<u>53,648</u>	<u>657,300</u>
Balance at September 30, 2022	<u>\$ 24,841</u>	<u>\$ 3,635,268</u>	<u>\$ 7,287,712</u>	<u>\$ 5,140,763</u>	<u>\$ 1,832,211</u>	<u>\$ 17,920,795</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 1,932,641	\$ 5,429,862	\$ 3,163,327	\$ -	\$ 10,525,830
Depreciation expenses	-	108,688	193,284	204,002	-	505,974
Reversal of impairment losses	-	-	(222)	-	-	(222)
Disposals	-	(2,970)	(698)	(7,515)	-	(11,183)
Effects of foreign currency exchange differences	<u>-</u>	<u>51,440</u>	<u>106,984</u>	<u>185,713</u>	<u>-</u>	<u>344,137</u>
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 2,089,799</u>	<u>\$ 5,729,210</u>	<u>\$ 3,545,527</u>	<u>\$ -</u>	<u>\$ 11,364,536</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 21,656</u>	<u>\$ 1,553,479</u>	<u>\$ 948,657</u>	<u>\$ 1,474,280</u>	<u>\$ 1,276,575</u>	<u>\$ 5,274,647</u>
Carrying amount at September 30, 2022	<u>\$ 24,841</u>	<u>\$ 1,545,469</u>	<u>\$ 1,558,502</u>	<u>\$ 1,595,236</u>	<u>\$ 1,832,211</u>	<u>\$ 6,556,259</u>

(Concluded)

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Capitalized interest	<u>\$ 3,741</u>	<u>\$ 1,558</u>	<u>\$ 7,313</u>	<u>\$ 3,161</u>
Capitalization rate intervals	1.07%-1.48%	0.80%-0.85%	0.64%-1.48%	0.80%-0.85%

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-56 years
Clean rooms and plumbing construction	25-30 years
Employee dormitories	20 years
Others	2-20 years
Machinery	1-11 years
Other equipment	1-26 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Land	\$ 1,024,928	\$ 793,115	\$ 800,382
Buildings	946,222	870,904	805,123
Other equipment	<u>2,692</u>	<u>4,650</u>	<u>5,303</u>
	<u>\$ 1,973,842</u>	<u>\$ 1,668,669</u>	<u>\$ 1,610,808</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2022	2021	2022
	2022	2021	2021
Additions to right-of-use assets			<u>\$ 255,271</u>
			<u>\$ 45,386</u>
Depreciation of right-of-use assets			
Land	\$ 8,883	\$ 6,917	\$ 23,458
Buildings	15,196	13,272	45,380
Other equipment	<u>652</u>	<u>653</u>	<u>1,958</u>
	<u>\$ 24,731</u>	<u>\$ 20,842</u>	<u>\$ 70,796</u>
			<u>\$ 61,397</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current (included in other current liabilities)	<u>\$ 79,046</u>	<u>\$ 83,312</u>	<u>\$ 76,246</u>
Non-current	<u>\$ 1,946,845</u>	<u>\$ 1,632,196</u>	<u>\$ 1,571,947</u>

Discount rate intervals for lease liabilities are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	0.56%-4.92%	0.56%-1.56%	1.56%
Buildings	0.60%-2.89%	0.60%-2.89%	0.60%-2.89%
Other equipment	0.60%-2.50%	0.60%-2.89%	0.56%-2.89%

c. Material lease-in activities and terms

The Group leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Group has renewal options if the Group does not violate the lease agreements during the rental period.

The Group also leased certain land and buildings as its plants and offices, with the lease term from 2 to 20 years. The lease contract for land located in Taoyuan specifies that lease payments will be adjusted every year on the basis of changes in announced land values, with the adjusted limitation of 3% and renewal options at the end of the lease terms. The lease contract for buildings in the United States contains extension options, which provide more operational flexibility for the Group. These terms are not reflected in measuring lease liabilities if the options are not reasonably certain to be exercised.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, without the lessors' consent, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 9,261	\$ 9,091	\$ 27,091	\$ 28,367
Expenses relating to low-value asset leases	\$ 114	\$ 127	\$ 361	\$ 402
Total cash outflow for leases			\$ 128,346	\$ 112,569

The Group's leases of other equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Patents	Others	Total
Balance at January 1, 2021	\$ 6,597,276	\$ 925,095	\$ 140,616	\$ 7,662,987
Additions	-	35,456	590	36,046
Amortization expenses	-	(295,198)	(64,579)	(359,777)
Reclassifications	-	-	72,628	72,628
Effects of foreign currency exchange differences	(51,856)	(17,565)	(87)	(69,508)
Balance at September 30, 2021	\$ 6,545,420	\$ 647,788	\$ 149,168	\$ 7,342,376

(Continued)

	Goodwill	Patents	Others	Total
Balance at January 1, 2022	\$ 6,531,427	\$ 550,973	\$ 132,278	\$ 7,214,678
Additions	-	24,840	1,126	25,966
Amortization expenses	-	(95,248)	(56,527)	(151,775)
Disposals	-	(83)	-	(83)
Reclassifications	-	-	13,294	13,294
Effects of foreign currency exchange differences	<u>820,213</u>	<u>40,088</u>	<u>773</u>	<u>861,074</u>
Balance at September 30, 2022	<u>\$ 7,351,640</u>	<u>\$ 520,570</u>	<u>\$ 90,944</u>	<u>\$ 7,963,154</u> (Concluded)

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching, developing, and manufacturing monitors and electronic shelf labels. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates per annum for the years ended December 31, 2021 and 2020. The cash flows beyond that 5-year period have been extrapolated using a steady annual growth rate. Other key assumptions included budgeted revenue and budgeted gross profit. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Discount rates per annum were as follows:

	For the Year Ended December 31	
	2021	2020
Manufacturing monitors	13.82%	12.20%
Electronic shelf labels	13.95%	12.41%

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	6-20 years
Others	1-5 years

19. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured borrowings	\$ 3,530,000	\$ 2,165,200	\$ 3,756,000
Secured borrowings (Note 32)	<u>2,568,149</u>	<u>1,601,797</u>	<u>926,993</u>
	<u>\$ 6,098,149</u>	<u>\$ 3,766,997</u>	<u>\$ 4,682,993</u>
Foreign currency included USD (in thousands)	<u>\$ 69,233</u>	<u>\$ 59,500</u>	<u>\$ 80,000</u>
Interest rate intervals	0.82%-3.26%	0.35%-1.20%	0.33%-1.20%

b. Short-term bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial paper	\$ 1,375,000	\$ 4,645,000	\$ 4,645,000
Less: Discounts on bills payable	<u>(530)</u>	<u>(454)</u>	<u>(1,614)</u>
	<u>\$ 1,374,470</u>	<u>\$ 4,644,546</u>	<u>\$ 4,643,386</u>
Interest rate intervals	0.94%-1.35%	0.38%-0.68%	0.32%-0.68%

As of September 30, 2022, December 31, 2021, and September 30, 2021, commercial papers included a syndicated loan agreement with syndicate of banks, and the total amounts were \$0, \$3,400,000 thousand and \$3,400,000 thousand, respectively. Refer to c. long-term borrowings.

c. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Syndicated loans	\$ 3,390,616	\$ 459,340	\$ 473,450
Unsecured borrowings	<u>438,000</u>	<u>388,000</u>	<u>63,000</u>
	<u>\$ 3,828,616</u>	<u>\$ 847,340</u>	<u>\$ 536,450</u>
Interest rate intervals	0.65%-1.80%	0.65%-1.00%	0.65%-1.00%

Long-term unsecured borrowings will expire in December 2026, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is \$6,800,000 thousand. The duration period is within 5 years from the first drawdown date (August 2021). As of September 30, 2022, and December 31, 2021, and September 30, 2021, the drawdown was as follows:

	Currency (In Thousands)	September 30, 2022	December 31, 2021	September 30, 2021
Short-term borrowings	USD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,000</u>
Commercial paper	NTD	<u>\$ -</u>	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>
Long-term borrowings	USD	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ -</u>
	NTD	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ -</u>

The Group promises that during the credit period, it should be semi-annual reviewed, maintaining the current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than \$15,000,000 thousand. The Group should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the second quarter.

20. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Payables for salaries or bonuses	\$ 1,342,781	\$ 1,071,222	\$ 808,768
Payables for construction and equipment	260,718	197,792	213,842
Payables for professional service fees	100,977	95,330	69,978
Payables for utilities	39,792	29,475	20,080
Payables for labors and health insurances	28,273	22,144	23,113
Payables for pensions	16,994	14,459	13,931
Others	<u>355,926</u>	<u>415,576</u>	<u>261,143</u>
	<u>\$ 2,145,461</u>	<u>\$ 1,845,998</u>	<u>\$ 1,410,855</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary, YuanHan Materials Inc., adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, each entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The defined benefit plan adopted by Hydis Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$1,574 thousand, \$559 thousand, \$3,495 thousand and \$3,300 thousand for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively, which were calculated using the actuarially determined pension cost rate as of December 31, 2021 and 2020, respectively.

22. EQUITY

a. Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Amount of shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,140,405</u>	<u>1,140,405</u>	<u>1,140,405</u>
Amount of shares issued	<u>\$ 11,404,047</u>	<u>\$ 11,404,047</u>	<u>\$ 11,404,047</u>

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)			
Issuance of shares	\$ 9,531,318	\$ 9,531,866	\$ 9,494,203
Conversion of bonds	525,200	525,200	525,200
Treasury share transactions	260,084	260,084	260,084
Expired employee share options	57,448	57,448	57,448
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in associates (2)	251,073	8,945	8,945
Unclaimed dividends extinguished by prescription	81	74	74
Exercised share options	-	-	37,663
<u>May not be used for any purpose</u>			
Employee share options	<u>99,517</u>	<u>24,053</u>	<u>2,608</u>
	<u>\$ 10,724,721</u>	<u>\$ 10,407,670</u>	<u>\$ 10,386,225</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 24.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Legal reserve	<u>\$ 530,211</u>	<u>\$ 360,122</u>
Reversal of special reserve	<u>\$ -</u>	<u>\$ 29,881</u>
Cash dividends	<u>\$ 3,649,295</u>	<u>\$ 3,062,779</u>
Dividends per share (NT\$)	<u>\$ 3.2</u>	<u>\$ 2.7</u>

The above 2021 appropriation for cash dividends had been resolved by the Company's board of directors on March 11, 2022; the other proposed appropriations had been resolved by the shareholders in their meeting on June 22, 2022. The appropriations of earnings for 2020 were approved in the shareholders' meeting on July 7, 2021.

d. Special reserve

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 70,678	\$ 100,559
Reversals:		
Reversal of the debits to other equity items	<u> -</u>	<u> (29,881)</u>
Balance at September 30	<u>\$ 70,678</u>	<u>\$ 70,678</u>

If a special reserve of \$70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (2,360,327)	\$ (1,022,902)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	1,190,444	(1,284,741)
Share of associates and joint ventures accounted for using the equity method	56,171	(1,703)
Disposal of subsidiaries	(621)	-
Reclassification adjustments		
Changes in associates accounted for using the equity method	<u>2,399</u>	<u> -</u>
Balance at September 30	<u>\$ (1,111,934)</u>	<u>\$ (2,309,346)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 4,715,574	\$ 1,165,461
Recognized during the period		
Unrealized gain (loss)		
Equity instruments	(127,456)	1,970,455
Debt instruments	(147,273)	(15,947)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(594,732)</u>	<u>(140,485)</u>
Balance at September 30	<u>\$ 3,846,113</u>	<u>\$ 2,979,484</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 530,719	\$ 536,163
Share of profit for the period	52,858	45,462
Other comprehensive income (loss) during the period		
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	(5,432)	2,142
Debt instruments	(6,778)	(827)
Exchange differences on translating the financial statements of foreign operations	(23,816)	(59,686)
Share-based payment	46	2
Share from associates accounted for using the equity method	<u>-</u>	<u>240</u>
Balance at September 30	<u>\$ 547,597</u>	<u>\$ 523,496</u>

g. Treasury shares

	For the Nine Months Ended September 30	
	2022	2021
Number of shares in thousands at January 1	-	6,105
Transferred to employees for the period	-	(6,042)
Cancellation of treasury shares for the period	<u>-</u>	<u>(63)</u>
Number of shares at September 30	<u>-</u>	<u>-</u>

The board of directors of the Company resolved to repurchase 20,000 thousand shares of treasury shares on June 13, 2016, which was completed in August 2016, for the purpose of transferring to employees. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' right on these shares, such as the rights to dividends and to vote.

In June 2021, the Company transferred 6,042 thousand shares to its employees and charged the price of employee stock warrants which were exercised. The cost of treasury shares of NT\$108,897 thousand had decreased. The date to deliver the shares to employees was July 2021. Under the Securities and Exchange Act, those shares not transferred before the due date are considered as unissued shares of the Company subject to processing of the registration of the changes. On August 6, 2021, the board of directors resolved to cancel 63 thousand restricted shares, and the amount of the capital reduction was \$630 thousand. The measurement date was on August 6, 2021. The capital reduction process was completed on August 20, 2021.

23. REVENUE

a. Revenue from contracts with customers

Type of Revenue	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from sale of goods				
Internet of Things applications	\$ 5,641,171	\$ 1,848,672	\$ 12,635,694	\$ 5,358,538
Consumer electronics	2,456,775	2,546,710	8,874,182	7,521,565
Others	<u>5,934</u>	<u>1,378</u>	<u>7,287</u>	<u>2,838</u>
	<u>\$ 8,103,880</u>	<u>\$ 4,396,760</u>	<u>\$ 21,517,163</u>	<u>\$ 12,882,941</u>
Royalty income	<u>\$ 223,315</u>	<u>\$ 335,164</u>	<u>\$ 1,149,510</u>	<u>\$ 1,244,366</u>

b. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Accounts receivable (Note 10)	<u>\$ 3,171,936</u>	<u>\$ 3,247,721</u>	<u>\$ 2,094,399</u>	<u>\$ 1,389,905</u>
Contract assets - current				
Royalty	<u>\$ 2,557</u>	<u>\$ 35,045</u>	<u>\$ 12,626</u>	<u>\$ 46,900</u>
Contract liabilities - current				
Sale of goods	\$ 634,998	\$ 2,548,518	\$ 546,400	\$ 267,997
Royalty	<u>436,430</u>	<u>710,595</u>	<u>1,022,701</u>	<u>1,187,673</u>
	<u>1,071,428</u>	<u>3,259,113</u>	<u>1,569,101</u>	<u>1,455,670</u>
Contract liabilities - non-current				
Royalty	<u>-</u>	<u>-</u>	<u>3,060</u>	<u>351,361</u>
	<u>\$ 1,071,428</u>	<u>\$ 3,259,113</u>	<u>\$ 1,572,161</u>	<u>\$ 1,807,031</u>

The changes in the balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the period from the beginning balance of the contract liabilities was as follows:

Type of Revenue	For the Nine Months Ended September 30	
	2022	2021
Royalty income	\$ 707,917	\$ 897,933
Revenue from sale of goods	<u>577,877</u>	<u>264,762</u>
	<u>\$ 1,285,794</u>	<u>\$ 1,162,695</u>

24. NET INCOME

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Financial assets at FVTPL	\$ 46,304	\$ 22,928	\$ 116,692	\$ 54,917
Financial assets at amortized cost	31,953	14,101	74,672	52,381
Bank deposits	35,082	9,783	70,851	21,275
Others	<u>5,239</u>	<u>5,738</u>	<u>16,009</u>	<u>16,030</u>
	<u>\$ 118,578</u>	<u>\$ 52,550</u>	<u>\$ 278,224</u>	<u>\$ 144,603</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income	\$ 2,962	\$ 3,652	\$ 10,133	\$ 15,859
Gain (loss) on disposal of property, plant and equipment	(720)	52,952	21,873	53,015
Government grants	99,956	275,828	451,410	299,331
Others	<u>23,566</u>	<u>1,280</u>	<u>63,632</u>	<u>73,269</u>
	<u>\$ 125,764</u>	<u>\$ 333,712</u>	<u>\$ 547,048</u>	<u>\$ 441,474</u>

c. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 182,282	\$ 119,826	\$ 505,974	\$ 367,634
Other intangible assets	50,631	122,145	151,775	359,777
Right-of-use assets	<u>24,731</u>	<u>20,842</u>	<u>70,796</u>	<u>61,397</u>
	<u>\$ 257,644</u>	<u>\$ 262,813</u>	<u>\$ 728,545</u>	<u>\$ 788,808</u>
An analysis of depreciation by function				
Operating costs	\$ 80,536	\$ 38,656	\$ 216,166	\$ 126,730
Operating expenses	<u>126,477</u>	<u>102,012</u>	<u>360,604</u>	<u>302,301</u>
	<u>\$ 207,013</u>	<u>\$ 140,668</u>	<u>\$ 576,770</u>	<u>\$ 429,031</u>
An analysis of amortization by function				
Operating costs	\$ 1,260	\$ 2,048	\$ 3,557	\$ 6,156
Operating expenses	<u>49,371</u>	<u>120,097</u>	<u>148,218</u>	<u>353,621</u>
	<u>\$ 50,631</u>	<u>\$ 122,145</u>	<u>\$ 151,775</u>	<u>\$ 359,777</u>

d. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits (Note 21)				
Defined contribution plans	\$ 27,237	\$ 23,830	\$ 78,527	\$ 66,733
Defined benefit plans	<u>1,574</u>	<u>559</u>	<u>3,495</u>	<u>3,300</u>
	28,811	24,389	82,022	70,033
Share-based payments				
Equity-settled	33,349	2,610	75,510	71,758
Other employee benefits	<u>1,409,829</u>	<u>1,021,977</u>	<u>3,897,579</u>	<u>2,927,255</u>
Total employee benefits expense	<u>\$ 1,471,989</u>	<u>\$ 1,048,976</u>	<u>\$ 4,055,111</u>	<u>\$ 3,069,046</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 470,983	\$ 310,953	\$ 1,342,076	\$ 868,724
Operating expenses	<u>1,001,006</u>	<u>738,023</u>	<u>2,713,035</u>	<u>2,200,322</u>
	<u>\$ 1,471,989</u>	<u>\$ 1,048,976</u>	<u>\$ 4,055,111</u>	<u>\$ 3,069,046</u>

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The estimated employees' compensation and remuneration of directors for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employees' compensation	<u>\$ 46,630</u>	<u>\$ 12,400</u>	<u>\$ 90,130</u>	<u>\$ 39,700</u>
Remuneration of directors	<u>\$ 6,655</u>	<u>\$ 4,750</u>	<u>\$ 19,964</u>	<u>\$ 14,250</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 11, 2022 and March 16, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Employees' compensation	<u>\$ 53,800</u>	<u>\$ 38,650</u>
Remuneration of directors	<u>\$ 25,000</u>	<u>\$ 20,000</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 686,134	\$ 333,318	\$ 1,781,433	\$ 779,877
Adjustments for the prior years	<u>(5,429)</u>	<u>(27,005)</u>	<u>(31,113)</u>	<u>(93,728)</u>
	<u>680,705</u>	<u>306,313</u>	<u>1,750,320</u>	<u>686,149</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period	\$ 52,659	\$ 80,582	\$ 25,614	\$ 245,477
Adjustments for the prior years	<u>876</u>	<u>-</u>	<u>(1,632)</u>	<u>-</u>
	<u>53,535</u>	<u>80,582</u>	<u>23,982</u>	<u>245,477</u>
Income tax expense recognized in profit or loss	<u>\$ 734,240</u>	<u>\$ 386,895</u>	<u>\$ 1,774,302</u>	<u>\$ 931,626</u> (Concluded)

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ (562)</u>	<u>\$ -</u>	<u>\$ 27,872</u>	<u>\$ 18,256</u>
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ 562</u>	<u>\$ -</u>	<u>\$ (27,872)</u>	<u>\$ (18,256)</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
Recognized during the period				
Disposal of investments in equity instruments designated as at FVTOCI				
Equity instruments	\$ 77,765	\$ (29)	\$ 292,234	\$ 11,278
Debt instruments	<u>(15,763)</u>	<u>437</u>	<u>(41,060)</u>	<u>(5,010)</u>
	<u>\$ 62,002</u>	<u>\$ 408</u>	<u>\$ 251,174</u>	<u>\$ 6,268</u>

d. Income tax assessments

Income tax assessments of the Group were as follows:

Company	Latest Assessment Year
The Company	2020
YuanHan Materials Inc.	2020
New Field e-Paper Co., Ltd.	2020
Linfiny Corporation	2019

26. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share (NT\$)	<u>\$ 3.72</u>	<u>\$ 1.08</u>	<u>\$ 7.08</u>	<u>\$ 3.33</u>
Diluted earnings per share (NT\$)	<u>\$ 3.68</u>	<u>\$ 1.07</u>	<u>\$ 7.01</u>	<u>\$ 3.32</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net income for the period attributable to owners of the Company	<u>\$ 4,240,102</u>	<u>\$ 1,226,091</u>	<u>\$ 8,075,118</u>	<u>\$ 3,784,603</u>

Number of Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,405	1,140,426	1,140,405	1,136,384
Effect of potentially dilutive ordinary shares (in thousands)				
Employees' compensation	425	538	529	739
Share-based payment arrangements	<u>11,922</u>	<u>707</u>	<u>11,312</u>	<u>2,659</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,152,752</u>	<u>1,141,671</u>	<u>1,152,246</u>	<u>1,139,782</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Treasury shares transferred to employees

The board of directors resolved on May 7, 2021 and August 14, 2018 to transfer treasury shares of 1,431 thousand shares and 5,885 thousand shares, respectively, to qualified employees of the Company and its subsidiaries. In compliance with the Company's Regulations Governing Share Repurchase and Transfer to Employees, the transfer price for each arrangement is the average of the actual acquisition price of the treasury shares.

Information about treasury shares transferred to employees was as follows:

For the nine months ended September 30, 2021

Grant Date	Transferable Shares in Thousands	Shares in Thousands Transferred for the Period	Accumulated Shares in Thousands Transferred	Expired Shares in Thousands	Shares in Thousands at the End of the Period
May 7, 2021	<u>1,431</u>	<u>1,368</u>	<u>1,368</u>	<u>63</u>	<u>-</u>
August 14, 2018	<u>5,885</u>	<u>4,674</u>	<u>4,714</u>	<u>1,171</u>	<u>-</u>

Treasury shares transferred to employees in 2021 and 2018 were priced using a Black-Scholes pricing model. The inputs to the models were as follows:

	May 2021	August 2018
Grant date share price (NT\$)	\$61.40	\$36.85
Exercise price (NT\$)	\$18.02	\$18.02
Expected volatility	40.30%	53.23%
Expected life	0-1 year	0-1 year
Expected dividend yield	3.77%	2.46%
Risk-free interest rate	0.76%	0.91%
Weighted-average fair value of options granted (NT\$)	\$42.90	\$18.80

Compensation costs were recognized \$0 and \$69,148 thousand for three months ended September 30, 2021 and for nine months ended September 30, 2021.

b. Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options, the total is 20,000 units in May 2021 and December 2020, respectively. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

Share Options Grant Period	Percentage Exercisable (%) (Cumulative)
Over 2 years	40
Over 3 years	70
Over 4 years	100

Employee Share Options	For the Nine Months Ended September 30, 2022	
	Unit (In Thousands)	Weighted Average Exercise Price (NT\$)
Balance at January 1	19,895	\$69.0-\$77.2
Options granted	-	
Options forfeited	<u>(177)</u>	
Balance at September 30	<u>19,718</u>	

The Company used a Black-Scholes pricing model. The inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT\$)	\$77.2	\$69
Exercise price (NT\$)	\$77.2	\$69
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 year	2-4 year
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760%-0.765%	0.760%-0.765%
Weighted-average fair value of options granted (NT\$)	\$14.7-19.8	\$13.2-17.2

Compensation costs recognized were \$33,349 thousand, \$2,610 thousand, \$75,510 thousand and \$2,610 thousand for three months ended September 30, 2022 and 2021 and for nine months ended September 30, 2022 and 2021, respectively.

28. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2022 and 2021, the Group entered into the following non-cash investing activities:

	For the Nine Months Ended September 30	
	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 1,483,813	\$ 1,317,468
Increase in payables for construction and equipment (included in other payables)	<u>(47,974)</u>	<u>(23,392)</u>
Net cash paid	<u>\$ 1,435,839</u>	<u>\$ 1,294,076</u>

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or, the payment of old debt.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 336,005	\$ -	\$ 796,427	\$ 1,132,482
Perpetual bonds	-	2,567,068	-	2,567,068
Hybrid financial assets				
Convertible preferred shares	<u>-</u>	<u>-</u>	<u>68,503</u>	<u>68,503</u>
	<u>\$ 336,005</u>	<u>\$ 2,567,068</u>	<u>\$ 864,930</u>	<u>\$ 3,768,053</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 14,682,957	\$ -	\$ -	\$ 14,682,957
Domestic and overseas unlisted shares	-	-	370,250	370,250
Investment in debt instruments				
Overseas straight corporate bonds	-	1,152,959	-	1,152,959
	<u>\$ 14,682,957</u>	<u>\$ 1,152,959</u>	<u>\$ 370,250</u>	<u>\$ 16,206,166</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 228,378	\$ -	\$ 228,378
				(Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 3,097	\$ -	\$ 3,097
Non-derivative financial assets				
Mutual funds	286,099	-	327,134	613,233
Perpetual bonds	-	2,437,101	-	2,437,101
Hybrid financial assets				
Convertible preferred shares	-	-	121,099	121,099
Convertible bonds	-	-	258,153	258,153
Structured deposits	-	96,304	-	96,304
	<u>\$ 286,099</u>	<u>\$ 2,536,502</u>	<u>\$ 706,386</u>	<u>\$ 3,528,987</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 15,619,586	\$ -	\$ -	\$ 15,619,586
Domestic and overseas unlisted shares	-	-	280,151	280,151
Investment in debt instruments				
Overseas straight corporate bonds	-	899,612	-	899,612
	<u>\$ 15,619,586</u>	<u>\$ 899,612</u>	<u>\$ 280,151</u>	<u>\$ 16,799,349</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 221,939	\$ -	\$ 221,939
				(Concluded)

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 287,094	\$ -	\$ 285,994	\$ 573,088
Perpetual bonds	-	1,927,567	-	1,927,567
Hybrid financial assets				
Convertible preferred shares	-	-	86,610	86,610
Convertible bonds	-	-	254,540	254,540
Structured deposits	-	311,027	-	311,027
	<u>\$ 287,094</u>	<u>\$ 2,238,594</u>	<u>\$ 627,144</u>	<u>\$ 3,152,832</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 11,841,610	\$ -	\$ -	\$ 11,841,610
Domestic and overseas unlisted shares	-	-	242,989	242,989
Investment in debt instruments				
Overseas straight corporate bonds	-	920,756	-	920,756
	<u>\$ 11,841,610</u>	<u>\$ 920,756</u>	<u>\$ 242,989</u>	<u>\$ 13,005,355</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 297,359	\$ -	\$ 297,359
				(Concluded)

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2022 and 2021, respectively.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 986,537	\$ 392,744
Recognized in profit or loss	71,574	58,030
Recognized in other comprehensive income (loss) (recognized in unrealized gain (loss) on financial assets at FVTOCI)	100,712	(30,543)
Reclassifications (Note 1)	320,095	-
Additions	-	450,967
Transfers out (Note 2)	(250,850)	-
Effects of foreign currency exchange differences	7,112	(1,065)
Balance at September 30	<u>\$ 1,235,180</u>	<u>\$ 870,133</u>

Note 1: In November 2021 and June 2022, the Group invested in Blackstone and Millennium real estate income trust capital offshore access fund SPC and prepaid the investment. The actual investments were completed in January 2022 and September 2022, and were reclassified as financial assets at fair value through profit or loss.

Note 2: The unlisted shares owned by the Group had been traded on the Emerging Stock Market since February 2022 and transferred from Level 3 to Level 1 fair value measurement. The Group transferred its convertible bonds to equity and reclassified as investments accounted for using the equity method.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of each counterparty.

Derivatives - structured deposits were evaluated by the discounted cash flow method. Future cash flows are estimated based on the observable interest rate at the end of the reporting period, discounted at the market interest rate.

Non-derivatives - the fair value of perpetual bonds and straight corporate bonds was determined by quoted market prices provided by the third party.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group were discount for lack of marketability, which were 14%-20%, 16%-20% and 16%-20% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased by \$4,132 thousand, \$2,857 thousand and \$2,442 thousand, respectively.
- b) The fair value of convertible preferred shares was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used were 70.33%, 64.48% and 63.90% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- c) The fair value of convertible bonds was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 49.2% and 48.91% as of December 31, 2021 and September 30, 2021, respectively.
- d) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
FVTPL	\$ 3,768,053	\$ 3,528,987	\$ 3,152,832
Amortized cost (Note 1)	19,528,650	16,019,513	15,550,464
<u>FVTOCI</u>			
Equity instruments	15,053,207	15,899,737	12,084,599
Debt instruments	1,152,959	899,612	920,756
<u>Financial liabilities</u>			
FVTPL	228,378	221,939	297,359
Amortized cost (Note 2)	16,703,433	14,228,873	13,915,643

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, other payables and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign-currency-denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting periods are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD), Renminbi (RMB) and South Korean Won (KRW) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the reporting periods for a 1% change in foreign currency rates. For a 1% strengthening of NTD, RMB and KRW against USD, pre-tax income would increase (decrease) as follows:

	<u>NTD to USD</u>		<u>RMB to USD</u>		<u>KRW to USD</u>	
	<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss	<u>\$ 5,108</u>	<u>\$ 41,157</u>	<u>\$ (766)</u>	<u>\$ 15,186</u>	<u>\$ (23,881)</u>	<u>\$ (23,544)</u>

b) Interest rate risk

The carrying amount of the Group's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value interest rate risk			
Financial assets	<u>\$ 12,664,275</u>	<u>\$ 5,798,688</u>	<u>\$ 4,359,205</u>
Financial liabilities	<u>\$ 11,301,235</u>	<u>\$ 9,258,883</u>	<u>\$ 9,862,829</u>
Lease liabilities	<u>\$ 2,025,891</u>	<u>\$ 1,715,508</u>	<u>\$ 1,648,193</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 3,465,838</u>	<u>\$ 6,804,813</u>	<u>\$ 8,915,432</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting periods. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets and financial liabilities will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the nine months ended September 30, 2022 and 2021, would increase by \$12,997 thousand and \$33,433 thousand, respectively, which were attributable to the Group's floating rate on its financial assets, and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt instruments. Equity investments are held for strategic rather than for trading purposes, and the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risks of mutual funds, debt instruments and equity securities at the end of the reporting periods.

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$188,403 thousand and \$157,642 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$810,308 thousand and \$650,268 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group's sensitivity to price risk are mainly resulting from the increased investment in equity securities and debt investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting periods, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's unutilized short-term bank borrowing facilities were \$11,890,981 thousand, \$11,220,428 thousand and \$9,657,918 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 11,102	\$ 21,789	\$ 90,398	\$ 418,260	\$ 1,908,953
Fixed interest rate liabilities	<u>5,430,862</u>	<u>1,698,094</u>	<u>376,732</u>	<u>3,849,134</u>	<u>-</u>
	<u>\$ 5,441,964</u>	<u>\$ 1,719,883</u>	<u>\$ 467,130</u>	<u>\$ 4,267,394</u>	<u>\$ 1,908,953</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 123,289</u>	<u>\$ 418,260</u>	<u>\$ 488,299</u>	<u>\$ 503,461</u>	<u>\$ 517,521</u>	<u>\$ 399,672</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 9,222	\$ 18,443	\$ 82,619	\$ 344,117	\$ 1,562,944
Fixed interest rate liabilities	<u>7,511,063</u>	<u>916,496</u>	<u>5,669</u>	<u>862,407</u>	<u>-</u>
	<u>\$ 7,520,285</u>	<u>\$ 934,939</u>	<u>\$ 88,288</u>	<u>\$ 1,206,524</u>	<u>\$ 1,562,944</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 110,284</u>	<u>\$ 344,117</u>	<u>\$ 390,233</u>	<u>\$ 362,869</u>	<u>\$ 362,869</u>	<u>\$ 446,973</u>

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 9,272	\$ 18,544	\$ 83,449	\$ 352,210	\$ 1,557,942
Fixed interest rate liabilities	<u>4,148,060</u>	<u>4,748,486</u>	<u>847,287</u>	<u>64,318</u>	<u>-</u>
	<u>\$ 4,157,332</u>	<u>\$ 4,767,030</u>	<u>\$ 930,736</u>	<u>\$ 416,528</u>	<u>\$ 1,557,942</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 111,265</u>	<u>\$ 352,210</u>	<u>\$ 364,110</u>	<u>\$ 364,110</u>	<u>\$ 364,110</u>	<u>\$ 465,612</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Nuclera Nucleics Ltd.	Associate
Nuclera Nucleics Corporation	Associate
NTX Electronics Yangzhou Co., Ltd.	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
YFY Inc.	Investor with significant influence over the Group
Yuen Foong Paper Co., Ltd.	Substantive related party
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
FoongTone Technology Co., Ltd.	Substantive related party
Arizon RFID Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Investment Co., Ltd.	Subsidiary of investor with significant influence over the Group

