

E Ink Holdings Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 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 balance sheets of E Ink Holdings Inc. and its subsidiaries (collectively, the "Group"), as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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 June 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,742,859 thousand and NT\$1,763,006 thousand, respectively, both representing 3% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$509,457 thousand and NT\$446,192 thousand, respectively, both representing 2% of the consolidated total liabilities; for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income or loss of these non-significant subsidiaries were NT\$55,553 thousand, NT\$21,361 thousand, NT\$49,992 thousand and NT\$36,954 thousand, respectively, representing 2%, 2%, 1% and 1%, respectively, of the consolidated total comprehensive income. As of June 30, 2023 and 2022, the carrying amounts of the above mentioned investments accounted for using the equity method were NT\$1,216,959 thousand and NT\$1,276,497 thousand, respectively; for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income or loss of investments accounted for using the equity method were NT\$(19,977) thousand, NT\$32,903 thousand, NT\$(31,235) thousand and NT\$12,602 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for the 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 35 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 June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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

August 11, 2023

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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 11,119,765	16	\$ 8,835,066	14	\$ 8,757,030	15
Financial assets at fair value through profit or loss (Note 7)	2,045,858	3	1,473,957	2	786,330	1
Financial assets at amortized cost (Notes 9, 11 and 32)	8,074,949	12	4,945,143	8	4,042,391	7
Contract assets (Note 23)	76,794	-	27,566	-	-	-
Accounts receivable (Notes 10, 23 and 31)	2,856,384	4	4,700,178	7	3,865,909	6
Other receivables (Note 31)	327,063	-	263,370	-	174,401	-
Current tax assets	10,463	-	479	-	4	-
Inventories (Note 12)	2,905,623	4	4,404,899	7	4,524,473	8
Prepayments (Note 31)	369,971	1	508,997	1	390,948	1
Other current assets	3,938	-	5,060	-	18,954	-
Total current assets	<u>27,790,808</u>	<u>40</u>	<u>25,164,715</u>	<u>39</u>	<u>22,560,440</u>	<u>38</u>
NON-CURRENT ASSETS (Note 4)						
Financial assets at fair value through profit or loss (Note 7)	2,278,576	3	2,201,399	3	2,529,910	4
Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31)	17,621,901	26	16,732,386	26	15,824,170	26
Financial assets at amortized costs (Notes 9, 11 and 32)	1,508,746	2	1,554,668	2	1,428,002	2
Investments accounted for using the equity method (Note 15)	1,399,331	2	1,455,933	2	1,276,497	2
Property, plant and equipment (Notes 16, 28 and 31)	8,511,631	12	8,033,290	12	5,840,161	10
Right-of-use assets (Notes 17 and 31)	1,083,427	2	1,016,890	2	1,691,334	3
Goodwill (Note 18)	7,225,026	10	7,135,786	11	6,930,343	12
Other intangible assets (Note 18)	492,505	1	577,146	1	636,392	1
Deferred tax assets	1,019,353	2	1,058,383	2	927,153	2
Other non-current assets (Note 31)	120,929	-	195,464	-	150,214	-
Total non-current assets	<u>41,261,425</u>	<u>60</u>	<u>39,961,345</u>	<u>61</u>	<u>37,234,176</u>	<u>62</u>
TOTAL	<u>\$ 69,052,233</u>	<u>100</u>	<u>\$ 65,126,060</u>	<u>100</u>	<u>\$ 59,794,616</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES (Note 4)						
Short-term borrowings (Notes 19 and 32)	\$ 4,540,739	7	\$ 4,352,270	7	\$ 3,992,795	7
Short-term bills payable (Note 19)	2,458,119	4	654,532	1	779,673	1
Financial liabilities at fair value through profit or loss (Note 7)	110,099	-	52,405	-	226,348	-
Contract liabilities (Note 23)	1,103,584	2	437,442	1	2,187,382	4
Notes and accounts payable (Note 31)	2,211,073	3	1,992,054	3	3,157,627	5
Other payables (Notes 20 and 28)	7,583,305	11	3,334,773	5	5,365,588	9
Current tax liabilities	958,550	1	2,005,876	3	1,138,307	2
Long-term borrowings-current portion (Note 19)	150,000	-	150,000	-	-	-
Other current liabilities (Notes 13, 17 and 31)	350,180	-	428,789	1	222,853	-
Total current liabilities	<u>19,465,649</u>	<u>28</u>	<u>13,408,141</u>	<u>21</u>	<u>17,070,573</u>	<u>28</u>
NON-CURRENT LIABILITIES (Note 4)						
Long-term borrowings (Note 19)	4,352,452	6	5,601,228	9	3,828,004	6
Deferred tax liabilities	744,286	1	696,631	1	503,978	1
Lease liabilities (Notes 17 and 31)	1,049,594	2	994,736	1	1,660,438	3
Deferred revenue (Note 13)	3,480	-	44,617	-	255,262	1
Net defined benefit liabilities	94,358	-	106,981	-	101,993	-
Other non-current liabilities (Note 31)	7,602	-	10,522	-	5,268	-
Total non-current liabilities	<u>6,251,772</u>	<u>9</u>	<u>7,454,715</u>	<u>11</u>	<u>6,354,943</u>	<u>11</u>
Total liabilities	<u>25,717,421</u>	<u>37</u>	<u>20,862,856</u>	<u>32</u>	<u>23,425,516</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)						
Share capital	11,404,047	16	11,404,047	18	11,404,047	19
Capital surplus	10,793,939	16	10,748,007	16	10,665,114	18
Retained earnings	16,992,790	25	17,822,789	27	11,698,107	20
Other equity	3,544,823	5	3,712,145	6	2,061,515	3
Total equity attributable to owners of the Company	<u>42,735,599</u>	<u>62</u>	<u>43,686,988</u>	<u>67</u>	<u>35,828,783</u>	<u>60</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>599,213</u>	<u>1</u>	<u>576,216</u>	<u>1</u>	<u>540,317</u>	<u>1</u>
Total equity	<u>43,334,812</u>	<u>63</u>	<u>44,263,204</u>	<u>68</u>	<u>36,369,100</u>	<u>61</u>
TOTAL	<u>\$ 69,052,233</u>	<u>100</u>	<u>\$ 65,126,060</u>	<u>100</u>	<u>\$ 59,794,616</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 11, 2023)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 7,236,126	100	\$ 7,452,422	100	\$ 14,465,802	100	\$ 13,413,283	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>3,394,838</u>	<u>47</u>	<u>3,939,001</u>	<u>53</u>	<u>7,071,124</u>	<u>49</u>	<u>7,028,581</u>	<u>52</u>
GROSS PROFIT	<u>3,841,288</u>	<u>53</u>	<u>3,513,421</u>	<u>47</u>	<u>7,394,678</u>	<u>51</u>	<u>6,384,702</u>	<u>48</u>
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing expenses	224,583	3	215,958	3	446,581	3	425,714	3
General and administrative expenses	697,663	10	574,915	7	1,337,327	9	1,129,340	8
Research and development expenses	<u>888,761</u>	<u>12</u>	<u>751,939</u>	<u>10</u>	<u>1,768,036</u>	<u>12</u>	<u>1,433,417</u>	<u>11</u>
Total operating expenses	<u>1,811,007</u>	<u>25</u>	<u>1,542,812</u>	<u>20</u>	<u>3,551,944</u>	<u>24</u>	<u>2,988,471</u>	<u>22</u>
INCOME FROM OPERATIONS	<u>2,030,281</u>	<u>28</u>	<u>1,970,609</u>	<u>27</u>	<u>3,842,734</u>	<u>27</u>	<u>3,396,231</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES								
Share of income (loss) of associates and joint ventures	(28,265)	-	38,402	-	(61,258)	-	(5,615)	-
Interest income (Notes 24 and 31)	289,176	4	76,804	1	496,863	3	159,646	1
Royalty income (Notes 4 and 23)	190,960	3	602,546	8	379,680	3	926,195	7
Dividend income	109,026	1	96,806	1	131,508	1	125,467	1
Other income (Notes 13, 24 and 31)	14,916	-	336,721	5	73,444	-	421,284	3
Net gain on foreign currency exchange (Note 34)	400,330	6	346,375	5	367,581	2	439,879	3
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	14,917	-	(335,483)	(5)	126,450	1	(500,550)	(4)
Interest expenses (Notes 16 and 31)	(73,601)	(1)	(28,743)	-	(141,589)	(1)	(54,411)	-
Other expenses	<u>(10,119)</u>	<u>-</u>	<u>(2,436)</u>	<u>-</u>	<u>(13,372)</u>	<u>-</u>	<u>(7,194)</u>	<u>-</u>
Total non-operating income and expenses	<u>907,340</u>	<u>13</u>	<u>1,130,992</u>	<u>15</u>	<u>1,359,307</u>	<u>9</u>	<u>1,504,701</u>	<u>11</u>
INCOME BEFORE INCOME TAX	2,937,621	41	3,101,601	42	5,202,041	36	4,900,932	37
INCOME TAX EXPENSE (Notes 4 and 25)	<u>501,206</u>	<u>7</u>	<u>710,336</u>	<u>10</u>	<u>999,451</u>	<u>7</u>	<u>1,040,062</u>	<u>8</u>
NET INCOME FOR THE PERIOD	<u>2,436,415</u>	<u>34</u>	<u>2,391,265</u>	<u>32</u>	<u>4,202,590</u>	<u>29</u>	<u>3,860,870</u>	<u>29</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
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	\$ 51,946	1	\$ (1,835,539)	(25)	\$ 415,056	3	\$ (432,185)	(3)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>15,577</u>	<u>-</u>	<u>220,933</u>	<u>3</u>	<u>(10,663)</u>	<u>-</u>	<u>(214,469)</u>	<u>(2)</u>
	<u>67,523</u>	<u>1</u>	<u>(1,614,606)</u>	<u>(22)</u>	<u>404,393</u>	<u>3</u>	<u>(646,654)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	90,836	1	158,001	2	(476,289)	(3)	924,669	7
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income (Note 11)	(2,246)	-	(55,055)	-	(750)	-	(118,967)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	10,589	-	(5,500)	-	32,324	-	18,216	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>910</u>	<u>-</u>	<u>11,703</u>	<u>-</u>	<u>(4,786)</u>	<u>-</u>	<u>25,297</u>	<u>-</u>
	<u>100,089</u>	<u>1</u>	<u>109,149</u>	<u>2</u>	<u>(449,501)</u>	<u>(3)</u>	<u>849,215</u>	<u>6</u>
Other comprehensive income (loss) for the period, net of income tax	<u>167,612</u>	<u>2</u>	<u>(1,505,457)</u>	<u>(20)</u>	<u>(45,108)</u>	<u>-</u>	<u>202,561</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 2,604,027</u>	<u>36</u>	<u>\$ 885,808</u>	<u>12</u>	<u>\$ 4,157,482</u>	<u>29</u>	<u>\$ 4,063,431</u>	<u>30</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 2,420,759	34	\$ 2,373,746	32	\$ 4,175,830	29	\$ 3,835,016	29
Non-controlling interests	<u>15,656</u>	<u>-</u>	<u>17,519</u>	<u>-</u>	<u>26,760</u>	<u>-</u>	<u>25,854</u>	<u>-</u>
	<u>\$ 2,436,415</u>	<u>34</u>	<u>\$ 2,391,265</u>	<u>32</u>	<u>\$ 4,202,590</u>	<u>29</u>	<u>\$ 3,860,870</u>	<u>29</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 2,578,747	36	\$ 893,596	12	\$ 4,145,494	29	\$ 4,053,863	30
Non-controlling interests	<u>25,280</u>	<u>-</u>	<u>(7,788)</u>	<u>-</u>	<u>11,988</u>	<u>-</u>	<u>9,568</u>	<u>-</u>
	<u>\$ 2,604,027</u>	<u>36</u>	<u>\$ 885,808</u>	<u>12</u>	<u>\$ 4,157,482</u>	<u>29</u>	<u>\$ 4,063,431</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 26)								
Basic	<u>\$ 2.12</u>		<u>\$ 2.08</u>		<u>\$ 3.66</u>		<u>\$ 3.36</u>	
Diluted	<u>\$ 2.10</u>		<u>\$ 2.06</u>		<u>\$ 3.62</u>		<u>\$ 3.33</u>	

