

E Ink Holdings Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 September 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,004,291 thousand and NT\$1,943,606 thousand, respectively, representing 1% and 3%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$138,799 thousand and NT\$456,978 thousand, respectively, representing 1% and 2%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income or loss of these non-significant subsidiaries were NT\$5,596 thousand, NT\$75,330 thousand, NT\$55,588 thousand and NT\$112,284 thousand, respectively, representing 0.1%, 2%, 1% and 1%, respectively, of the consolidated total comprehensive income. As of September 30, 2023 and 2022, the carrying amounts of the above mentioned investments accounted for using the equity method were NT\$1,416,212 thousand and

NT\$1,349,111 thousand, respectively; for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income or loss of investments accounted for using the equity method were NT\$17,234 thousand, NT\$31,939 thousand, NT\$(14,001) thousand and NT\$44,540 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph and the related information of these non-significant subsidiaries as disclosed in Note 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 3, 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 10,880,265	15	\$ 8,835,066	14	\$ 10,332,683	16
Financial assets at fair value through profit or loss (Note 7)	1,776,822	2	1,473,957	2	1,026,083	2
Financial assets at amortized cost (Notes 9, 11 and 32)	8,950,321	12	4,945,143	8	4,382,945	7
Contract assets (Note 23)	-	-	27,566	-	2,557	-
Accounts receivable (Notes 10, 23 and 31)	3,120,558	4	4,700,178	7	3,171,936	5
Other receivables (Note 31)	528,728	1	263,370	-	226,047	-
Current tax assets	13,132	-	479	-	139	-
Inventories (Note 12)	2,783,779	4	4,404,899	7	5,072,619	8
Prepayments (Note 31)	382,980	1	508,997	1	562,902	1
Other current assets	2,086	-	5,060	-	1,913	-
Total current assets	<u>28,438,671</u>	<u>39</u>	<u>25,164,715</u>	<u>39</u>	<u>24,779,824</u>	<u>39</u>
NON-CURRENT ASSETS (Note 4)						
Financial assets at fair value through profit or loss (Note 7)	2,462,733	3	2,201,399	3	2,741,970	4
Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31)	19,239,340	27	16,732,386	26	16,206,166	25
Financial assets at amortized cost (Notes 9, 11 and 32)	1,417,715	2	1,554,668	2	1,415,039	2
Investments accounted for using the equity method (Note 15)	1,416,212	2	1,455,933	2	1,349,111	2
Property, plant and equipment (Notes 16, 28 and 31)	9,167,648	13	8,033,290	12	6,556,259	10
Right-of-use assets (Notes 17 and 31)	1,075,261	1	1,016,890	2	1,973,842	3
Goodwill (Note 18)	7,459,541	10	7,135,786	11	7,351,640	12
Other intangible assets (Note 18)	510,994	1	577,146	1	611,514	1
Deferred tax assets	1,088,139	2	1,058,383	2	928,909	2
Other non-current assets (Note 31)	109,411	-	195,464	-	94,903	-
Total non-current assets	<u>43,946,994</u>	<u>61</u>	<u>39,961,345</u>	<u>61</u>	<u>39,229,353</u>	<u>61</u>
TOTAL	<u>\$ 72,385,665</u>	<u>100</u>	<u>\$ 65,126,060</u>	<u>100</u>	<u>\$ 64,009,177</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES (Note 4)						
Short-term borrowings (Notes 19 and 32)	\$ 5,584,926	8	\$ 4,352,270	7	\$ 6,098,149	10
Short-term bills payable (Note 19)	4,312,002	6	654,532	1	1,374,470	2