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
Livebricks Inc.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon RFID Technology (Hong Kong) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Johnson Lee	Key management personnel

(Concluded)

b. Sales of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate	<u>\$ 22,231</u>	<u>\$ 3,515</u>	<u>\$ 34,589</u>	<u>\$ 13,513</u>

The sales price and collection terms are based on the agreements with the related parties.

c. Purchases of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate	\$ 240,895	\$ 143,135	\$ 435,932	\$ 474,477
Subsidiary of investor with significant influence over the Group	5,414	2,485	17,095	8,477
Substantive related party	<u>652</u>	<u>10</u>	<u>1,235</u>	<u>21</u>
	<u>\$ 246,961</u>	<u>\$ 145,630</u>	<u>\$ 454,262</u>	<u>\$ 482,975</u>

The purchase price and payment terms are based on the agreements with the related parties.

d. Manufacturing costs

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Substantive related party	\$ 17,457	\$ 15,663	\$ 54,340	\$ 42,987
Others	<u>17</u>	<u>8</u>	<u>19</u>	<u>182</u>
	<u>\$ 17,474</u>	<u>\$ 15,671</u>	<u>\$ 54,359</u>	<u>\$ 43,169</u>

e. Operating expenses

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associate	\$ 8,230	\$ 3,806	\$ 42,140	\$ 21,935
Substantive related party	10,431	9,509	26,079	26,683
Subsidiary of investor with significant influence over the Group	<u>1,252</u>	<u>1,006</u>	<u>3,724</u>	<u>3,160</u>
	<u>\$ 19,913</u>	<u>\$ 14,321</u>	<u>\$ 71,943</u>	<u>\$ 51,778</u>

f. Non-operating income - other income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associate	\$ 1,534	\$ 1,446	\$ 4,713	\$ 5,172
Others	<u>-</u>	<u>26</u>	<u>53</u>	<u>167</u>
	<u>\$ 1,534</u>	<u>\$ 1,472</u>	<u>\$ 4,766</u>	<u>\$ 5,339</u>

g. Receivables from related parties

Line Items	Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	Associate	\$ 48,622	\$ 92,197	\$ 147,015
	Less: Loss allowance	<u>(19,702)</u>	<u>(17,177)</u>	<u>(17,282)</u>
		28,920	75,020	129,733
	Subsidiary of investor with significant influence over the Group	<u>7,611</u>	<u>6,809</u>	<u>7,227</u>
	<u>\$ 36,531</u>	<u>\$ 81,829</u>	<u>\$ 136,960</u>	
Other receivables	Associate	\$ 11,113	\$ 9,688	\$ -
	Less: Loss allowance	<u>(9,769)</u>	<u>(9,769)</u>	<u>-</u>
	Effects of foreign currency exchange differences	<u>(1,344)</u>	<u>81</u>	<u>-</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivables from related parties were unsecured.

h. Payables to related parties (included in notes and accounts payable)

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Associate	\$ 22,998	\$ 20,510	\$ 1,571
Subsidiary of investor with significant influence over the Group	16,925	8,726	6,110
Substantive related party	<u>14,819</u>	<u>10,079</u>	<u>9,572</u>
	<u>\$ 54,742</u>	<u>\$ 39,315</u>	<u>\$ 17,253</u>

The outstanding accounts payables to related parties were unsecured.

i. Prepayments and refundable deposits (included in other non-current assets)

Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Substantive related party			
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 50,444	\$ 48,973	\$ 48,437
Others	4,888	-	2,091
Associate	5,941	55,470	9,769
Subsidiary of investor with significant influence over the Group	<u>6,164</u>	<u>1,136</u>	<u>259</u>
	<u>\$ 67,437</u>	<u>\$ 105,579</u>	<u>\$ 60,556</u>

j. Construction in progress and prepayments for equipment (included in property, plant and equipment)

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Subsidiary of investor with significant influence over the Group	<u>\$ 3,582</u>	<u>\$ -</u>	<u>\$ -</u>

k. Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2022	2021	2022	2021
Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associate	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 63</u>

l. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group and renewed the contract after the expiration in February 2021. The lease term is 2 years. In addition, the Group leased land from a subsidiary of investor with significant influence over the Group in August 2022. The lease term is 20 years. The related amounts were as follows:

Related Party Category/Name	For the Nine Months Ended September 30		
	2022	2021	
<u>Acquisition of right-of-use assets</u>			
Subsidiary of investor with significant influence over the Group	\$ <u>252,607</u>	\$ <u>5,844</u>	
Line Item	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities			
Current (included in other current liabilities)	\$ 4,038	\$ 2,466	\$ 2,808
Non-current	<u>248,254</u>	<u>454</u>	<u>1,175</u>
	\$ <u>252,292</u>	\$ <u>2,920</u>	\$ <u>3,983</u>

Line Item	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expenses	\$ <u>1,559</u>	\$ <u>7</u>	\$ <u>1,567</u>	\$ <u>19</u>

The lease contract between the Group and the related party were determined by reference to the market conditions and payment terms that were similar to those with the third parties.

m. Guarantee deposits received (included in other non-current liabilities)

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Key management personnel	\$ 1,050	\$ 1,050	\$ 1,050
Associate	879	-	-
Substantive related party	<u>3</u>	<u>3</u>	<u>3</u>
	\$ <u>1,932</u>	\$ <u>1,053</u>	\$ <u>1,053</u>

n. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 34,451	\$ 27,083	\$ 103,427	\$ 79,591
Post-employment benefits	400	337	1,177	977
Share-based payments	<u>6,841</u>	<u>401</u>	<u>14,422</u>	<u>5,857</u>
	\$ <u>41,692</u>	\$ <u>27,821</u>	\$ <u>119,026</u>	\$ <u>86,425</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL

The following demand deposits and time deposits (included in financial assets at amortized cost) were provided as collateral for short-term borrowings, line of credit for derivative instrument trading, tariffs guarantee for imported inventories, lease deposits for plants and land, and deposits for provisional attachment:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ 3,037,371	\$ 1,930,980	\$ 1,172,324
Non-current	<u>127,636</u>	<u>132,580</u>	<u>133,392</u>
	<u>\$ 3,165,007</u>	<u>\$ 2,063,560</u>	<u>\$ 1,305,716</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unused letters of credit of the Group for purchase of machinery amounted to \$90,769 thousand, \$190,572 thousand and \$216,082 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$12,920,000 thousand, \$11,670,000 thousand and \$11,140,000 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

Guaranteed notes issued for syndicated loans were all \$6,800,000 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

The board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved in March 2020 for an investment plan for the next three to five years. The content of the investment plan includes the construction of R&D buildings, capacity expansion and fundamental operating expenses, with expected investment amount from US\$50,000 thousand to US\$55,000 thousand. The source of funds is from the parent company's capital increase via cash and the subsidiary's proprietary funds. The percentage of investment was approximately 89% as of September 30, 2022.

To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT\$2.643 billion. As of September 30, 2022, the progress of implementation was approximately 9%.

In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic-Technological Development Area Management Committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area it owns to develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount will not exceed US\$61,000 thousand.

On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin Dist., Taoyuan on a leasehold basis, the total amount of the construction is expected at NT\$3.305 billion.

34. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, global consumption patterns have changed. The trend of contactless economy has continued to accelerate the digital transformation of the retail industry, driving the increase for electronic shelf labels. The Group has committed to promote and expand the electronic paper industry. The increase in operating revenue and gross profit from January to September 2022 was higher than the same period in 2021. The Group will continuously assess the impact of the outbreak on the Group's operations.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates, refer to Note 5 for the details.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2022

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 265,845	31.75 (USD:NTD)	\$ 8,440,579
USD	255,232	7.10 (USD:RMB)	8,103,616
USD	75,215	1,417.41 (USD:KRW)	2,388,076
Non-monetary items			
FVTPL			
USD	80,853	1,417.41 (USD:KRW)	2,567,068
FVTOCI			
EUR	83,113	31.26 (EUR:NTD)	2,598,121
<u>Foreign currency liabilities</u>			
Monetary items			
USD	281,933	31.75 (USD:NTD)	8,951,373
USD	252,818	7.10 (USD:RMB)	8,026,972

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 393,369	27.68 (USD:NTD)	\$ 10,888,454
USD	258,447	6.3757 (USD:RMB)	7,153,813
USD	72,183	1,177.872 (USD:KRW)	1,998,025
USD	53,137	7.7994 (USD:HKD)	1,470,832
Non-monetary items			
FVTPL			
USD	88,045	1,177.872 (USD:KRW)	2,473,101
FVTOCI			
EUR	65,173	31.32 (EUR:NTD)	2,041,227
<u>Foreign currency liabilities</u>			
Monetary items			
USD	475,374	27.68 (USD:NTD)	13,158,352
USD	271,517	6.3757 (USD:RMB)	7,515,591
USD	54,403	7.7994 (USD:HKD)	1,505,875

September 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 295,638	27.85 (USD:NTD)	\$ 8,233,518
USD	191,189	6.4854 (USD:RMB)	5,324,614
USD	84,539	1,173.62 (USD:KRW)	2,354,411
Non-monetary items			
FVTPL			
USD	69,212	1,173.62 (USD:KRW)	1,927,567
FVTOCI			
EUR	45,846	32.32 (EUR:NTD)	1,481,763
<u>Foreign currency liabilities</u>			
Monetary items			
USD	443,418	27.85 (USD:NTD)	12,349,191
USD	245,716	6.4854 (USD:RMB)	6,843,191

The Group's net realized and unrealized gains on foreign currency exchange were \$673,807 thousand, \$164,981 thousand, \$1,113,686 thousand and \$291,142 thousand, for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency of each entity in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

c. Information on investments in mainland China (Table 8)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of funds.
 - f) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the breakdown by region. The Group's reportable segments were classified into the ROC, Asia and Americas according to their geographic locations.

The profit or loss from the Group's operating segments is primarily measured by the segment profit or loss, which is used for the basis for assessment of performance. In addition, there are no significant differences between the accounting standards applied by the segments and the summary of significant accounting policies as disclosed in Note 4.

The following was an analysis of the Group's revenue and results from operation by reportable segments:

	Segment Revenue		Segment Profit (Loss)	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
ROC	\$ 18,481,346	\$ 14,790,097	\$ 5,279,558	\$ 1,948,950
Asia	14,870,046	8,454,946	1,677,656	(16,913)
America	3,039,841	4,489,553	56,361	176,926
Adjustment and eliminations	<u>(14,874,070)</u>	<u>(14,851,655)</u>	-	-
	<u>\$ 21,517,163</u>	<u>\$ 12,882,941</u>	7,013,575	2,108,963
Administration cost and remunerations to directors			(393,600)	(296,382)
Net loss on fair value changes of financial assets and liabilities at FVTPL			(335,705)	(226,015)
Interest income			278,224	144,603
Royalty income			1,149,510	1,244,366
Dividend income			660,392	500,584
Net (loss) gain on disposal of investment			(1,778)	653,705
Net gain on foreign currency exchange			1,113,686	291,142
Other non-operating income and expenses, net			417,974	340,725
Income before tax			<u>\$ 9,902,278</u>	<u>\$ 4,761,691</u>

Segment profit (loss) represents the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, net loss on fair value changes of financial assets and liabilities at FVTPL, interest income, royalty income, dividend income, net gain (loss) on disposal of investment, net gain on foreign currency exchange and other non-operating income and expenses.

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Aggregate Financing Limit (Notes 1 and 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 1,000,000	\$ 1,000,000	\$ -	1	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 4,088,376	\$ 16,353,505
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	(US\$ 1,587,500 thousand)	(US\$ 635,000 thousand)	(US\$ 635,000 thousand)	1.13	Short-term financing	-	Working capital	-	-	-	(KRW 4,072,455 thousand)	(KRW 181,806,019 thousand)
2	YuanHan Materials Inc.	New Field e-Paper Co., Ltd.	Other receivables	Yes	512,250	-	-	1.2	Short-term financing	-	Working capital	-	-	-	792,529	3,170,114
3	PVI Global Limited	New Field e-Paper Co., Ltd.	Other receivables	Yes	(US\$ 254,000 thousand)	-	-	1	Short-term financing	-	Working capital	-	-	-	(US\$ 2,968,435 thousand)	(US\$ 11,873,706 thousand)
		YuanHan Materials Inc.	Other receivables	Yes	(US\$ 444,500 thousand)	(US\$ 444,500 thousand)	(US\$ 444,500 thousand)	1.2	Short-term financing	-	Working capital	-	-	-	(US\$ 2,968,435 thousand)	(US\$ 11,873,706 thousand)
		Dream Pacific International Limited	Other receivables	Yes	(US\$ 19,050 thousand)	(US\$ 19,050 thousand)	(US\$ 19,050 thousand)	1.2	Short-term financing	-	Working capital	-	-	-	(US\$ 2,968,435 thousand)	(US\$ 11,873,706 thousand)
4	Tech Smart Logistics Ltd. (Note 3)	YuanHan Materials Inc.	Other receivables	Yes	(US\$ 444,500 thousand)	(US\$ 444,500 thousand)	-	1.2	Short-term financing	-	Working capital	-	-	-	-	-
5	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	(US\$ 158,750 thousand)	(US\$ 158,750 thousand)	(US\$ 158,750 thousand)	2	Short-term financing	-	Working capital	-	-	-	164,474	657,895

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.75 and KRW1=NT\$0.0224 on September 30, 2022, except the maximum balance that is translated at the exchange rate at the end of each month for the period.

Note 2: The aggregate and individual financing limits of Hydis Technologies Co., Ltd. shall not exceed 40% of the financing company's net equity per its latest financial statements. The aggregate and individual financing limits of E Ink Holdings Inc., YuanHan Materials Inc., PVI Global Limited and New Field e-Paper Co., Ltd. shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 4: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Notes 1 and 2)	Maximum Balance (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	\$ 10,220,941	\$ 1,333,500 (US\$ 42,000 thousand)	\$ 1,333,500 (US\$ 42,000 thousand)	\$ -	\$ -	3.26	\$ 40,883,764	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	10,220,941	2,750,000	2,050,000	-	-	5.01	40,883,764	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	10,220,941	200,000	200,000	-	-	0.49	40,883,764	Yes	No	No
		Linfiny Corporation	Subsidiary	10,220,941	350,000	350,000	125,000	-	0.86	40,883,764	Yes	No	No
1	Hydis Technologies Co., Ltd.	E Ink Holdings Inc.	Parent company	2,545,284 (KRW 113,628,762 thousand)	635,000 (US\$ 20,000 thousand)	635,000 (US\$ 20,000 thousand)	370,000	-	6.24	10,181,137 (KRW 454,515,047 thousand)	No	Yes	No

Note 1: The amount shall not exceed 25% of the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