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

(With Deloitte & Touche auditors' review report dated August 11, 2023)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	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	Total		
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
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	-	-	215,313	-	-	60	60	(455)	-	214,918	-	214,918
Net income for the six months ended June 30, 2022	-	-	-	-	-	3,835,016	3,835,016	-	-	3,835,016	25,854	3,860,870
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	951,566	(732,719)	218,847	(16,286)	202,561
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	3,835,016	3,835,016	951,566	(732,719)	4,053,863	9,568	4,063,431
Share-based payments	-	-	42,131	-	-	-	-	-	-	42,131	30	42,161
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	512,124	512,124	-	(512,124)	-	-	-
BALANCE AT JUNE 30, 2022	1,140,405	\$ 11,404,047	\$ 10,665,114	\$ 2,972,064	\$ 70,678	\$ 8,655,365	\$ 11,698,107	\$ (1,409,216)	\$ 3,470,731	\$ 35,828,783	\$ 540,317	\$ 36,369,100
BALANCE AT JANUARY 1, 2023	1,140,405	\$ 11,404,047	\$ 10,748,007	\$ 2,972,064	\$ 70,678	\$ 14,780,047	\$ 17,822,789	\$ (752,482)	\$ 4,464,627	\$ 43,686,988	\$ 576,216	\$ 44,263,204
Appropriation of 2022 earnings												
Legal reserve	-	-	-	1,047,188	-	(1,047,188)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,131,821)	(5,131,821)	-	-	(5,131,821)	-	(5,131,821)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	5,521	-	-	-	-	-	-	5,521	-	5,521
Net income for the six months ended June 30, 2023	-	-	-	-	-	4,175,830	4,175,830	-	-	4,175,830	26,760	4,202,590
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(422,614)	392,278	(30,336)	(14,772)	(45,108)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	4,175,830	4,175,830	(422,614)	392,278	4,145,494	11,988	4,157,482
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)	10,994	-
Share-based payments	-	-	40,411	-	-	-	-	-	-	40,411	15	40,426
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	136,986	136,986	-	(136,986)	-	-	-
BALANCE AT JUNE 30, 2023	1,140,405	\$ 11,404,047	\$ 10,793,939	\$ 4,019,252	\$ 70,678	\$ 12,902,860	\$ 16,992,790	\$ (1,175,096)	\$ 4,719,919	\$ 42,735,599	\$ 599,213	\$ 43,334,812

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

(With Deloitte & Touche auditors' review report dated August 11, 2023)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,202,041	\$ 4,900,932
Adjustments for		
Depreciation expenses	547,197	369,757
Amortization expenses	96,971	101,144
Expected credit loss recognized on investments in debt instruments	1,637	-
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(126,450)	500,550
Interest expenses	141,589	54,411
Interest income	(496,863)	(159,646)
Dividend income	(131,508)	(125,467)
Compensation costs of share-based payments	40,426	42,161
Share of loss of associates and joint ventures accounted for using the equity method	61,258	5,615
Net loss (gain) on disposal of property, plant and equipment	3,012	(22,593)
Net loss on disposal of intangible assets	89	72
Net loss on disposal of investments	-	455
Impairment gain recognized (reversed)	(1,687)	(204)
(Reversal of) write-down of inventories	(159,279)	82,096
Net unrealized gain on foreign currency exchange	(42,035)	(43,826)
Other revenue	(40,571)	(351,454)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,711	-
Contract assets	(48,419)	36,114
Accounts receivable	1,976,620	(471,761)
Other receivables	30,189	28,126
Inventories	1,686,588	(287,412)
Prepayments	136,151	(75,352)
Other current assets	1,074	(17,902)
Financial liabilities held for trading	(49,929)	(360,980)
Contract liabilities	665,311	(1,120,934)
Notes and accounts payable	177,323	(37,197)
Other payables	(632,916)	(94,153)
Other current liabilities	(74,739)	10,996
Net defined benefit liabilities	(11,991)	(2,129)
Cash generated from operations	8,955,800	2,961,419
Income tax paid	(1,966,662)	(741,441)
Net cash generated from operating activities	<u>6,989,138</u>	<u>2,219,978</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (1,604,943)	\$ (588,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,057,488	1,019,887
Acquisition of financial assets at amortized cost	(12,376,052)	(7,843,426)
Proceeds from disposal of financial assets at amortized cost	9,259,969	6,390,765
Acquisition of financial assets at fair value through profit or loss	(604,233)	(619,169)
Proceeds from sale of financial assets at fair value through profit or loss	152,054	710,962
Acquisition of property, plant and equipment	(1,236,516)	(813,386)
Proceeds from disposal of property, plant and equipment	11,463	28,318
Acquisition of other intangible assets	(8,805)	(22,148)
Decrease (increase) in other non-current assets	(20,674)	7,964
Interest received	433,740	122,496
Dividends received	<u>144,204</u>	<u>117,850</u>
Net cash used in investing activities	<u>(4,792,305)</u>	<u>(1,487,887)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	129,733	117,647
Increase (decrease) in short-term bills payable	1,803,587	(3,864,873)
Increase (decrease) in long-term borrowings	(1,248,776)	2,980,664
Repayment of the principal portion of lease liabilities	(40,589)	(47,397)
Increase (decrease) in other non-current liabilities	(3,007)	497
Interest paid	<u>(152,205)</u>	<u>(50,338)</u>
Net cash generated from (used in) financing activities	<u>488,743</u>	<u>(863,800)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(400,877)</u>	<u>137,504</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,284,699	5,795
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>8,835,066</u>	<u>8,751,235</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 11,119,765</u>	<u>\$ 8,757,030</u>

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

(With Deloitte & Touche auditors' review report dated August 11, 2023)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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. APPROVAL OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements were approved by the Company’s board of directors on August 11, 2023.

3. APPLICATION OF NEW, AMENDED 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 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 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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

Note 1: Unless stated otherwise, the above New 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.

Note 3: The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 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 Group's interests 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 if the Group had directly disposed of the related assets or liabilities.

Refer to Note 14 and Tables 6 and 7 for detailed information on subsidiaries (including the percentages of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

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) Income tax expense

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting estimation, management is required to make judgments, estimations and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of the recent development of the COVID-19 pandemic, climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 1,962	\$ 1,726	\$ 537
Checking accounts and demand deposits	5,934,013	3,893,674	4,820,462
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,173,922	3,962,169	3,312,318
Repurchase agreements collateralized by notes	<u>1,009,868</u>	<u>977,497</u>	<u>623,713</u>
	<u>\$ 11,119,765</u>	<u>\$ 8,835,066</u>	<u>\$ 8,757,030</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Demand deposits	0.01%-5.31%	0.01%-2.75%	0.01%-1.80%
Time deposits	0.25%-6.34%	0.25%-5.50%	0.25%-2.55%
Repurchase agreements collateralized by notes	1.10%-5.10%	1.00%-3.80%	0.42%-1.75%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 6,118	\$ 9,383	\$ -
Non-derivative financial assets			
Perpetual bonds	1,820,430	1,456,889	786,330
Mutual funds	219,310	-	-
Domestic investment - listed stocks	<u>-</u>	<u>7,685</u>	<u>-</u>
	<u>\$ 2,045,858</u>	<u>\$ 1,473,957</u>	<u>\$ 786,330</u>

Financial assets - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 540,436	\$ 578,305	\$ 1,018,313
Perpetual bonds	1,597,953	1,545,952	1,438,459
Hybrid financial assets			
Convertible preferred shares	<u>140,187</u>	<u>77,142</u>	<u>73,138</u>
	<u>\$ 2,278,576</u>	<u>\$ 2,201,399</u>	<u>\$ 2,529,910</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 110,099</u>	<u>\$ 52,405</u>	<u>\$ 226,348</u> (Concluded)

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>June 30, 2023</u>			
Sell	USD/KRW	2023.08-2023.12	USD85,000/KRW108,697,550
Sell	USD/NTD	2023.07	USD15,000/NTD454,947
Sell	USD/CNY	2023.07-2023.08	USD22,000/CNY150,929
<u>December 31, 2022</u>			
Sell	USD/KRW	2023.01-2023.06	USD60,000/KRW74,192,200
Sell	USD/NTD	2023.02	USD9,000/NTD275,091
<u>June 30, 2022</u>			
Sell	USD/KRW	2022.07-2023.01	USD122,000/KRW147,471,950

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

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 15,876,493	\$ 15,495,188	\$ 14,981,387
Investments in debt instruments at FVTOCI	<u>1,745,408</u>	<u>1,237,198</u>	<u>842,783</u>
	<u>\$ 17,621,901</u>	<u>\$ 16,732,386</u>	<u>\$ 15,824,170</u>

a. Investments in equity instruments at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,180,159	\$ 9,513,791	\$ 10,493,134
Unlisted shares	<u>22,891</u>	<u>23,169</u>	<u>23,416</u>
	<u>10,203,050</u>	<u>9,536,960</u>	<u>10,516,550</u>
Foreign investments			
Listed shares	5,413,138	5,573,803	4,185,196
Unlisted shares	<u>260,305</u>	<u>384,425</u>	<u>279,641</u>
	<u>5,673,443</u>	<u>5,958,228</u>	<u>4,464,837</u>
	<u>\$ 15,876,493</u>	<u>\$ 15,495,188</u>	<u>\$ 14,981,387</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Foreign investments			
Straight corporate bonds			
5-year	\$ 60,214	\$ 59,770	\$ 58,296
10-year	475,247	465,579	283,827
10.5-year	257,528	261,691	254,997
11-year	242,661	245,068	245,663
30-year	265,121	-	-
34.75-year	<u>444,637</u>	<u>205,090</u>	<u>-</u>
	<u>\$ 1,745,408</u>	<u>\$ 1,237,198</u>	<u>\$ 842,783</u>
Coupon rates	3.10%-7.37%	3.10%-5.75%	3.10%-4.84%
Effective interest rates	2.00%-8.49%	2.00%-8.49%	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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 6,194,738	\$ 1,886,753	\$ 1,281,406
Pledged time deposits (b)	<u>1,880,211</u>	<u>3,058,390</u>	<u>2,760,985</u>
	<u>\$ 8,074,949</u>	<u>\$ 4,945,143</u>	<u>\$ 4,042,391</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (c)	\$ 784,323	\$ 802,500	\$ 717,381
Pledged time deposits (b)	133,756	138,659	130,914
Foreign straight corporate bonds (d)	<u>590,667</u>	<u>613,509</u>	<u>579,707</u>
	<u>\$ 1,508,746</u>	<u>\$ 1,554,668</u>	<u>\$ 1,428,002</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months were 3.49%-6.44%, 3.10%-5.61% and 0.95%-3.10% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- b. The market rates for time deposits pledged as security were 0.55%-6.55%, 0.16%-5.56% and 0.16%-3.99% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, 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 was 3.99% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022.
- d. The Group bought 10-year foreign corporate bonds in March 2022 with a coupon rate and an effective rate both of 4.10%-4.90% as of June 30, 2023, December 31, 2022 and June 30, 2022.
- 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