Financial liabilities at fair value through profit or loss (Note 7)	77,594	-	52,405	-	228,378	-
Contract liabilities (Note 23)	737,222	1	437,442	1	1,071,428	2
Notes and accounts payable (Note 31)	2,807,807	4	1,992,054	3	3,256,737	5
Other payables (Notes 20 and 28)	3,070,920	4	3,334,773	5	2,145,461	3
Current tax liabilities	1,224,143	2	2,005,876	3	1,492,352	2
Long-term borrowings - current portion (Note 19)	-	-	150,000	-	-	-
Other current liabilities (Notes 17 and 31)	457,907	-	428,789	1	259,940	1
Total current liabilities	<u>18,272,521</u>	<u>25</u>	<u>13,408,141</u>	<u>21</u>	<u>15,926,915</u>	<u>25</u>
NON-CURRENT LIABILITIES (Note 4)						
Long-term borrowings (Note 19)	4,730,640	7	5,601,228	9	3,828,616	6
Deferred tax liabilities	912,450	1	696,631	1	607,938	1
Lease liabilities (Notes 17 and 31)	1,040,179	2	994,736	1	1,946,845	3
Deferred revenue (Note 13)	3,266	-	44,617	-	160,427	-
Net defined benefit liabilities	19,460	-	106,981	-	100,962	-
Other non-current liabilities (Note 31)	25,731	-	10,522	-	6,113	-
Total non-current liabilities	<u>6,731,726</u>	<u>10</u>	<u>7,454,715</u>	<u>11</u>	<u>6,650,901</u>	<u>10</u>
Total liabilities	<u>25,004,247</u>	<u>35</u>	<u>20,862,856</u>	<u>32</u>	<u>22,577,816</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)						
Share capital	11,404,047	15	11,404,047	18	11,404,047	18
Advance receipts for share capital	51,794	-	-	-	-	-
Capital surplus	10,817,116	15	10,748,007	16	10,724,721	17
Retained earnings	19,453,849	27	17,822,789	27	16,020,817	25
Other equity	5,033,673	7	3,712,145	6	2,734,179	4
Total equity attributable to owners of the Company	<u>46,760,479</u>	<u>64</u>	<u>43,686,988</u>	<u>67</u>	<u>40,883,764</u>	<u>64</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>620,939</u>	<u>1</u>	<u>576,216</u>	<u>1</u>	<u>547,597</u>	<u>1</u>
Total equity	<u>47,381,418</u>	<u>65</u>	<u>44,263,204</u>	<u>68</u>	<u>41,431,361</u>	<u>65</u>
TOTAL	<u>\$ 72,385,665</u>	<u>100</u>	<u>\$ 65,126,060</u>	<u>100</u>	<u>\$ 64,009,177</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 3, 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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 6,821,229	100	\$ 8,103,880	100	\$ 21,287,031	100	\$ 21,517,163	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>3,041,298</u>	<u>45</u>	<u>3,199,702</u>	<u>39</u>	<u>10,112,422</u>	<u>48</u>	<u>10,228,283</u>	<u>47</u>
GROSS PROFIT	<u>3,779,931</u>	<u>55</u>	<u>4,904,178</u>	<u>61</u>	<u>11,174,609</u>	<u>52</u>	<u>11,288,880</u>	<u>53</u>
OPERATING EXPENSES (Notes 24 and 31)								
Selling and marketing expenses	231,637	3	223,805	3	678,218	3	649,519	3
General and administrative expenses	680,653	10	647,832	8	2,017,980	9	1,777,172	8
Research and development expenses	<u>936,929</u>	<u>14</u>	<u>808,797</u>	<u>10</u>	<u>2,704,965</u>	<u>13</u>	<u>2,242,214</u>	<u>11</u>
Total operating expenses	<u>1,849,219</u>	<u>27</u>	<u>1,680,434</u>	<u>21</u>	<u>5,401,163</u>	<u>25</u>	<u>4,668,905</u>	<u>22</u>
INCOME FROM OPERATIONS	<u>1,930,712</u>	<u>28</u>	<u>3,223,744</u>	<u>40</u>	<u>5,773,446</u>	<u>27</u>	<u>6,619,975</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES								
Share of loss of associates and joint ventures accounted for using equity method, net (Note 15)	(29,980)	-	(6,016)	-	(91,238)	-	(11,631)	-
Interest income (Notes 24 and 31)	316,933	5	118,578	1	813,796	4	278,224	1