Note 2: The amounts are translated at the exchange rate of US\$1=\$31.75 and KRW1=\$0.0224 on September 30, 2022, except the maximum balance is translated at the highest exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company and the subsidiary, Hydis Technologies Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	120,717,685	\$ 2,088,416	1.06	\$ 2,088,416	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	7,814,000	185,192	0.47	185,192	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	12,046	0.13	12,046	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	13,068	0.01	13,068	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,394,750	261,496	0.06	261,496	
	Wistron Corporation	-	Financial assets at FVTOCI	187,000	4,965	0.01	4,965	
	Getac Technology Corporation	-	Financial assets at FVTOCI	175,000	7,394	0.03	7,394	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	6,344,386	214,440	0.09	214,440	
	Asia Electronic Material Co., Ltd	-	Financial assets at FVTOCI	1,854,000	27,717	1.89	27,717	
	Taiflex Sciehtific Co., Ltd	-	Financial assets at FVTOCI	4,102,000	162,234	1.96	162,234	
	LITE-ON Technology Corporation	-	Financial assets at FVTOCI	1,474,000	94,041	0.06	94,041	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	280,968	0.03	280,968	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	138,651	0.02	138,651	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	115,109	0.02	115,109	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.41	-	
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	22,248,280	384,895	0.20	384,895	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	7,270	0.85	7,270	
	Ventec International Group Co., Ltd.	-	Financial assets at FVTOCI	333,000	20,313	0.66	20,313	
	Wistron Corporation	-	Financial assets at FVTOCI	8,407,000	223,205	0.47	223,205	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,814,881	61,343	0.03	61,343	
Taiflex Sciehtific Co., Ltd	-	Financial assets at FVTOCI	1,432,000	56,636	0.68	56,636		
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	217,012,972	3,754,324	1.90	3,754,324	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	379	-	379	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	307,933	6.40	307,933	
	SES-imagotag	-	Financial assets at FVTOCI	866,666	2,598,121	5.50	2,598,121	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	1,490,626	138,926	0.80	138,926	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	12,436	10.93	12,436	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	742,820	147,821	0.92	147,821	
	eCrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	10,526	6.46	10,526	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	4,766,250	148,469	0.03	148,469	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	2,678	-	2,678	
	Wistron Corporation	-	Financial assets at FVTOCI	9,270,000	246,118	0.32	246,118	
	Daxin Materials Corp.	-	Financial assets at FVTOCI	1,138,000	72,377	1.11	72,377	
	Getac Technology Corporation	-	Financial assets at FVTOCI	4,197,000	177,323	0.70	177,323	
Zenitron Corporation	-	Financial assets at FVTOCI	4,249,000	110,899	1.95	110,899		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,297,179	\$ 331,366	14.09	\$ 331,366	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	3,450,474	116,626	0.05	116,626	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	25	-	3,754,324	
	<u>Preferred shares</u> Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	281,508	0.03	281,508	
	<u>Convertible preferred shares</u> SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	68,503	1.67	68,503	
	<u>Straight corporate bonds</u> FS KKR CAPITAL CORP	-	Financial assets at FVTOCI	2,000,000	62,026	-	62,026	
	NOMURA HOLDINGS INC.	-	Financial assets at FVTOCI	1,950,000	49,609	-	49,609	
	Swiss Re Group	-	Financial assets at FVTOCI	3,000,000	86,924	-	86,924	
	<u>Mutual funds</u> BLACKSTONE REITS	-	Financial assets at FVTPL - non-current	16,588	729,023	-	729,023	
	Millennium	-	Financial assets at FVTPL - non-current	1,941,407	67,404	-	67,404	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u> Dke Co., Ltd.	-	Financial assets at FVTOCI	837,000	RMB 24,062 thousand	2.73	RMB 24,062 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	RMB 53,597 thousand	0.76	RMB 53,597 thousand	
	Agricultural Bank of China Limited	-	Financial assets at FVTOCI	4,943,000	RMB 14,137 thousand	-	RMB 14,137 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at FVTOCI	3,180,000	RMB 13,833 thousand	-	RMB 13,833 thousand	
	China Construction Bank Corporation	-	Financial assets at FVTOCI	2,490,996	RMB 13,750 thousand	-	RMB 13,750 thousand	
	Bank of China Limited	-	Financial assets at FVTOCI	4,630,000	RMB 14,307 thousand	-	RMB 14,307 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u> Solum Co., Ltd.	-	Financial assets at FVTOCI	840,990	KRW 15,894,711 thousand	1.68	KRW 15,894,711 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	455,121	KRW 16,134,039 thousand	0.16	KRW 16,134,039 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	290,618	KRW 25,167,519 thousand	0.21	KRW 25,167,519 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 7,142,085 thousand	0.15	KRW 7,142,085 thousand	
	SAMSUNG CARD CO., LTD	-	Financial assets at FVTOCI	275,805	KRW 8,329,311 thousand	0.26	KRW 8,329,311 thousand	
	<u>Mutual funds</u> Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 14,907,628 thousand	-	KRW 14,907,628 thousand	
	<u>Perpetual bonds</u> JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 40,332,716 thousand	-	KRW 40,332,716 thousand	
	BARCLAYS	-	Financial assets at FVTPL - current	3,857,200	KRW 5,184,994 thousand	-	KRW 5,184,994 thousand	
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	18,700,000	KRW 23,436,669 thousand	-	KRW 23,436,669 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 44,922,426 thousand	-	KRW 44,922,426 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Straight corporate bonds</u> NOMURA HOLDINGS, INC.	-	Financial assets at FVTOCI	13,600,000	KRW 15,811,641 thousand	-	KRW 15,811,641 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 10,923,322 thousand	-	KRW 10,923,322 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 11,718,346 thousand	-	KRW 11,718,346 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	2,950,000	KRW 3,884,508 thousand	-	KRW 3,884,508 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost	2,200,000	KRW 21,974,301 thousand	-	KRW 21,974,301 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost	300,000	KRW 2,998,113 thousand	-	KRW 2,998,113 thousand	

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
E Ink Holdings Inc.	Ordinary shares Ultra Chip, Inc.	Financial assets at FVTOCI - current	SinoPac Securities Corporation	-	2,603,676	\$ 663,937	-	\$ -	2,603,676	\$ 441,762	\$ 25,401	\$ 416,361 (Note 9)	(\$ 638,536) (Note 3)	-	\$ -
Tech Smart Logistics Ltd. (Note 10)	Ordinary shares E Ink Corporation (Notes 1 and 5)	Investment accounted for using the equity method	New Field e-Paper Co., Ltd. and E Ink Holdings Inc.	Same ultimate parent company and parent company	954	US\$ 133,017 thousand	-	-	954	US\$ 133,048 thousand	US\$ 133,043 thousand	US\$ 5 thousand (Note 2)	US\$ 26 thousand (Note 4)	-	-
New Field e-Paper Co., Ltd.	Ordinary shares E Ink Corporation (Notes 1 and 6)	Investment accounted for using the equity method	Tech Smart Logistics Ltd and E Ink Holdings Inc.	Same ultimate parent company and parent company	294	1,205,001	953	3,977,796	1,247	4,908,393	5,183,013	(274,620) (Note 2)	216 (Note 4)	-	-
E Ink Holdings Inc.	Ordinary shares E Ink Corporation (Notes 1 and 7)	Investment accounted for using the equity method	Tech Smart Logistics Ltd, New Field e-Paper Co., Ltd. and PVI Global Limited	Subsidiary	1,034	4,239,021	1,248	5,187,186	2,282	9,149,622	9,426,966	(277,344) (Note 2)	759 (Note 4)	-	-
PVI Global Limited	Ordinary shares E Ink Corporation (Notes 1, 7 and 8)	Investment accounted for using the equity method	E Ink Holdings Inc. and Dream Pacific International Limited	Parent company and subsidiary	-	-	2,282	US\$ 329,123 thousand	2,282	US\$ 329,123 thousand	US\$ 329,123 thousand	-	-	-	-
Dream Pacific International Limited	Ordinary shares E Ink Corporation (Notes 1 and 8)	Investment accounted for using the equity method	PVI Global Limited	Subsidiary	-	-	2,282	US\$ 329,123 thousand	-	-	-	-	US\$ 9,536 thousand (Note 4)	2,282	US\$ 338,659 thousand
Transcend Optronics (Yangzhou) Co., Ltd.	Principal guaranteed wealth investment products Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Jiansu	-	-	-	-	RMB 70,000 thousand	-	RMB 70,510 thousand	RMB 70,000 thousand	RMB 510 thousand	-	-	-

Note 1: To improve the Group's strategic development and arrange long-term operating strategy, the Company's board of directors approved an adjustment to organizational structure in November 2021. The Group transferred all shares of E Ink Corporation to Dream Pacific International Limited in February 2022, refer to Note 14.

Note 2: These amounts were recognized in capital surplus.

Note 3: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 4: These amounts included exchange differences on translating the financial statements of foreign operations and share of gain or loss of associates accounted for using the equity method.

Note 5: Sold 953 shares and 1 share to New Field e-Paper Co., Ltd. and E Ink Holdings Inc., respectively.

Note 6: New Field e-Paper Co., Ltd. returned the shares of E Ink Corporation originally held by itself and acquired from Tech Smart Logistics Ltd., to E Ink Holdings Inc. by way of selling and reduction of capital.

Note 7: E Ink Holdings Inc. participated in the capital increase of PVI Global Limited. with US\$329,123 thousand (\$9,149,622 thousand) by using the shares of E Ink Corporation originally held by itself, acquired from Tech Smart Logistics Ltd. and New Field e-Paper Co. (including shares obtained by reduction way of capital).

Note 8: PVI Global Limited participated in the capital increase of Dream Pacific International Limited. with US\$329,123 thousand (\$9,149,622 thousand) by using the shares of E Ink Corporation which were acquired from E Ink Holdings Inc.