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	\$ 2,682,037	\$ 4,560,871	\$ 3,794,059
Less: Loss allowance	<u>(25,313)</u>	<u>(25,534)</u>	<u>(24,435)</u>
	<u>2,656,724</u>	<u>4,535,337</u>	<u>3,769,624</u>
Accounts receivable from related parties (Note 31)	218,984	183,898	114,728
Less: Loss allowance	<u>(19,324)</u>	<u>(19,057)</u>	<u>(18,443)</u>
	<u>199,660</u>	<u>164,841</u>	<u>96,285</u>
	<u>\$ 2,856,384</u>	<u>\$ 4,700,178</u>	<u>\$ 3,865,909</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 receivables:

June 30, 2023

	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	\$ 2,846,363	\$ 7,682	\$ 46,976	\$ 2,901,021
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(44,637)</u>	<u>(44,637)</u>
Amortized cost	<u>\$ 2,846,363</u>	<u>\$ 7,682</u>	<u>\$ 2,339</u>	<u>\$ 2,856,384</u>

December 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	91%	
Gross carrying amount	\$ 3,816,188	\$ 880,596	\$ 47,985	\$ 4,744,769
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(44,591)</u>	<u>(44,591)</u>
Amortized cost	<u>\$ 3,816,188</u>	<u>\$ 880,596</u>	<u>\$ 3,394</u>	<u>\$ 4,700,178</u>

June 30, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	97%	
Gross carrying amount	\$ 3,825,125	\$ 39,489	\$ 44,173	\$ 3,908,787
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(42,878)</u>	<u>(42,878)</u>
Amortized cost	<u>\$ 3,825,125</u>	<u>\$ 39,489</u>	<u>\$ 1,295</u>	<u>\$ 3,865,909</u>

The movements of the loss allowance were as follows:

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 44,591	\$ 40,835
Effects of foreign currency exchange differences	<u>46</u>	<u>2,043</u>
Balance at June 30	<u>\$ 44,637</u>	<u>\$ 42,878</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, the amount of individual client exceed 10% of the account balance were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Customer B	\$ 691,554	\$ 784,573	\$ 1,278,717
Customer A	673,259	851,574	37,385
Customer D	272,719	582,603	91,802
Customer C	<u>21,298</u>	<u>726,951</u>	<u>1,415,645</u>
	<u>\$ 1,658,830</u>	<u>\$ 2,945,701</u>	<u>\$ 2,823,549</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:

June 30, 2023

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 1,927,735	\$ 9,584,795
Less: Allowance for impairment loss	<u>(3,053)</u>	<u>(1,100)</u>
Amortized cost	1,924,682	<u>\$ 9,583,695</u>
Adjustment to fair value	<u>(179,274)</u>	
	<u>\$ 1,745,408</u>	

December 31, 2022

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 1,417,442	\$ 6,500,607
Less: Allowance for impairment loss	<u>(1,720)</u>	<u>(796)</u>
Amortized cost	1,415,722	<u>\$ 6,499,811</u>
Adjustment to fair value	<u>(178,524)</u>	
	<u>\$ 1,237,198</u>	

June 30, 2022

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 995,996	\$ 5,470,393
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	995,996	<u>\$ 5,470,393</u>
Adjustment to fair value	<u>(153,213)</u>	
	<u>\$ 842,783</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 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:

Credit Rating	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and sufficient capability 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 as follows:

June 30, 2023

Credit Rating	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.10%-0.30%	<u>\$ 1,927,735</u>	<u>\$ 9,584,795</u>

December 31, 2022

Credit Rating	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.06%-0.21%	<u>\$ 1,417,442</u>	<u>\$ 6,500,607</u>

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

	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2023	\$ 1,720
New financial assets purchased	1,069
Change in exchange rates or others	<u>264</u>
Balance at June 30, 2023	<u>\$ 3,053</u>

For the six months ended June 30, 2023, the Group's investment in foreign corporate bonds at FVTOCI increased by \$504,149 thousand, and correspondingly, the loss allowance for investments rated as performing increased by \$1,069 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, 2023	\$ 796
Change in exchange rates or others	<u>304</u>
Balance at June 30, 2023	<u>\$ 1,100</u>

12. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 439,597	\$ 1,070,016	\$ 884,429
Semi-finished goods	1,026,263	1,006,952	599,354
Work in progress	512,653	568,640	248,186
Raw materials	<u>927,110</u>	<u>1,759,291</u>	<u>2,792,504</u>
	<u>\$ 2,905,623</u>	<u>\$ 4,404,899</u>	<u>\$ 4,524,473</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 included reversal (write-downs) of inventories of \$160,010 thousand, \$(95,845) thousand, \$159,279 thousand and \$(82,096) thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

13. NON-CURRENT ASSETS HELD FOR SALE

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 CNY328,986 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 (CNY85,436 thousand) and deferred revenue of NT\$962,015 thousand (CNY220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$7,131 thousand (CNY1,582 thousand), \$299,088 thousand (CNY66,936 thousand), \$40,571 thousand (CNY8,984 thousand) and \$351,454 thousand (CNY78,959 thousand) for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, based on the progress the performance obligation is satisfied.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
E Ink Holdings Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Investment	100.00	100.00	100.00	c.
	E Ink Corporation	Research, development and manufacture of electronic inks	-	-	-	c.
	YuanHan Materials Inc.	Manufacture and sale of chemical materials and optical films	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	b.
	Linfiny Corporation	Research, development and sale of electronic paper products	23.00	4.00	4.00	d.
	E Ink Japan Inc.	Development of electronics paper products	100.00	100.00	100.00	
New Field e-Paper Co., Ltd.	E Ink Corporation	Research, development and manufacture of electronic inks	-	-	-	c.
	Tech Smart Logistics Ltd.	Trading	-	-	99.91	b.
YuanHan Materials Inc.	Linfiny Corporation	Research, development and sale of electronic paper products	77.00	77.00	77.00	d.
Linfiny Corporation	Linfiny Japan Inc.	Research, development and sale of electronic paper products	100.00	100.00	100.00	
E Ink Corporation	E Ink California, LLC	Research of electronic ink	100.00	100.00	100.00	
E Ink Technology B.V. (originally named PVI Global B.V.)	PVI International Corp.	Trading	100.00	100.00	100.00	
	Ruby Lustre Ltd.	Investment	100.00	100.00	100.00	
	E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Investment	100.00	100.00	100.00	c.
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	55.61	
Tech Smart Logistics Ltd.	E Ink Corporation	Research, development and manufacture of electronic inks	-	-	-	c.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Research, assembly and sale of display panels	100.00	100.00	100.00	a.
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	
E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Hydis Technologies Co., Ltd.	Patent licensing and investment in financial instruments	94.73	94.73	94.73	
	E Ink Corporation	Research, development and manufacture of electronic inks	100.00	100.00	100.00	c.
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. increased its capital by US\$70,000 thousand and using its own earnings in June, November of 2022 and May of 2023.
- b. Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.
- c. To improve the Group's strategic development and arrange a long-term operating strategy, the Company's board of directors approved an adjustment to its organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, completed the relocation of PVI Global B.V. and Dream Pacific International B.V. to the Netherlands in December 2022, and changed their names to E Ink Technology B.V. and E Ink Netherlands B.V., respectively, in July 2023.
- d. In order to follow the operating plan of the Group, the Company acquired all shares of Linfiny Corporation that Sony Semiconductor Solutions held; therefore, the Group's comprehensive proportionate interest was 100% in March 2023.

Subsidiaries included in the consolidated financial statements for the six months ended June 30, 2023 and 2022, were calculated based on the financial statements that have not been reviewed, except for E Ink Corporation, Hydis Technologies Co., Ltd., E Ink Netherlands B.V., PVI International Corp., E Ink Technology B.V., 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. and its subsidiary Tech Smart Logistics Ltd. for the six months ended June 30, 2022, were calculated based on the financial statements that have been reviewed.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Associates and joint ventures that are not individually material			
Investments in associates	\$ 1,277,631	\$ 1,339,067	\$ 1,173,854
Investments in joint ventures	<u>121,700</u>	<u>116,866</u>	<u>102,643</u>
	<u>\$ 1,399,331</u>	<u>\$ 1,455,933</u>	<u>\$ 1,276,497</u>

Refer to Tables 6 and 7 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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Group's share of:				
Net profit (loss) for the period	\$ (28,265)	\$ 38,402	\$ (61,258)	\$ (5,615)
Other comprehensive income (loss)	<u>10,589</u>	<u>(5,499)</u>	<u>32,324</u>	<u>18,217</u>
Total comprehensive income (loss) for the period	<u>\$ (17,676)</u>	<u>\$ 32,903</u>	<u>\$ (28,934)</u>	<u>\$ 12,602</u>

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Limited (originally named: Nuclera Nucleics Ltd.) to equity and participated in its cash capital increase with \$55,470 thousand (US\$2,000 thousand). As a result of the conversion, YuanHan Materials Inc. and E Ink Corporation jointly owned 23.29% of the shares of Nuclera Limited (originally named: Nuclera Nucleics Ltd.). In June 2022, the subsidiaries YuanHan Materials Inc. and E Ink Corporation did not participate in the cash capital increase of Nuclera Limited (originally named: Nuclera Nucleics Ltd.), resulting in a reduction of the Group's shareholding in Nuclera Limited (originally named: Nuclera Nucleics Ltd.) to 21.22%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to \$199,770 thousand in November 2022 and acquired 35.24% of its equity. Subsequently, Integrated Solutions Technology, Inc. converted the Group's employee stock options, leading to a change in the shareholding ratio. As of June 30, 2023, the Group had a shareholding ratio of 35.12%.