Royalty income (Notes 4 and 23)	79,740	1	223,315	3	459,420	2	1,149,510	5
Dividend income	387,328	6	534,925	7	518,836	2	660,392	3
Other income (Notes 13, 24 and 31)	14,224	-	125,764	2	87,668	-	547,048	3
Interest expenses (Notes 16 and 31)	(72,548)	(1)	(48,233)	(1)	(214,137)	(1)	(102,644)	-
Net gain on foreign currency exchange (Note 34)	301,747	4	673,807	8	669,328	3	1,113,686	5
Net loss on disposal of investment	-	-	(1,323)	-	-	-	(1,778)	-
Other expenses	(16,736)	-	(8,060)	-	(30,108)	-	(14,799)	-
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	<u>87,002</u>	<u>1</u>	<u>164,845</u>	<u>2</u>	<u>213,452</u>	<u>1</u>	<u>(335,705)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>1,067,710</u>	<u>16</u>	<u>1,777,602</u>	<u>22</u>	<u>2,427,017</u>	<u>11</u>	<u>3,282,303</u>	<u>15</u>
INCOME BEFORE INCOME TAX	2,998,422	44	5,001,346	62	8,200,463	38	9,902,278	46
INCOME TAX EXPENSE (Notes 4 and 25)	<u>586,678</u>	<u>9</u>	<u>734,240</u>	<u>9</u>	<u>1,586,129</u>	<u>7</u>	<u>1,774,302</u>	<u>8</u>
NET INCOME FOR THE PERIOD	<u>2,411,744</u>	<u>35</u>	<u>4,267,106</u>	<u>53</u>	<u>6,614,334</u>	<u>31</u>	<u>8,127,976</u>	<u>38</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 September 30				For the Nine Months Ended September 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	\$ 699,776	10	\$ 591,531	7	\$ 1,114,832	5	\$ 159,346	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(133,572)</u>	<u>(2)</u>	<u>(77,765)</u>	<u>(1)</u>	<u>(144,235)</u>	<u>-</u>	<u>(292,234)</u>	<u>(2)</u>
	<u>566,204</u>	<u>8</u>	<u>513,766</u>	<u>6</u>	<u>970,597</u>	<u>5</u>	<u>(132,888)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	975,163	14	241,959	3	498,874	2	1,166,628	6
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(32,427)	-	(76,144)	(1)	(33,177)	-	(195,111)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 15)	44,913	1	37,955	1	77,237	-	56,171	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>6,038</u>	<u>-</u>	<u>15,763</u>	<u>-</u>	<u>1,252</u>	<u>-</u>	<u>41,060</u>	<u>-</u>
	<u>993,687</u>	<u>15</u>	<u>219,533</u>	<u>3</u>	<u>544,186</u>	<u>2</u>	<u>1,068,748</u>	<u>5</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,559,891</u>	<u>23</u>	<u>733,299</u>	<u>9</u>	<u>1,514,783</u>	<u>7</u>	<u>935,860</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 3,971,635</u>	<u>58</u>	<u>\$ 5,000,405</u>	<u>62</u>	<u>\$ 8,129,117</u>	<u>38</u>	<u>\$ 9,063,836</u>	<u>42</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 2,399,974	35	\$ 4,240,102	52	\$ 6,575,804	31	\$ 8,075,118	38
Non-controlling interests	<u>11,770</u>	<u>-</u>	<u>27,004</u>	<u>1</u>	<u>38,530</u>	<u>-</u>	<u>52,858</u>	<u>-</u>
	<u>\$ 2,411,744</u>	<u>35</u>	<u>\$ 4,267,106</u>	<u>53</u>	<u>\$ 6,614,334</u>	<u>31</u>	<u>\$ 8,127,976</u>	<u>38</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 3,949,909	58	\$ 4,993,141	62	\$ 8,095,403	38	\$ 9,047,004	42
Non-controlling interests	<u>21,726</u>	<u>-</u>	<u>7,264</u>	<u>-</u>	<u>33,714</u>	<u>-</u>	<u>16,832</u>	<u>-</u>
	<u>\$ 3,971,635</u>	<u>58</u>	<u>\$ 5,000,405</u>	<u>62</u>	<u>\$ 8,129,117</u>	<u>38</u>	<u>\$ 9,063,836</u>	<u>42</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 26)								
Basic	<u>\$ 2.10</u>		<u>\$ 3.72</u>		<u>\$ 5.76</u>		<u>\$ 7.08</u>	
Diluted	<u>\$ 2.08</u>		<u>\$ 3.68</u>		<u>\$ 5.70</u>		<u>\$ 7.01</u>	