Note 9: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 10: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sale	\$ (765,665)	(5)	By agreements	\$ -	-	\$ 62,132	2	
	E Ink Corporation	Subsidiary	Purchase	2,541,974	29	By agreements	-	-	(994,058)	(19)	
	YuanHan Materials Inc.	Subsidiary	Sale	(174,452)	(1)	By agreements	-	-	34,204	1	
	YuanHan Materials Inc.	Subsidiary	Purchase	921,109	11	By agreements	-	-	(166,469)	(3)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,851,890	21	By agreements	-	-	(3,887,405)	(76)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(632,392)	(4)	By agreements	-	-	512,800	13	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	396,626	5	By agreements	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(921,109)	(57)	By agreements	-	-	166,469	100	
	E Ink Holdings Inc.	Parent company	Purchase	174,452	14	By agreements	-	-	(34,204)	(99)	
Prime View Communications Ltd.	E Ink Holdings Inc.	Parent company	Purchase	765,665	100	By agreements	-	-	(62,132)	(100)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,851,890)	(69)	By agreements	-	-	3,887,405	100	
	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Purchase	689,367	6	By agreements	-	-	(337,564)	(6)	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	632,392	50	By agreements	-	-	(512,800)	(100)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Sale	(689,367)	(50)	By agreements	-	-	337,564	100	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(2,541,974)	(100)	By agreements	-	-	994,058	96	
	E Ink California, LLC	Subsidiary	Purchase	466,178	19	By agreements	-	-	(341,754)	(93)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(466,178)	(100)	By agreements	-	-	341,754	100	

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	YuanHan Materials Inc.	Subsidiary	\$ 1,530,949	(Note 3)	\$ -	-	\$ 31,591	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	3,201,267	(Note 1)	53,289	Collected	1,325,120	-
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	512,800	3.29	79,132	Collected	62,230	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	166,469	11.40	-	-	-	-
Linfiny Corporation	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	106,084	(Note 2)	106,084	Collected	106,084	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	3,887,405	(Note 1)	631,309	Collected	1,029,730	-
Rich Optronics (Yangzhou) Co., Ltd.	Transcend Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	337,564	5.45	-	-	111,562	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	994,058	2.59	505,830	In the process of collection	394,818	-
E Ink California, LLC	E Ink Corporation	Parent company	353,640	1.88	169,086	In the process of collection	55,482	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from sale of intangible assets.

Note 3: Cash dividends receivables.

Note 4: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note	
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount				
E Ink Holdings Inc.	PVI Global Limited	Cyprus	Investment	\$ 12,510,056	\$ 3,360,434	108,413,176	100.00	\$ 29,684,237	\$ 3,017,902	\$ 3,017,902	(Note 2)	
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	6,394,455	280,421,763	100.00	1,644,738	42,237	42,237	(Note 2)	
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	4,911,303	-	-	-	55,202	7	(Note 2)	
	YuanHan Materials Inc.	Taipei, Taiwan	Research, development and sale of electronic parts and electronic ink	6,420,230	6,420,230	183,819,268	100.00	7,874,159	493,390	461,539	(Note 2)	
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	403,046	2,580	2,580	(Note 2)	
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(64,159)	(23,608)	(23,608)	(Note 2)	
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	-	Under liquidation
	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	49,267	-	-	-	2,990	3	(Note 1)	
	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	16,800	16,800	1,680,000	4.00	1,608	11,827	473	(Note 2)	
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	(46,120)	(1,105)	(Note 2)	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	15,268	(237)	(237)	(Note 2)	
New Field e-Paper Co., Ltd.	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	-	4,865,850	-	-	-	2,990	2,987	(Note 1)	
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	1,618,500	-	-	-	55,202	2	(Note 2)	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	323,400	323,400	32,340,000	77.00	30,955	11,827	9,106	(Note 2)	
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Wholesale of seeds, oil and agricultural products	36,000	36,000	3,600,000	36.00	-	(104,364)	(10,896)	(Note 2)	
	Kyoritsu Optronics Co., Ltd.	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	(Note 2)	
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	306,491	-	461,365	6.24	303,975	(205,903)	(9,036)	(Note 2)	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4,000	100.00	22,359	1,085	1,085	(Note 2)	
E Ink Corporation	E Ink California, LLC	California, USA	Research, development and sale of electronic ink	US\$ 29,100 thousand	US\$ 29,100 thousand	27,400,000	100.00	US\$ 33,557 thousand	US\$ 1,661 thousand	US\$ 126 thousand	(Note 2)	
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US\$ 25,691 thousand	US\$ 25,691 thousand	1,107,094	14.98	US\$ 29,759 thousand	US\$ 7,031 thousand	US\$ 545 thousand	(Note 2)	
Tech Smart Logistics Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	-	US\$ 152,875 thousand	-	-	-	US\$ 1,869 thousand	-	(Note 2)	
PVI Global Limited	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 221,388 thousand	US\$ 58,157 thousand	US\$ 58,157 thousand	(Note 2)	
	Dream Pacific International Limited	Cyprus	Investment	US\$ 330,123 thousand	US\$ 1,000 thousand	26,000,000	100.00	US\$ 642,457 thousand	US\$ 37,245 thousand	US\$ 37,245 thousand	(Note 2)	
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 30,783 thousand	US\$ 5,572 thousand	US\$ 5,572 thousand	(Note 2)	
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ 1,750 thousand	US\$ 1,750 thousand	1,750,000	35.00	-	-	-	(Note 2)	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-	(Note 2)	
Dream Pacific International Limited	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 305,420 thousand	US\$ 32,344 thousand	US\$ 31,479 thousand	(Note 2)	
	E Ink Corporation	Boston, USA	Research, development and sale of electronic ink	US\$ 329,123 thousand	-	2,282	100.00	US\$ 338,659 thousand	US\$ 1,869 thousand	US\$ 1,869 thousand	(Note 2)	
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	KRW (1,962,727) thousand	KRW (525,756) thousand	(Note 2)	

Note 1: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 2: All intercompany transactions have been eliminated upon consolidation.

TABLE 8

E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of September 30, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	\$ 5,661,025 (US\$ 178,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,741,579 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,741,579 (US\$ 117,845 thousand)	\$ 1,761,961 (US\$ 60,166 thousand)	100.00	\$ 1,703,186 (US\$ 58,159 thousand)	\$ 7,022,116 (US\$ 221,169 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	952,500 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	952,500 (US\$ 30,000 thousand)	-	-	952,500 (US\$ 30,000 thousand)	163,176 (US\$ 5,572 thousand)	100.00	163,176 (US\$ 5,572 thousand)	977,360 (US\$ 30,783 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,172,559 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	58,277 (US\$ 1,990 thousand)	100.00	58,277 (US\$ 1,990 thousand)	894,842 (US\$ 28,184 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	44,133 (US\$ 1,390 thousand)	-	-	44,133 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	158,750 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	55,563 (US\$ 1,750 thousand)	-	-	55,563 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	178,878 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	(9,295) (RMB (2,094) thousand)	49.00	(4,634) (RMB (1,026) thousand)	100,277 (RMB 22,423 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,793,775 (US\$ 150,985 thousand)	\$ 9,624,536 (US\$ 303,135 thousand)	\$ 29,285,429

(Continued)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.75 and RMB1=NT\$4.47196 on September 30, 2022.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$29.285 and RMB1=NT\$4.439 for the nine months ended September 30, 2022.

Note 3: The carrying amount and related investment income or loss were calculated based on unreviewed financial statements of the corresponding period, except Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd. and Transyork Technology Yangzhou Ltd.

Note 4: Refer to Tables 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sales	\$ 765,665	By agreements	3.6
		E Ink Corporation	Subsidiary	Accounts payable to related parties	994,058	By agreements	1.6
		E Ink Corporation	Subsidiary	Cost of goods sold	2,541,974	By agreements	11.8
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	921,109	By agreements	4.3
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	1,496,745	By agreements	2.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	3,201,267	By agreements	5.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	3,887,405	By agreements	6.1
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,851,890	By agreements	8.6
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing costs	938,090	By agreements	4.4
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sales	632,392	By agreements	2.9
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	512,800	By agreements	1.0
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Same ultimate parent company	Other receivables from related parties	652,545	By agreements	1.0
2	Transcend Optronics (Yangzhou) Co., Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Same ultimate parent company	Cost of goods sold	689,367	By agreements	3.2

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of \$500 million or more are disclosed in this table.

E INK HOLDINGS INC. AND SUBSIDIARIES**INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,800	7.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.