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, 2022	\$ 21,656	\$ 3,486,120	\$ 6,378,519	\$ 4,637,607	\$ 1,276,575	\$ 15,800,477
Additions	-	14,485	65,278	6,565	649,956	736,284
Disposals	-	(3,880)	(3,059)	(4,197)	-	(11,136)
Reclassifications	-	22,014	406,636	142,118	(572,141)	(1,373)
Effects of foreign currency exchange differences	1,596	60,882	92,830	162,354	26,791	344,453
Balance at June 30, 2022	<u>\$ 23,252</u>	<u>\$ 3,579,621</u>	<u>\$ 6,940,204</u>	<u>\$ 4,944,447</u>	<u>\$ 1,381,181</u>	<u>\$ 16,868,705</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	-	70,651	122,235	130,806	-	323,692
Disposals	-	(1,980)	(240)	(3,191)	-	(5,411)
Reversal of impairment loss	-	-	(204)	-	-	(204)
Effects of foreign currency exchange differences	-	29,429	58,711	96,497	-	184,637
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 2,030,741</u>	<u>\$ 5,610,364</u>	<u>\$ 3,387,439</u>	<u>\$ -</u>	<u>\$ 11,028,544</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 June 30, 2022	<u>\$ 23,252</u>	<u>\$ 1,548,880</u>	<u>\$ 1,329,840</u>	<u>\$ 1,557,008</u>	<u>\$ 1,381,181</u>	<u>\$ 5,840,161</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 417,816	\$ 4,497,146	\$ 7,601,233	\$ 5,025,043	\$ 1,939,534	\$ 19,480,772
Additions	-	3,318	62,423	17,558	900,650	983,949
Disposals	-	(4,250)	(28,770)	(87,416)	(2,850)	(123,286)
Reclassifications	59,019	5,380	499,141	94,910	(663,163)	(4,713)
Effects of foreign currency exchange differences	6,990	(18,832)	(22,288)	(8)	2,335	(31,803)
Balance at June 30, 2023	<u>\$ 483,825</u>	<u>\$ 4,482,762</u>	<u>\$ 8,111,739</u>	<u>\$ 5,050,087</u>	<u>\$ 2,176,506</u>	<u>\$ 20,304,919</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 2,262,254	\$ 5,785,907	\$ 3,399,321	\$ -	\$ 11,447,482
Depreciation expenses	-	109,655	235,421	158,149	-	503,225
Disposals	-	(2,987)	(27,150)	(78,674)	-	(108,811)
Reversal of impairment loss	-	-	(1,687)	-	-	(1,687)
Effects of foreign currency exchange differences	-	(16,902)	(22,364)	(7,655)	-	(46,921)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 2,352,020</u>	<u>\$ 5,970,127</u>	<u>\$ 3,471,141</u>	<u>\$ -</u>	<u>\$ 11,793,288</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 417,816</u>	<u>\$ 2,234,892</u>	<u>\$ 1,815,326</u>	<u>\$ 1,625,722</u>	<u>\$ 1,939,534</u>	<u>\$ 8,033,290</u>
Carrying amount at June 30, 2023	<u>\$ 483,825</u>	<u>\$ 2,130,742</u>	<u>\$ 2,141,612</u>	<u>\$ 1,578,946</u>	<u>\$ 2,176,506</u>	<u>\$ 8,511,631</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Capitalized interest	\$ <u>5,896</u>	\$ <u>2,263</u>	\$ <u>12,140</u>	\$ <u>3,572</u>
Capitalization rate intervals	1.47%-1.80%	0.64%-1.39%	1.47%-1.80%	0.64%-1.39%

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

	June 30, 2023	December 31, 2022	June 30, 2022	
<u>Carrying amount</u>				
Land	\$ 863,280	\$ 881,236	\$ 781,204	
Buildings	216,433	133,504	906,785	
Other equipment	<u>3,714</u>	<u>2,150</u>	<u>3,345</u>	
	\$ <u>1,083,427</u>	\$ <u>1,016,890</u>	\$ <u>1,691,334</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			\$ <u>108,726</u>	\$ <u>7,886</u>
Depreciation of right-of-use assets				
Land	\$ 12,154	\$ 7,308	\$ 24,237	\$ 14,575
Buildings	10,095	15,478	18,577	30,184
Other equipment	<u>670</u>	<u>654</u>	<u>1,158</u>	<u>1,306</u>
	\$ <u>22,919</u>	\$ <u>23,440</u>	\$ <u>43,972</u>	\$ <u>46,065</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 six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Current (included in other current liabilities)	<u>\$ 71,880</u>	<u>\$ 56,772</u>	<u>\$ 78,991</u>
Non-current	<u>\$ 1,049,594</u>	<u>\$ 994,736</u>	<u>\$ 1,660,438</u>

Discount rate intervals for lease liabilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	0.58%-4.92%	0.56%-4.92%	0.56%-1.56%
Buildings	0.60%-5.10%	0.60%-2.83%	0.60%-2.89%
Other equipment	0.60%-2.50%	0.60%-2.50%	0.60%-2.50%

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 a lease term of 2 to 20 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values, with the right of preemption to purchase upon lease expiration. The lease contracts for land and buildings in the United States contain extension options and rights of preemption to purchase, 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 subsidiary E Ink Corporation exercised its right of preemption in November 2022, acquiring the land and buildings originally leased for a price of \$687,904 thousand (US\$22,400 thousand) to use as the Group's R&D headquarters.

The Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using them illegally.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 1,343</u>	<u>\$ 9,343</u>	<u>\$ 10,413</u>	<u>\$ 17,830</u>
Expenses relating to low-value asset leases	<u>\$ 104</u>	<u>\$ 123</u>	<u>\$ 217</u>	<u>\$ 247</u>
Total cash outflow for leases			<u>\$ 66,151</u>	<u>\$ 84,728</u>

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, 2022	\$ 6,531,427	\$ 550,973	\$ 132,278	\$ 7,214,678
Additions	-	22,148	-	22,148
Amortization expenses	-	(62,554)	(38,590)	(101,144)
Disposals	-	(72)	-	(72)
Reclassifications	-	-	10,494	10,494
Effects of foreign currency exchange differences	<u>398,916</u>	<u>21,662</u>	<u>53</u>	<u>420,631</u>
Balance at June 30, 2022	<u>\$ 6,930,343</u>	<u>\$ 532,157</u>	<u>\$ 104,235</u>	<u>\$ 7,566,735</u>
Balance at January 1, 2023	\$ 7,135,786	\$ 488,420	\$ 88,725	\$ 7,712,931
Additions	-	7,036	1,769	8,805
Amortization expenses	-	(65,562)	(31,409)	(96,971)
Disposals	-	(89)	-	(89)
Reclassifications	-	-	4,537	4,537
Effects of foreign currency exchange differences	<u>89,240</u>	<u>729</u>	<u>(1,651)</u>	<u>88,318</u>
Balance at June 30, 2023	<u>\$ 7,225,026</u>	<u>\$ 430,534</u>	<u>\$ 61,971</u>	<u>\$ 7,717,531</u>

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching and manufacturing consumer electronics and Internet of Things applications. 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, 2022 and 2021, respectively. 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:

	<u>For the Year Ended December 31</u>	
	2022	2021
Consumer electronics	12.99%	13.82%
Internet of things applications	13.19%	13.95%

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings	\$ 2,720,000	\$ 1,730,000	\$ 1,780,000
Secured borrowings (Note 32)	<u>1,820,739</u>	<u>2,622,270</u>	<u>2,212,795</u>
	<u>\$ 4,540,739</u>	<u>\$ 4,352,270</u>	<u>\$ 3,992,795</u>
Foreign currency included USD (in thousands)	<u>\$ 58,471</u>	<u>\$ 73,342</u>	<u>\$ 62,005</u>
Interest rate intervals	1.70%-6.10%	0.82%-5.50%	0.78%-1.20%

b. Short-term bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper	\$ 2,460,000	\$ 655,000	\$ 780,000
Less: Discounts on bills payable	<u>(1,881)</u>	<u>(468)</u>	<u>(327)</u>
	<u>\$ 2,458,119</u>	<u>\$ 654,532</u>	<u>\$ 779,673</u>
Interest rate intervals	1.33%-1.65%	1.32%-1.63%	0.74%-1.00%

c. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Syndicated loans	\$ 3,392,452	\$ 4,741,228	\$ 3,390,004
Unsecured borrowings	1,110,000	1,010,000	438,000
Less: Listed as current portion	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
	<u>\$ 4,352,452</u>	<u>\$ 5,601,228</u>	<u>\$ 3,828,004</u>
Interest rate intervals	1.30%-1.99%	1.18%-1.90%	0.65%-1.80%

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 (including commercial promissory note, total is \$5,440,000 thousand). The duration period is within 5 years from the first drawdown date (August 2021). As of June 30, 2023, December 31, 2022 and June 30, 2022, the drawdown was as follows:

	Currency (In Thousands)	June 30, 2023	December 31, 2022	June 30, 2022
Long-term borrowings	NTD	<u>\$ 3,400,000</u>	<u>\$ 4,750,000</u>	<u>\$ 3,400,000</u>

The Group promises that during the credit period, its semi-annual reviewed 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 six months.

20. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Payables for dividends	\$ 5,131,821	\$ -	\$ 3,649,295
Payables for salaries or bonuses	1,789,912	2,224,821	1,111,859
Payables for construction and equipment	152,634	404,653	124,327
Payables for professional service fees	81,490	99,232	90,760
Payables for labors and health insurances	24,178	29,222	26,049
Payables for utilities	28,735	26,038	21,643
Payables for pensions	21,893	17,989	16,311
Others	<u>352,642</u>	<u>532,818</u>	<u>325,344</u>
	<u>\$ 7,583,305</u>	<u>\$ 3,334,773</u>	<u>\$ 5,365,588</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 Act 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 Hydix 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 \$1,188 thousand, \$1,147 thousand, \$2,761 thousand and \$1,921 thousand for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, respectively, which were calculated using the actuarially determined pension cost rate as of December 31, 2022 and 2021, respectively.