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

(With Deloitte & Touche auditors' review report dated November 3, 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		Total	Non-controlling Interests	Total Equity
	Share Capital		Advance Recipes for Shares Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI				
	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	-	-	-	241,580	-	-	60	60	2,399	-	244,039	-	244,039
Other changes in capital surplus	-	-	-	7	-	-	-	-	-	-	7	-	7
Net income for the nine months ended September 30, 2022	-	-	-	-	-	-	8,075,118	8,075,118	-	-	8,075,118	52,858	8,127,976
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	1,246,615	(274,729)	971,886	(36,026)	935,860
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	8,075,118	8,075,118	1,246,615	(274,729)	9,047,004	16,832	9,063,836
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	-	-	-	(621)	-	(621)	-	(621)
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	-	594,732	594,732	-	(594,732)	-	-	-
Share-based payments	-	-	-	75,464	-	-	-	-	-	-	75,464	46	75,510
BALANCE AT SEPTEMBER 30, 2022	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ -</u>	<u>\$ 10,724,721</u>	<u>\$ 2,972,064</u>	<u>\$ 70,678</u>	<u>\$ 12,978,075</u>	<u>\$ 16,020,817</u>	<u>\$ (1,111,934)</u>	<u>\$ 3,846,113</u>	<u>\$ 40,883,764</u>	<u>\$ 547,597</u>	<u>\$ 41,431,361</u>
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	-	-	-	7,508	-	-	-	-	-	-	7,508	-	7,508
Other changes in capital surplus	-	-	-	14	-	-	-	-	-	-	14	-	14
Net income for the nine months ended September 30, 2023	-	-	-	-	-	-	6,575,804	6,575,804	-	-	6,575,804	38,530	6,614,334
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	592,255	927,344	1,519,599	(4,816)	1,514,783
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	6,575,804	6,575,804	592,255	927,344	8,095,403	33,714	8,129,117
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)	10,994	-
Share-based payments	-	-	-	61,587	-	-	-	-	-	-	61,587	15	61,602
Exercise of employee share options	-	-	51,794	-	-	-	-	-	-	-	51,794	-	51,794
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	-	198,071	198,071	-	(198,071)	-	-	-
BALANCE AT SEPTEMBER 30, 2023	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ 51,794</u>	<u>\$ 10,817,116</u>	<u>\$ 4,019,252</u>	<u>\$ 70,678</u>	<u>\$ 15,363,919</u>	<u>\$ 19,453,849</u>	<u>\$ (160,227)</u>	<u>\$ 5,193,900</u>	<u>\$ 46,760,479</u>	<u>\$ 620,939</u>	<u>\$ 47,381,418</u>

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

(With Deloitte & Touche auditors' review report dated November 3, 2023)

E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,200,463	\$ 9,902,278
Adjustments for		
Depreciation expenses	849,859	576,770
Amortization expenses	144,451	151,775
Expected credit loss recognized on investments in debt instruments	2,992	2,384
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(213,452)	335,705
Interest expenses	214,137	102,644
Interest income	(813,796)	(278,224)
Dividend income	(518,836)	(660,392)
Compensation costs of share-based payments	61,602	75,510
Share of loss of associates and joint ventures accounted for using the equity method	91,238	11,631
Net loss (gain) on disposal of property, plant and equipment	1,414	(21,873)
Net loss on disposal of intangible assets	189	83
Net loss on disposal of investments	-	1,778
Impairment loss reversed	(1,687)	(222)
Reversal of write-downs of inventories	(126,156)	(53,623)
Net unrealized gain on foreign currency exchange	(219,761)	(90,056)
Other revenue	(41,635)	(451,410)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,711	-
Contract assets	27,703	32,980
Accounts receivable	1,744,024	318,645
Other receivables	(25,506)	(866)
Inventories	1,856,457	(733,189)
Prepayments	121,083	(246,007)
Other current assets	1,608	(27)
Financial liabilities held for trading	(157,600)	(566,364)
Contract liabilities	291,462	(2,315,923)
Notes and accounts payable	728,899	(89,704)
Other payables	(196,772)	88,028
Other current liabilities	26,783	46,156
Net defined benefit liabilities	(101,026)	(2,685)
Cash generated from operations	11,952,848	6,135,802
Income tax paid	(2,318,192)	(1,055,866)
Net cash generated from operating activities	<u>9,634,656</u>	<u>5,079,936</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (2,887,646)	\$ (956,321)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,473,757	1,583,059
Capital reduction and withdrawal of shares of financial assets at fair value through other comprehensive income	5,217	-
Acquisition of financial assets at amortized cost	(16,892,594)	(10,330,453)
Proceeds from sale of financial assets at amortized cost	13,122,785	8,730,320
Acquisition of financial assets at fair value through profit or loss	(826,209)	(771,118)
Proceeds from sale of financial assets at fair value through profit or loss	658,018	723,211
Acquisition of property, plant and equipment	(1,919,491)	(1,435,839)
Proceeds from disposal of property, plant and equipment	17,225	27,918
Acquisition of other intangible assets	(11,453)	(25,966)
Decrease in other non-current assets	6,777	30,777
Interest received	737,068	210,382
Dividends received	<u>552,064</u>	<u>660,392</u>
Net cash used in investing activities	<u>(5,964,482)</u>	<u>(1,553,638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,002,074	2,089,094
Increase (decrease) in short-term bills payable	3,657,470	(3,270,076)
Increase (decrease) in long-term borrowings	(870,588)	2,981,276
Repayment of the principal portion of lease liabilities	(59,991)	(69,468)
Increase in other non-current liabilities	14,086	783
Cash dividends	(5,131,821)	(3,649,295)
Exercise of employee share options	51,794	-
Interest paid	(219,337)	(89,164)
Regain overdue dividends	<u>14</u>	<u>7</u>
Net cash used in financing activities	<u>(1,556,299)</u>	<u>(2,006,843)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(68,676)</u>	<u>61,993</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,045,199	\$ 1,581,448
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>\$ 10,880,265</u>	<u>\$ 10,332,683</u>