22. EQUITY

a. Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>			
Issuance of shares	\$ 9,531,318	\$ 9,531,318	\$ 9,531,318
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)	254,614	249,093	224,806
Unclaimed dividends extinguished by prescription	81	81	74
<u>May not be used for any purpose</u>			
Employee share options	<u>165,194</u>	<u>124,783</u>	<u>66,184</u>
	<u>\$ 10,793,939</u>	<u>\$ 10,748,007</u>	<u>\$ 10,665,114</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 2022 and 2021 were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Legal reserve	<u>\$ 1,047,188</u>	<u>\$ 530,211</u>
Cash dividends	<u>\$ 5,131,821</u>	<u>\$ 3,649,295</u>
Dividends per share (NT\$)	<u>\$ 4.5</u>	<u>\$ 3.2</u>

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 11, 2022; the other proposed appropriations for 2022 and 2021 were resolved by the shareholders in their meetings on June 29, 2023 and June 22, 2022, respectively.

d. Special reserve

	For the Six Months Ended June 30	
	2023	2022
Balance at the beginning and the end of the period	<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 Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ (752,482)	\$ (2,360,327)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(454,938)	933,350
Share of associates and joint ventures accounted for using the equity method	32,324	18,216
Reclassification adjustments		
Changes in associates accounted for using the equity method	<u>-</u>	<u>(455)</u>
Balance at June 30	<u>\$ (1,175,096)</u>	<u>\$ (1,409,216)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 4,464,627	\$ 4,715,574
Recognized during the period		
Unrealized gain (loss)		
Equity instruments	397,553	(643,224)
Debt instruments	(5,275)	(89,495)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(136,986)</u>	<u>(512,124)</u>
Balance at June 30	<u>\$ 4,719,919</u>	<u>\$ 3,470,731</u>

f. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 576,216	\$ 530,719
Share of profit for the period	26,760	25,854
Other comprehensive income (loss) during the period		
Equity instruments	6,840	(3,430)
Debt instruments	(261)	(4,175)
Exchange differences on translating the financial statements of foreign operations	(21,351)	(8,681)
Actual acquisition of partial interest in subsidiaries	10,994	-
Share-based payment	<u>15</u>	<u>30</u>
Balance at June 30	<u>\$ 599,213</u>	<u>\$ 540,317</u>

In March 2023, the Company acquired the entire equity interest in Linfiny Corporation from Sony Semiconductor Solutions, and the Company's equity interest in Linfiny Corporation increased from 81% to 100%.

Because the above transactions did not change the Company's control over these subsidiaries, they were treated as equity transactions by the Company.

	Linfiny Corporation
Consideration paid	\$ -
The carrying amount of the subsidiary's net assets should be transferred to noncontrolling interests based on the relative changes in equity	<u>10,994</u>
Equity trading differences	<u>\$ (10,994)</u>
<u>Adjustment to equity trading differences</u>	
Retained earnings	<u>\$ (10,994)</u>

23. REVENUE

a. Revenue from contracts with customers

Type of Revenue	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from sale of goods				
Internet of things applications	\$ 4,127,934	\$ 3,859,682	\$ 8,552,989	\$ 6,994,523
Consumer electronics	3,086,338	3,592,513	5,858,954	6,417,407
Others	<u>21,854</u>	<u>227</u>	<u>53,859</u>	<u>1,353</u>
	<u>\$ 7,236,126</u>	<u>\$ 7,452,422</u>	<u>\$ 14,465,802</u>	<u>\$ 13,413,283</u>
Royalty income	<u>\$ 190,960</u>	<u>\$ 602,546</u>	<u>\$ 379,680</u>	<u>\$ 926,195</u>

b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 2,856,384</u>	<u>\$ 4,700,178</u>	<u>\$ 3,865,909</u>	<u>\$ 3,247,721</u>
Contract assets - current				
Royalty	<u>\$ 76,794</u>	<u>\$ 27,566</u>	<u>\$ -</u>	<u>\$ 35,045</u>
Contract liabilities - current				
Sale of goods	\$ 905,115	\$ 121,207	\$ 1,510,501	\$ 2,548,518
Royalty	<u>198,469</u>	<u>316,235</u>	<u>676,881</u>	<u>710,595</u>
	<u>\$ 1,103,584</u>	<u>\$ 437,442</u>	<u>\$ 2,187,382</u>	<u>\$ 3,259,113</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 were as follows:

Type of Revenue	For the Six Months Ended June 30	
	2023	2022
Royalty income	\$ 290,250	\$ 658,875
Revenue from sale of goods	<u>121,208</u>	<u>503,744</u>
	<u>\$ 411,458</u>	<u>\$ 1,162,619</u>

24. NET INCOME

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Bank deposits	\$ 114,909	\$ 9,788	\$ 190,247	\$ 35,769
Financial assets at amortized cost	103,349	18,671	177,431	42,719
Financial assets at FVTPL	54,061	42,810	102,283	70,388
Others	<u>16,857</u>	<u>5,535</u>	<u>26,902</u>	<u>10,770</u>
	<u>\$ 289,176</u>	<u>\$ 76,804</u>	<u>\$ 496,863</u>	<u>\$ 159,646</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Rental income	\$ 1,587	\$ 3,579	\$ 3,631	\$ 7,171
Gain on disposal of property, plant and equipment	-	22,593	-	22,593
Government grants	7,131	299,088	40,571	351,454
Others	<u>6,198</u>	<u>11,461</u>	<u>29,242</u>	<u>40,066</u>
	<u>\$ 14,916</u>	<u>\$ 336,721</u>	<u>\$ 73,444</u>	<u>\$ 421,284</u>

c. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 265,077	\$ 172,447	\$ 503,225	\$ 323,692
Other intangible assets	46,269	49,892	96,971	101,144
Right-of-use assets	<u>22,919</u>	<u>23,440</u>	<u>43,972</u>	<u>46,065</u>
	<u>\$ 334,265</u>	<u>\$ 245,779</u>	<u>\$ 644,168</u>	<u>\$ 470,901</u>
An analysis of depreciation by function				
Operating costs	\$ 155,326	\$ 76,044	\$ 285,744	\$ 135,630
Operating expenses	<u>132,670</u>	<u>119,843</u>	<u>261,453</u>	<u>234,127</u>
	<u>\$ 287,996</u>	<u>\$ 195,887</u>	<u>\$ 547,197</u>	<u>\$ 369,757</u>
An analysis of amortization by function				
Operating costs	\$ 1,722	\$ 1,155	\$ 3,268	\$ 2,297
Operating expenses	<u>44,547</u>	<u>48,737</u>	<u>93,703</u>	<u>98,847</u>
	<u>\$ 46,269</u>	<u>\$ 49,892</u>	<u>\$ 96,971</u>	<u>\$ 101,144</u>

d. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Post-employment benefits (Note 21)				
Defined contribution plans	\$ 34,567	\$ 26,329	\$ 66,840	\$ 51,290
Defined benefit plans	<u>1,188</u>	<u>1,147</u>	<u>2,761</u>	<u>1,921</u>
	35,755	27,476	69,601	53,211
Share-based payments				
Equity-settled	23,338	22,573	40,426	42,161
Other employee benefits	<u>1,506,852</u>	<u>1,272,896</u>	<u>3,025,071</u>	<u>2,487,750</u>
Total employee benefits expense	<u>\$ 1,565,945</u>	<u>\$ 1,322,945</u>	<u>\$ 3,135,098</u>	<u>\$ 2,583,122</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 432,696	\$ 446,866	\$ 876,446	\$ 871,093
Operating expenses	<u>1,133,249</u>	<u>876,079</u>	<u>2,258,652</u>	<u>1,712,029</u>
	<u>\$ 1,565,945</u>	<u>\$ 1,322,945</u>	<u>\$ 3,135,098</u>	<u>\$ 2,583,122</u>

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued 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 June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 27,500</u>	<u>\$ 26,500</u>	<u>\$ 55,000</u>	<u>\$ 43,500</u>
Remuneration of directors	<u>\$ 11,000</u>	<u>\$ 6,654</u>	<u>\$ 22,000</u>	<u>\$ 13,309</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, 2022 and 2021, which were approved by the Company's board of directors on February 23, 2023 and March 11, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Employees' compensation	<u>\$ 111,550</u>	<u>\$ 53,800</u>
Remuneration of directors	<u>\$ 40,000</u>	<u>\$ 25,000</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, 2022 and 2021.

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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 424,024	\$ 673,485	\$ 782,037	\$ 1,095,299
Income tax on unappropriated earnings	126,797	-	126,797	-
Adjustments for the prior years	<u>(5,631)</u>	<u>(7,766)</u>	<u>5,127</u>	<u>(25,684)</u>
	<u>545,190</u>	<u>665,719</u>	<u>913,961</u>	<u>1,069,615</u>
Deferred tax				
In respect of the current period	(36,108)	44,617	93,366	(27,045)
Adjustments for the prior years	<u>(7,876)</u>	<u>-</u>	<u>(7,876)</u>	<u>(2,508)</u>
	<u>(43,984)</u>	<u>44,617</u>	<u>85,490</u>	<u>(29,553)</u>
Income tax expense recognized in profit or loss	<u>\$ 501,206</u>	<u>\$ 710,336</u>	<u>\$ 999,451</u>	<u>\$ 1,040,062</u>

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ 18,461</u>	<u>\$ 28,434</u>	<u>\$ 24,632</u>	<u>\$ 28,434</u>
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ (18,461)</u>	<u>\$ (28,434)</u>	<u>\$ (24,632)</u>	<u>\$ (28,434)</u>

c. Income tax recognized in other comprehensive income (loss)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
Recognized during the period				
Disposal of investments in equity instruments designated as at FVTOCI				
Equity instruments	\$ (15,577)	\$ (220,933)	\$ 10,663	\$ 214,469
Debt instruments	<u>(910)</u>	<u>(11,703)</u>	<u>4,786</u>	<u>(25,297)</u>
	<u>\$ (16,487)</u>	<u>\$ (232,636)</u>	<u>\$ 15,449</u>	<u>\$ 189,172</u>

d. Income tax assessments

Income tax assessments of the Group were as follows:

Company	Latest Assessment Year
The Company	2020
YuanHan Materials Inc.	2019
New Field e-Paper Co., Ltd.	2021
Linfiny Corporation	2021

26. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share (NT\$)	<u>\$ 2.12</u>	<u>\$ 2.08</u>	<u>\$ 3.66</u>	<u>\$ 3.36</u>
Diluted earnings per share (NT\$)	<u>\$ 2.10</u>	<u>\$ 2.06</u>	<u>\$ 3.62</u>	<u>\$ 3.33</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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net income for the period attributable to owners of the Company	<u>\$ 2,420,759</u>	<u>\$ 2,373,746</u>	<u>\$ 4,175,830</u>	<u>\$ 3,835,016</u>

Number of Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,405	1,140,405	1,140,405	1,140,405
Effect of potentially dilutive ordinary shares (in thousands)				
Employees' compensation	237	231	399	387
Share-based payment arrangements	<u>12,190</u>	<u>11,354</u>	<u>12,067</u>	<u>11,002</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,152,832</u>	<u>1,151,990</u>	<u>1,152,871</u>	<u>1,151,794</u>

The Group may settle compensation paid to employees in cash or shares; the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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

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

	For the Six Months Ended June 30			
	2023		2022	
Employee Share Options	Unit	Weighted Average Exercise Price (NT\$)	Unit	Weighted Average Exercise Price (NT\$)
Balance at January 1	19,525	\$69.0-77.2	19,895	\$69.0-\$77.2
Options granted	-		-	
Options forfeited	<u>(55)</u>		<u>-</u>	
Balance at June 30	<u>19,470</u>		<u>19,895</u>	

The Company used the Black-Scholes - Merton option evaluation model. The inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT\$)	\$77.2	\$69.0
Exercise price (NT\$)	\$77.2	\$69.0
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 was recognized of \$23,338 thousand, \$22,573 thousand, \$40,426 thousand and \$42,161 thousand for three months ended June 30, 2023 and 2022 and for six months ended June 30, 2023 and 2022, respectively.