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

(With Deloitte & Touche auditors' review report dated November 3, 2023)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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. AUTHORIZATION OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements were approved by the Company’s board of directors on November 3, 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 Financial Supervisory Commission (FSC)

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

- b. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

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

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and 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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the 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 had the Group directly disposed of the related assets or liabilities.

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

d. Other material accounting policies

Except for the following, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 613	\$ 1,726	\$ 554
Checking accounts and demand deposits	5,442,330	3,893,674	3,465,838
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,617,097	3,962,169	6,149,014
Repurchase agreements collateralized by notes	<u>820,225</u>	<u>977,497</u>	<u>717,277</u>
	<u>\$ 10,880,265</u>	<u>\$ 8,835,066</u>	<u>\$ 10,332,683</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits	0.01%-5.31%	0.01%-2.75%	0.01%-1.25%
Time deposits	0.85%-6.15%	0.25%-5.50%	0.15%-4.18%
Repurchase agreements collateralized by notes	1.23%-5.35%	1.00%-3.80%	0.70%-2.95%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 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	\$ -	\$ 9,383	\$ -
Non-derivative financial assets			
Perpetual bonds	1,432,988	1,456,889	1,026,083
Mutual funds	343,834	-	-
Domestic investment-listed stocks	<u>-</u>	<u>7,685</u>	<u>-</u>
	<u>\$ 1,776,822</u>	<u>\$ 1,473,957</u>	<u>\$ 1,026,083</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 641,987	\$ 578,305	\$ 1,132,482
Perpetual bonds	1,690,272	1,545,952	1,540,985
Hybrid financial assets			
Convertible preferred shares	<u>130,474</u>	<u>77,142</u>	<u>68,503</u>
	<u>\$ 2,462,733</u>	<u>\$ 2,201,399</u>	<u>\$ 2,741,970</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>77,594</u>	\$ <u>52,405</u>	\$ <u>228,378</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2023</u>			
Sell	USD/KRW	2023.10-2024.05	USD75,000/KRW97,757,400
Sell	USD/NTD	2023.10	USD9,000/NTD281,106
Sell	USD/CNY	2024.02	USD9,000/CNY64,376
<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>September 30, 2022</u>			
Sell	USD/KRW	2023.01	USD50,000/KRW61,222,200