28. NON-CASH TRANSACTIONS

For the six months ended June 30, 2023 and 2022, the Group entered into the following non-cash investing activities:

	For the Six Months Ended June 30	
	2023	2022
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 983,949	\$ 736,284
Decrease in payables for construction and equipment (included in other payables)	<u>252,567</u>	<u>77,102</u>
Net cash paid	<u>\$ 1,236,516</u>	<u>\$ 813,386</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

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange				
forward contracts	\$ -	\$ 6,118	\$ -	\$ 6,118
Non-derivative financial assets				
Mutual funds	554,857	-	204,889	759,746
Perpetual bonds	-	3,418,383	-	3,418,383
Hybrid financial assets				
Convertible preferred shares	-	-	140,187	140,187
	<u>\$ 554,857</u>	<u>\$ 3,424,501</u>	<u>\$ 345,076</u>	<u>\$ 4,324,434</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 15,593,297	\$ -	\$ -	\$ 15,593,297
Domestic and overseas unlisted shares	-	-	283,196	283,196
Investment in debt instruments				
Overseas straight corporate bonds	-	1,745,408	-	1,745,408
	<u>\$ 15,593,297</u>	<u>\$ 1,745,408</u>	<u>\$ 283,196</u>	<u>\$ 17,621,901</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 110,099	\$ -	\$ 110,099

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 9,383	\$ -	\$ 9,383
Non-derivative financial assets				
Mutual funds	326,827	-	251,478	578,305
Perpetual bonds	-	3,002,841	-	3,002,841
Domestic listed shares	7,685	-	-	7,685
Hybrid financial assets				
Convertible preferred shares	-	-	77,142	77,142
	<u>\$ 334,512</u>	<u>\$ 3,012,224</u>	<u>\$ 328,620</u>	<u>\$ 3,675,356</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 15,087,594	\$ -	\$ -	\$ 15,087,594
Domestic and overseas unlisted shares	-	-	407,594	407,594
Investment in debt instruments				
Overseas straight corporate bonds	-	1,237,198	-	1,237,198
	<u>\$ 15,087,594</u>	<u>\$ 1,237,198</u>	<u>\$ 407,594</u>	<u>\$ 16,732,386</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 52,405	\$ -	\$ 52,405

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 309,228	\$ -	\$ 709,085	\$ 1,018,313
Perpetual bonds	-	2,224,789	-	2,224,789
Hybrid financial assets				
Convertible preferred shares	-	-	73,138	73,138
	<u>\$ 309,228</u>	<u>\$ 2,224,789</u>	<u>\$ 782,223</u>	<u>\$ 3,316,240</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 14,678,330	\$ -	\$ -	\$ 14,678,330
Domestic and overseas unlisted shares	-	-	303,057	303,057
Investment in debt instruments				
Overseas straight corporate bonds	-	842,783	-	842,783
	<u>\$ 14,678,330</u>	<u>\$ 842,783</u>	<u>\$ 303,057</u>	<u>\$ 15,824,170</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 226,348	\$ -	\$ 226,348

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2023 and 2022.

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

	For the Six Months Ended	
	June 30	
	2023	2022
Balance at January 1	\$ 736,214	\$ 986,537
Recognized in profit or loss	65,348	18,952
Recognized in other comprehensive income (loss) (recognized in unrealized gain (loss) on financial assets at FVTOCI)	(115,691)	35,903
Reclassifications (Note 1)	95,490	290,010
Disposal	(144,382)	-
Transfers out (Note 2)	-	(250,850)
Effects of foreign currency exchange differences	<u>(8,707)</u>	<u>4,728</u>
Balance at June 30	<u>\$ 628,272</u>	<u>\$ 1,085,280</u>

Note 1: In November 2021 and December 2022, the Group invested in Blackstone and Millennium real estate income trust capital offshore access fund SPC and prepaid the investment. The actual investment was completed in January 2022 and February 2023, and it was reclassified to financial assets at fair value through profit or loss.

Note 2: The unlisted shares owned by the Group have 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 them 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.

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 was discount for lack of marketability, which was 16%-20%, 14%-20% and 15%-20% as of June 30, 2023, December 31, 2022 and June 30, 2022, 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 \$3,137 thousand, \$4,543 thousand and \$3,351 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 was 60.00%, 62.76% and 70.33% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

c) 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
FVTPL	\$ 4,324,434	\$ 3,675,356	\$ 3,316,240
Amortized cost (Note 1)	23,886,907	20,298,425	18,267,733
<u>FVTOCI</u>			
Equity instruments	15,876,493	15,495,188	14,981,387
Debt instruments	1,745,408	1,237,198	842,783
<u>Financial liabilities</u>			
FVTPL	110,099	52,405	226,348
Amortized cost (Note 2)	21,295,688	16,084,857	17,123,687

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 (include current portion).

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 upon consolidation) at the end of the reporting periods are set out in Note 34.

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 (CNY) 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, CNY and KRW against USD, pre-tax income would increase (decrease) as follows:

	NTD to USD		CNY to USD		KRW to USD	
	For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ (41,978)	\$ 9,576	\$ (46,049)	\$ (8,787)	\$ (14,283)	\$ (25,625)

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 14,767,485	\$ 11,439,477	\$ 9,406,424
Financial liabilities	\$ 11,501,310	\$ 10,758,030	\$ 8,600,472
Lease liabilities	\$ 1,121,474	\$ 1,051,508	\$ 1,739,429
Cash flow interest rate risk			
Financial assets	\$ 5,934,013	\$ 3,893,674	\$ 4,820,462

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 six months ended June 30, 2023 and 2022, would have increased by \$14,835 thousand and \$12,051 thousand, respectively, which was attributable to the Group's floating rate on its financial assets, and if interest rates had been 50 basis points lower, there would have been 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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$215,916 thousand and \$165,812 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 six months ended June 30, 2023 and 2022 would have increased/decreased by \$881,095 thousand and \$791,209 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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group's unutilized short-term bank borrowing facilities were \$13,468,493 thousand, \$13,311,670 thousand and \$13,779,790 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.

June 30, 2023

	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	\$ 8,793	\$ 17,228	\$ 76,543	\$ 361,260	\$ 981,355
Fixed interest rate liabilities	<u>4,966,210</u>	<u>2,076,331</u>	<u>162,578</u>	<u>4,380,723</u>	<u>-</u>
	<u>\$ 4,975,003</u>	<u>\$ 2,093,559</u>	<u>\$ 239,121</u>	<u>\$ 4,741,983</u>	<u>\$ 981,355</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>\$ 102,564</u>	<u>\$ 361,260</u>	<u>\$ 270,875</u>	<u>\$ 232,642</u>	<u>\$ 226,225</u>	<u>\$ 251,613</u>

December 31, 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	\$ 7,498	\$ 14,076	\$ 54,890	\$ 259,910	\$ 967,854
Fixed interest rate liabilities	<u>3,483,023</u>	<u>1,552,538</u>	<u>159,962</u>	<u>6,641,268</u>	<u>-</u>
	<u>\$ 3,490,521</u>	<u>\$ 1,566,614</u>	<u>\$ 214,852</u>	<u>\$ 6,901,178</u>	<u>\$ 967,854</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>\$ 76,464</u>	<u>\$ 259,910</u>	<u>\$ 235,038</u>	<u>\$ 230,994</u>	<u>\$ 238,228</u>	<u>\$ 263,594</u>

June 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	\$ 9,504	\$ 19,007	\$ 81,377	\$ 341,263	\$ 1,562,469
Fixed interest rate liabilities	<u>2,420,411</u>	<u>1,994,994</u>	<u>375,240</u>	<u>3,845,456</u>	<u>-</u>
	<u>\$ 2,429,915</u>	<u>\$ 2,014,001</u>	<u>\$ 456,617</u>	<u>\$ 4,186,719</u>	<u>\$ 1,562,469</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>\$ 109,888</u>	<u>\$ 341,263</u>	<u>\$ 378,289</u>	<u>\$ 378,288</u>	<u>\$ 378,288</u>	<u>\$ 427,604</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
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Integrated Solutions Technology Inc.	Associate
Nuclera Limited (originally named: Nuclera Nucleics Ltd.)	Associate
Nuclera Corporation (originally named: Nuclera Nucleics Corporation)	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investor with significant influence over the Group
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
Yuen Foong Shop 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 Paper Mfg. (Yangzhou) Co., Ltd.	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 Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Investment 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
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
Livebricks Inc.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
YFY Global Investment B.V.	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
Johnson Lee	Key management personnel
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
SinoPac Financial Holdings Company Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party

(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate	<u>\$ 11,410</u>	<u>\$ 5,577</u>	<u>\$ 17,649</u>	<u>\$ 12,358</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate	\$ 260,315	\$ 97,350	\$ 722,408	\$ 195,037
Subsidiary of investor with significant influence over the Group	2,847	6,638	6,157	11,681
Substantive related party	<u>318</u>	<u>343</u>	<u>524</u>	<u>583</u>
	<u>\$ 263,480</u>	<u>\$ 104,331</u>	<u>\$ 729,089</u>	<u>\$ 207,301</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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Substantive related party Subsidiary of investor with significant influence over the Group	\$ 10,812	\$ 18,576	\$ 23,054	\$ 36,883
Others	3,171	-	6,342	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 13,983</u>	<u>\$ 18,577</u>	<u>\$ 29,396</u>	<u>\$ 36,885</u>

e. Operating expenses

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate	\$ 13,803	\$ 10,480	\$ 20,361	\$ 33,910
Substantive related party Subsidiary of investor with significant influence over the Group	9,914	9,199	17,551	15,648
Others	1,294	1,202	2,410	2,472
	<u>\$ 25,011</u>	<u>\$ 20,881</u>	<u>\$ 40,322</u>	<u>\$ 52,030</u>

f. Non-operating income - other income

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate	\$ 2,086	\$ 1,608	\$ 4,400	\$ 3,179
Others	-	-	-	53
	<u>\$ 2,086</u>	<u>\$ 1,608</u>	<u>\$ 4,400</u>	<u>\$ 3,232</u>

g. Non-operating income - interest income

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate	\$ 531	\$ 52	\$ 1,085	\$ 19,990
Others	22	-	45	-
	<u>\$ 553</u>	<u>\$ 52</u>	<u>\$ 1,130</u>	<u>\$ 19,990</u>

h. Receivables from related parties

Line Items	Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Associate	\$ 211,519	\$ 176,481	\$ 107,550
	Less: Loss allowance	<u>(19,324)</u>	<u>(19,057)</u>	<u>(18,443)</u>
		192,195	157,424	89,107
	Subsidiary of investor with significant influence over the Group	7,465	7,362	7,178
	Substantive related party	<u>-</u>	<u>55</u>	<u>-</u>
		<u>\$ 199,660</u>	<u>\$ 164,841</u>	<u>\$ 96,285</u>
Other receivables	Associate	\$ 10,899	\$ 10,749	\$ 10,405
	Less: Loss allowance	(9,769)	(9,769)	(9,769)
	Effects of foreign currency exchange differences	<u>(1,130)</u>	<u>(980)</u>	<u>(636)</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivables from related parties were unsecured.

i. Payables to related parties (recognized in notes and accounts payable)

Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Associate	\$ 73,084	\$ 35,873	\$ 27,042
Subsidiary of investor with significant influence over the Group	12,077	24,560	14,229
Substantive related party	<u>7,847</u>	<u>8,565</u>	<u>8,986</u>
	<u>\$ 93,008</u>	<u>\$ 68,998</u>	<u>\$ 50,257</u>

The outstanding accounts payables to related parties were unsecured.

j. Prepayments and refundable deposits (recognized in other non-current assets)

Related Party Category/Name	June 30, 2023	December 31, 2022	June 30, 2022
Substantive related party			
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 48,611	\$ 49,737	\$ 49,937
Others	9	-	-
Subsidiary of investor with significant influence over the Group	5,841	5,787	2,868
Others	<u>37</u>	<u>-</u>	<u>-</u>
	<u>\$ 54,498</u>	<u>\$ 55,524</u>	<u>\$ 52,805</u>

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

Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Subsidiary of investor with significant influence over the Group	<u>\$ 8,218</u>	<u>\$ 8,218</u>	<u>\$ 2,107</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 2023. 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 information was as follows:

Related Party Category	June 30			
	2023	2022		
<u>Acquisition of right-of-use assets</u>				
Subsidiary of investor with significant influence over the Group	<u>\$ 5,186</u>	<u>\$ -</u>		
Line Item	June 30, 2023	December 31, 2022	June 30, 2022	
Right-of-use assets	<u>\$ 245,610</u>	<u>\$ 248,296</u>	<u>\$ 1,656</u>	
Lease liabilities				
Current (included in other current liabilities)	\$ 5,874	\$ 3,582	\$ 1,419	
Non-current	<u>247,034</u>	<u>247,320</u>	<u>-</u>	
	<u>\$ 252,908</u>	<u>\$ 250,902</u>	<u>\$ 1,419</u>	
Line Item	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expenses	<u>\$ 3,073</u>	<u>\$ 3</u>	<u>\$ 6,144</u>	<u>\$ 8</u>

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

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

Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Associate	\$ 934	\$ 894	\$ 862
Substantive related party	3	3	3
Key management personnel	<u>-</u>	<u>-</u>	<u>1,050</u>
	<u>\$ 937</u>	<u>\$ 897</u>	<u>\$ 1,915</u>

n. Acquisition of financial assets

For the six months ended June 30, 2023

Related Party Category	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Price
Substantive related party	Financial assets at fair value through other comprehensive income - non-current	25,324	Stock	\$ 379,859

o. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 42,821	\$ 33,924	\$ 85,523	\$ 68,976
Post-employment benefits	404	398	806	777
Share-based payments	<u>4,044</u>	<u>3,811</u>	<u>6,311</u>	<u>7,581</u>
	<u>\$ 47,269</u>	<u>\$ 38,133</u>	<u>\$ 92,640</u>	<u>\$ 77,334</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, tariff guarantee for imported inventories, lease deposits for plants and land, and deposits for provisional attachment:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ 1,880,211	\$ 3,058,390	\$ 2,760,985
Non-current	<u>133,756</u>	<u>138,659</u>	<u>130,914</u>
	<u>\$ 2,013,967</u>	<u>\$ 3,197,049</u>	<u>\$ 2,891,899</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- Unused letters of credit of the Group for purchase of machinery amounted to \$217,688 thousand, \$360,600 thousand and \$163,650 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$15,230,000 thousand, \$13,820,000 thousand and \$12,370,000 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

- c. Guaranteed notes issued for syndicated loans were all \$6,800,000 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- d. 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. All investments have been completed as of June 30, 2023.
- e. 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, and the total amount of the construction is estimated at NT\$2.643 billion. As of June 30, 2023, the progress of implementation was approximately 40%.
- f. 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 and Technological Development Zone's management committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area and develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount shall not exceed US\$61,000 thousand. As of June 30, 2023, the subsidiary Transcend Optronics (Yangzhou) Co., Ltd. has completed the capital increase of US\$61,000 thousand from retained earnings.
- g. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis, and the total amount of the construction is expected at NT\$3.305 billion. As of June 30, 2023, the progress of implementation was approximately 1%.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group 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:

June 30, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 385,128	31.14 (USD:CNY)	\$ 11,992,886
USD	345,259	7.2258 (USD:NTD)	10,751,365
USD	45,866	1,308.403 (USD:KRW)	1,428,267
Non-monetary items			
FVTPL			
USD	109,775	1,308.403 (USD:KRW)	3,418,383
FVTOCI			
USD	42,898	1,308.403 (USD:KRW)	1,335,848
EUR	90,867	33.81 (EUR:NTD)	3,072,200

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 250,325	31.14 (USD:NTD)	\$ 7,795,121
USD	197,383	7.2258 (USD:CNY)	6,146,507 (Concluded)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 285,363	30.71 (USD:NTD)	\$ 8,763,498
USD	327,813	6.9646 (USD:CNY)	10,067,137
USD	61,375	1,249.898 (USD:KRW)	1,884,826
Non-monetary items			
FVTPL			
USD	97,780	1,249.898 (USD:KRW)	3,002,841
FVTOCI			
USD	33,868	1,249.898 (USD:KRW)	1,040,110
EUR	105,733	32.72 (EUR:NTD)	3,459,592

Foreign currency liabilities

Monetary items			
USD	233,977	30.71 (USD:NTD)	7,185,434
USD	226,935	6.9646 (USD:CNY)	6,969,174

June 30, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 286,081	6.71 (USD:CNY)	\$ 8,502,327
USD	259,467	29.72 (USD:NTD)	7,711,359
USD	86,221	1,286.58 (USD:KRW)	2,562,488
Non-monetary items			
FVTPL			
USD	74,858	1,286.58 (USD:KRW)	2,224,788
FVTOCI			
EUR	70,200	31.05 (EUR:NTD)	2,179,708 (Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 291,687	29.72 (USD:NTD)	\$ 8,668,938
USD	256,516	6.71 (USD:CNY)	7,623,656 (Concluded)

The Group's net realized and unrealized gains on foreign currency exchange were \$400,330 thousand, \$346,375 thousand, \$367,581 thousand and \$439,879 thousand, for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, 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.

35. 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 (None)
- 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 6)

- c. Information on investments in mainland China (Table 7)
- 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 9)

36. 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 Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
ROC	\$ 11,939,244	\$ 11,196,134	\$ 1,915,015	\$ 2,316,174
Asia	8,946,171	10,007,310	1,350,305	1,218,523
America	3,926,700	2,096,622	907,881	107,972
Adjustments and eliminations	(10,346,313)	(9,886,783)	-	-
	<u>\$ 14,465,802</u>	<u>\$ 13,413,283</u>	4,173,201	3,642,669
Administration costs and remunerations to directors			(330,467)	(246,438)
Interest income			496,863	159,646
Royalty income			379,680	926,195
Dividend income			131,508	125,467
Net gain on foreign currency exchange			367,581	439,879
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL			126,450	(500,550)
Other non-operating income and expenses, net			(142,775)	354,064
Income before tax			<u>\$ 5,202,041</u>	<u>\$ 4,900,932</u>

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

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	\$ -	\$ -	1.0	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 4,273,560	\$ 17,094,239
1	E Ink Technology (originally named PVI Global B.V.)	YuanHan Materials Inc.	Other receivables	Yes	622,800 (US\$ 20,000 thousand)	622,800 (US\$ 20,000 thousand)	622,800 (US\$ 20,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,343,066 (US\$ 107,356 thousand)	13,372,295 (US\$ 429,425 thousand)
		E Ink Netherlands B.V. (originally named Dream Pacific International Limited)	Other receivables	Yes	37,368 (US\$ 1,200 thousand)	37,368 (US\$ 1,200 thousand)	37,368 (US\$ 1,200 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,343,066 (US\$ 107,356 thousand)	13,372,295 (US\$ 429,425 thousand)
2	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	155,700 (US\$ 5,000 thousand)	155,700 (US\$ 5,000 thousand)	155,700 (US\$ 5,000 thousand)	2.0	Short-term financing	-	Working capital	-	-	-	170,038	680,153
		Prime View Communications Ltd.	Other receivables	Yes	124,560 (US\$ 4,000 thousand)	124,560 (US\$ 4,000 thousand)	124,560 (US\$ 4,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	170,038	680,153

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.14 on June 30, 2023, 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 E Ink Holdings Inc., New Field e-Paper Co., Ltd. and E Ink Technology B.V. (originally named PVI Global B.V.) shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	\$ 10,683,900	\$ 1,027,620 (US\$ 33,000 thousand)	\$ 1,027,620 (US\$ 33,000 thousand)	\$ -	\$ -	2.40	\$ 42,735,599	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	10,683,900	1,850,000	600,000	-	-	1.40	42,735,599	Yes	No	No
		Linfiny Corporation	Subsidiary	10,683,900	250,000	250,000	85,000	-	0.58	42,735,599	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	10,683,900	200,000	200,000	-	-	0.47	42,735,599	Yes	No	No

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US\$1=\$31.14 on June 30, 2023, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2023

(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	June 30, 2023				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	127,074,724	\$ 2,204,746	1.05	\$ 2,204,746	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	291,072	0.47	291,072	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	14,011	0.13	14,011	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	15,442	0.01	15,442	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,394,750	320,679	0.06	320,679	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	5,031,386	191,444	0.07	191,444	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI	3,855,000	63,415	3.93	63,415	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	5,936,000	259,700	2.84	259,700	
	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	289,850	0.03	289,850	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	135,826	0.01	135,826	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	117,172	0.02	117,172	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
	<u>Mutual funds</u>							
Yuanta Daily Taiwan 50 Bear -1X ETF	-	Financial assets at FVTPL - current	30,000,000	144,600	0.34	144,600		
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	29,787,215	516,808	0.25	516,808	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	10,119	0.85	10,119	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	2,085,000	91,219	1.00	91,219	
	SES-imagotag	-	Financial assets at FVTOCI	60,000	190,688	0.38	190,688	
	PRICER AB	-	Financial assets at FVTOCI	589,160	12,073	0.53	12,073	
	<u>Mutual funds</u>							
Yuanta Daily Taiwan 50 Bear -1X ETF	-	Financial assets at FVTPL - current	15,500,000	74,710	0.18	74,710		
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	228,440,958	3,963,451	1.88	3,963,451	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	596	-	596	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	469,333	6.40	469,333	
	SES-imagotag	-	Financial assets at FVTOCI	906,666	2,881,511	5.72	2,881,511	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	1,490,626	213,160	0.80	213,160	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	11,477	10.93	11,477	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	11,414	6.46	11,414	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	4,766,250	182,071	0.03	182,071	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	3,164	-	3,164	
	Daxin Materials Corp.	-	Financial assets at FVTOCI	1,138,000	125,749	1.11	125,749	
	Zenitron Corporation	-	Financial assets at FVTOCI	4,249,000	147,015	1.92	147,015	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,596,602	216,156	13.89	216,156	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,249,000	47,524	0.02	47,524	
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	29	-	29		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	<u>Preferred shares</u> Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	\$ 290,408	0.03	\$ 290,408	
	<u>Convertible preferred shares</u> SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	140,187	1.60	140,187	
	<u>Straight corporate bonds</u> FS KKR Capital Corp.	-	Financial assets at FVTOCI	2,000,000	60,214	-	60,214	
	Nomura Holdings Inc.	-	Financial assets at FVTOCI	1,950,000	51,711	-	51,711	
	Swiss Re Group	-	Financial assets at FVTOCI	9,950,000	297,635	-	297,635	
	<u>Mutual funds</u> Blackstone REITS	-	Financial assets at FVTPL - non-current	922	38,369	-	38,369	
	Millennium	-	Financial assets at FVTPL - non-current	4,721,398	166,520	-	166,520	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u> Dke Co., Ltd.	-	Financial assets at FVTOCI	1,255,500	CNY 14,957 thousand	4.09	CNY 14,957 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	CNY 45,446 thousand	0.76	CNY 45,446 thousand	
	Agricultural Bank of China Limited	-	Financial assets at FVTOCI	4,943,000	CNY 17,449 thousand	-	CNY 17,449 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at FVTOCI	3,180,000	CNY 15,328 Thousand	-	CNY 15,328 Thousand	
	China Construction Bank Corporation	-	Financial assets at FVTOCI	2,490,996	CNY 15,594 thousand	-	CNY 15,594 thousand	
	Bank of China Limited	-	Financial assets at FVTOCI	4,630,000	CNY 18,103 thousand	-	CNY 18,103 thousand	
	Hydis Technologies Co., Ltd.	<u>Ordinary shares</u> SOLUM CO., LTD.	-	Financial assets at FVTOCI	840,990	KRW 24,683,057 thousand	1.72	KRW 24,683,057 thousand
Hana Financial Group Inc.		-	Financial assets at FVTOCI	641,453	KRW 25,144,958 thousand	0.22	KRW 25,144,958 thousand	
KT&G Corporation		-	Financial assets at FVTOCI	255,618	KRW 21,165,170 thousand	0.22	KRW 21,165,170 thousand	
LG Uplus Corp		-	Financial assets at FVTOCI	664,380	KRW 7,128,797 thousand	0.15	KRW 7,128,797 thousand	
SAMSUNG CARD CO., LTD.		-	Financial assets at FVTOCI	275,805	KRW 8,177,618 thousand	0.26	KRW 8,177,618 thousand	
<u>Mutual funds</u> Term Liquidity Fund		-	Financial assets at FVTPL - non-current	95,558	KRW 14,178,219 thousand	-	KRW 14,178,219 thousand	
<u>Perpetual bonds</u> JP Morgan Chase & Co.		-	Financial assets at FVTPL - current	29,800,000	KRW 38,628,510 thousand	-	KRW 38,628,510 thousand	
BARCLAYS		-	Financial assets at FVTPL - current	14,800,000	KRW 18,963,133 thousand	-	KRW 18,963,133 thousand	
CITI		-	Financial assets at FVTPL - current	14,810,000	KRW 19,328,810 thousand	-	KRW 19,328,810 thousand	
JP Morgan Chase & Co.		-	Financial assets at FVTPL - non-current	18,700,000	KRW 22,909,463 thousand	-	KRW 22,909,463 thousand	
Bank of America Corporation		-	Financial assets at FVTPL - non-current	37,900,000	KRW 44,610,441 thousand	-	KRW 44,610,441 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hydis Technologies Co., Ltd.	<u>Straight corporate bonds</u> Nomura Holdings, Inc.	-	Financial assets at FVTOCI	16,000,000	KRW 17,896,090 thousand	-	KRW 17,896,090 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 10,253,405 thousand	-	KRW 10,253,405 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 10,881,607 thousand	-	KRW 10,881,607 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	4,900,000	KRW 6,211,396 thousand	-	KRW 6,211,396 thousand	
	Swiss Re Generale	-	Financial assets at FVTOC	8,900,000	KRW 11,202,402 thousand	-	KRW 11,202,402 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost	2,200,000	KRW 21,961,060 thousand	-	KRW 21,961,060 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost	300,000	KRW 2,997,000 thousand	-	KRW 2,997,000 thousand	

Note: Refer to Tables 6 and 7 for information on investments in subsidiaries and associates.

(Concluded)

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 SIX MONTHS ENDED JUNE 30, 2023
(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.	E Ink Corporation	Subsidiary	Purchase	\$ 2,012,345	33	By agreements	\$ -	-	\$ (1,967,090)	(37)	
	YuanHan Materials Inc.	Subsidiary	Sale	(129,971)	(1)	By agreements	-	-	39,331	1	
	YuanHan Materials Inc.	Subsidiary	Purchase	301,292	5	By agreements	-	-	(87,761)	(2)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	781,954	13	By agreements	-	-	(3,130,349)	(59)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(404,055)	(4)	By agreements	-	-	256,996	8	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	630,654	10	By agreements	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(301,292)	(46)	By agreements	-	-	87,761	95	
	E Ink Holdings Inc.	Parent company	Purchase	129,971	31	By agreements	-	-	(39,331)	(99)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(781,954)	(65)	By agreements	-	-	3,130,349	100	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	404,055	100	By agreements	-	-	(256,996)	(100)	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(2,012,345)	(98)	By agreements	-	-	1,967,090	100	
	E Ink California, LLC	Subsidiary	Purchase	369,248	23	By agreements	-	-	(639,154)	(98)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(369,248)	(100)	By agreements	-	-	639,154	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 for 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

JUNE 30, 2023

(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	\$ 694,263	(Note 2)	\$ -	-	\$ 25,992	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	2,906,831	(Note 1)	38,162	Collected	1,032,104	-
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	256,996	1.99	89,540	Collected	89,540	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	143,005	(Note 1)	88,081	Collected	290,110	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	3,130,349	(Note 1)	25,429	Collected	905,027	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	1,967,090	2.95	1,300,178	In the process of collection	420,302	-
E Ink California, LLC	E Ink Corporation	Parent company	639,154	1.41	274,451	Collected	639,154	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Cash dividend receivables.

Note 3: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of June 30, 2023			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note	
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount				
E Ink Holdings Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 33,430,758	\$ 2,742,792	\$ 2,742,792	(Note)	
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	177,217,132	100.00	1,700,383	21,874	21,874	(Note)	
	YuanHan Materials Inc.	Taipei, Taiwan	Manufacture and sale of Chemical Materials and Optical Films	6,420,230	6,420,230	183,819,268	100.00	7,816,656	57,717	56,995	(Note)	
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	408,185	9,405	9,405	(Note)	
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(89,085)	(19,149)	(19,149)	(Note)	
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	-	Under liquidation
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	16,800	16,800	9,660,000	23.00	(16,346)	(40,764)	(3,738)	(Note)	
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	-	-	-	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic paper products	15,065	15,065	200	100.00	16,583	620	620	(Note)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	148,743	9,896,402	26.15	135,789	6,772	1,771	(Note)	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	32,340,000	77.00	(22,204)	(40,764)	(31,389)	(Note)	
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	-	-		
	Kyoritsu Optronics Co., Ltd., Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Taipei, Taiwan Cambridge, UK	Technology development, transfer and licensing of flat panels Protein, gene synthesis and digital microfluidics	18,860 306,491	18,860 306,491	1,050,000 461,365	25.65 6.24	- 280,254	- (371,396)	- (25,492)	- (Note)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	51,027	3,395,000	8.97	46,583	6,772	608		
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	23,697	617	617	(Note)	
E Ink Corporation	E Ink California, LLC	California, USA	Research of electronic inks	US\$ 29,100 thousand	US\$ 29,100 thousand	27,400,000	100.00	US\$ 35,221 thousand	US\$ 2,638 thousand	US\$ 1,615 thousand	(Note)	
	Nuclera Limited (originally named 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\$ 26,172 thousand	US\$ (12,157) thousand	US\$ (1,495) thousand		
E Ink Technology B.V. (originally named PVI Global B.V.)	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 277,518 thousand	US\$ 37,765 thousand	US\$ 37,765 thousand	(Note)	
	E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 721,528 thousand	US\$ 49,146 thousand	US\$ 49,146 thousand	(Note)	
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 33,639 thousand	US\$ 2,127 thousand	US\$ 2,127 thousand	(Note)	
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ 1,750 thousand	US\$ 1,750 thousand	1,750,000	35.00	-	-	-		
	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-		
E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Hydis Technologies Co., Ltd.	South Korea	Patent licensing and investment in financial instruments	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 345,891 thousand	US\$ 19,804 thousand	US\$ 18,760 thousand	(Note)	
	E Ink Corporation	Boston, USA	Research, development and manufacture of electronic inks	US\$ 329,123 thousand	US\$ 329,123 thousand	2,282	100.00	US\$ 375,998 thousand	US\$ 30,087 thousand	US\$ 30,087 thousand	(Note)	
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	-	-	-		

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023 (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 June 30, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,451,802 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,669,693 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,669,693 (US\$ 117,845 thousand)	\$ 1,113,670 (US\$ 36,454 thousand)	100.00	\$ 1,153,782 (US\$ 37,767 thousand)	\$ 8,635,153 (US\$ 277,301 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	934,200 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	934,200 (US\$ 30,000 thousand)	-	-	934,200 (US\$ 30,000 thousand)	64,980 (US\$ 2,127 thousand)	100.00	64,980 (US\$ 2,127 thousand)	1,047,518 (US\$ 33,639 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,150,031 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	25,265 (US\$ 827 thousand)	100.00	25,265 (US\$ 827 thousand)	880,234 (US\$ 28,267 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	43,285 (US\$ 1,390 thousand)	-	-	43,285 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	155,700 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	54,495 (US\$ 1,750 thousand)	-	-	54,495 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	172,382 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	15,799 (RMB 3,543 thousand)	49.00	7,742 (RMB 1,736 thousand)	121,700 (RMB 28,240 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,701,673 (US\$ 150,985 thousand)	\$ 11,339,164 (US\$ 364,135 thousand)	\$ 30,369,590

(Continued)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.14 and CNY1=NT\$4.30956 on June 30, 2023.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$30.55 and CNY1=NT\$4.41142 for the six months ended June 30, 2023.

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 4, 5 and 8, 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 for 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 SIX MONTHS ENDED JUNE 30, 2023
(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.	E Ink Corporation	Subsidiary	Accounts payable to related parties	\$ 1,967,090	By agreements	2.8
		E Ink Corporation	Subsidiary	Cost of goods sold	2,012,345	By agreements	13.9
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	654,932	By agreements	0.9
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,906,831	By agreements	4.2
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	3,130,349	By agreements	4.5
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	781,954	By agreements	5.4
1	YuanHan Materials Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Same ultimate parent company	Other payables from related parties	636,751	By agreements	0.9
2	E Ink California, LLC	E Ink Corporation	Parent company	Other receivables from related parties	639,154	By agreements	0.9

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.

TABLE 9**E INK HOLDINGS INC.****INFORMATION ON MAJOR SHAREHOLDERS
JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,300	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, please refer to Market Observation Post System.