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 16,626,230	\$ 15,495,188	\$ 15,053,207
Investments in debt instruments at FVTOCI	<u>2,613,110</u>	<u>1,237,198</u>	<u>1,152,959</u>
	<u>\$ 19,239,340</u>	<u>\$ 16,732,386</u>	<u>\$ 16,206,166</u>

a. Investments in equity instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,137,379	\$ 9,513,791	\$ 10,196,173
Unlisted shares	<u>23,411</u>	<u>23,169</u>	<u>22,962</u>
	<u>10,160,790</u>	<u>9,536,960</u>	<u>10,219,135</u>
Foreign investments			
Listed shares	6,151,713	5,573,803	4,486,784
Unlisted shares	<u>313,727</u>	<u>384,425</u>	<u>347,288</u>
	<u>6,465,440</u>	<u>5,958,228</u>	<u>4,834,072</u>
	<u>\$ 16,626,230</u>	<u>\$ 15,495,188</u>	<u>\$ 15,053,207</u>

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

b. Investments in debt instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Foreign investments			
Straight corporate bonds			
3-year	\$ 278,097	\$ -	\$ -
4-year	554,462	-	-
5-year	63,513	59,770	62,026
10-year	479,610	465,579	406,043
10.5-year	264,649	261,691	264,161
11-year	249,194	245,068	246,239
			(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
30-year	\$ 263,323	\$ -	\$ -
34.75-year	<u>460,262</u>	<u>205,090</u>	<u>174,490</u>
	<u>\$ 2,613,110</u>	<u>\$ 1,237,198</u>	<u>\$ 1,152,959</u>
Coupon rates	3.10%-7.78%	3.10%-5.75%	3.10%-5.75%
Effective interest rates	2.00%-8.49%	2.00%-8.49%	2.00%-5.72%
			(Concluded)

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 7,286,212	\$ 1,886,753	\$ 1,345,574
Pledged time deposits (b)	<u>1,664,109</u>	<u>3,058,390</u>	<u>3,037,371</u>
	<u>\$ 8,950,321</u>	<u>\$ 4,945,143</u>	<u>\$ 4,382,945</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (c)	\$ 818,011	\$ 802,500	\$ 724,462
Pledged time deposits (b)	3,724	138,659	127,636
Foreign straight corporate bonds (d)	<u>595,980</u>	<u>613,509</u>	<u>562,941</u>
	<u>\$ 1,417,715</u>	<u>\$ 1,554,668</u>	<u>\$ 1,415,039</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months were 5.40%-6.44%, 3.10%-5.61% and 2.10%-3.74% per annum, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- b. The market rates for time deposits pledged as security were 0.55%-6.45%, 0.16%-5.56% and 0.16%-3.99% per annum, as of September 30, 2023, December 31, 2022 and September 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 were all 3.99% as of September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	\$ 3,089,940	\$ 4,560,871	\$ 3,160,476
Less: Loss allowance	<u>(25,932)</u>	<u>(25,534)</u>	<u>(25,071)</u>
	<u>3,064,008</u>	<u>4,535,337</u>	<u>3,135,405</u>
Accounts receivable - related parties (Note 31)	76,575	183,898	56,233
Less: Loss allowance	<u>(20,025)</u>	<u>(19,057)</u>	<u>(19,702)</u>
	<u>56,550</u>	<u>164,841</u>	<u>36,531</u>
	<u>\$ 3,120,558</u>	<u>\$ 4,700,178</u>	<u>\$ 3,171,936</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:

September 30, 2023

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 3,108,474	\$ 12,084	\$ 45,957	\$ 3,166,515
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(45,957)</u>	<u>(45,957)</u>
Amortized cost	<u>\$ 3,108,474</u>	<u>\$ 12,084</u>	<u>\$ -</u>	<u>\$ 3,120,558</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>

September 30, 2022

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

The movements of the loss allowance were as follows:

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 44,591	\$ 40,835
Effects of foreign currency exchange differences	<u>1,366</u>	<u>3,938</u>
Balance at September 30	<u>\$ 45,957</u>	<u>\$ 44,773</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Customer B	\$ 946,844	\$ 784,573	\$ 317,241
Customer A	559,913	851,574	43,522
Customer E	438,589	402,997	535,111
Customer D	102,463	582,603	268,924
Customer C	<u>9,328</u>	<u>726,951</u>	<u>1,089,408</u>
	<u>\$ 2,057,137</u>	<u>\$ 3,348,698</u>	<u>\$ 2,254,206</u>

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

September 30, 2023

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 2,829,215	\$ 10,369,140
Less: Allowance for impairment loss	<u>(4,404)</u>	<u>(1,104)</u>
Amortized cost	2,824,811	<u>\$10,368,036</u>
Adjustment to fair value	<u>(211,701)</u>	
	<u>\$ 2,613,110</u>	

December 31, 2022

	At FVTOCI	At Amortized Cost
Gross 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>	

September 30, 2022

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

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

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

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

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

September 30, 2023

Category	Expected Loss Rate	<u>Gross Carrying Amount</u>	
		At FVTOCI	At Amortized Cost
Performing	0.10%-0.30%	<u>\$ 2,829,215</u>	<u>\$ 10,369,140</u>

December 31, 2022

Category	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>

September 30, 2022

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

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

	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2023	\$ 1,720
New financial assets purchased	2,476
Change in exchange rates or others	<u>208</u>
Balance at September 30, 2023	\$ <u>4,404</u>
Balance at January 1, 2022	\$ -
New financial assets purchased	335
Change in exchange rates or others	<u>1,246</u>
Balance at September 30, 2022	\$ <u>1,581</u>

For the nine months ended September 30, 2022, the Group's investment in foreign corporate bonds at FVTOCI increased by \$1,348,151 and \$298,580 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$2,476 and \$335 thousand.

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

	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2023	\$ 796
Change in exchange rates or others	<u>308</u>
Balance at September 30, 2023	\$ <u>1,104</u>

(Continued)

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

For the nine months ended September 30, 2023 and 2022, the Group's investment in foreign corporate bonds at amortized cost increased by \$70,284 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$44 thousand.

12. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 316,465	\$ 1,070,016	\$ 1,256,122
Semi-finished goods	1,117,081	1,006,952	586,801
Work in progress	441,172	568,640	814,507
Raw materials	<u>909,061</u>	<u>1,759,291</u>	<u>2,415,189</u>
	<u>\$ 2,783,779</u>	<u>\$ 4,404,899</u>	<u>\$ 5,072,619</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 included reversal (write-downs) of inventory of \$(33,123) thousand, \$135,719 thousand, \$126,156 thousand and \$53,623 thousand, respectively.

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 \$367,945 thousand (CNY85,436 thousand) and deferred revenue of \$962,015 thousand (CNY220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$0 thousand, \$99,956 thousand (CNY22,080 thousand), \$40,571 thousand (CNY8,984 thousand) and \$451,410 thousand (CNY101,039 thousand) for the three months ended September 30, 2023 and 2022 and nine months ended September 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
			September 30, 2023	December 31, 2022	September 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	-	-	-	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	-	-	-	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.
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	Manufacture and sale of electronic ink	-	-	-	c.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	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	

- Transcend Optronics (Yangzhou) Co., Ltd. carried out a capitalization of retained earnings in the amount of US\$70,000 thousand as share capital in June 2022, November 2022 and May 2023.
- Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.
- 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.
- 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.
- In response to the restructuring of the group organization structure, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023.

Subsidiaries included in the consolidated financial statements for the nine months ended September 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 nine months ended September 30, 2022, were calculated based on the financial statements that have been reviewed.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Associates and joint ventures that are not individually material			
Investments in associates	\$ 1,282,403	\$ 1,339,067	\$ 1,248,834
Investments in joint ventures	<u>133,809</u>	<u>116,866</u>	<u>100,277</u>
	<u>\$ 1,416,212</u>	<u>\$ 1,455,933</u>	<u>\$ 1,349,111</u>

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Net loss for the period	\$ (29,980)	\$ (6,016)	\$ (91,238)	\$ (11,631)
Other comprehensive income	<u>44,913</u>	<u>37,955</u>	<u>77,237</u>	<u>56,171</u>
Total comprehensive income for the period	<u>\$ 14,933</u>	<u>\$ 31,939</u>	<u>\$ 14,001</u>	<u>\$ 44,540</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 September 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	-	22,053	107,979	8,617	1,345,164	1,483,813
Disposals	-	(5,159)	(3,521)	(8,548)	-	(17,228)
Reclassifications	-	26,356	627,174	186,079	(843,176)	(3,567)
Effects of foreign currency exchange differences	3,185	105,898	177,561	317,008	53,648	657,300
Balance at September 30, 2022	<u>\$ 24,841</u>	<u>\$ 3,635,268</u>	<u>\$ 7,287,712</u>	<u>\$ 5,140,763</u>	<u>\$ 1,832,211</u>	<u>\$ 17,920,795</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 1,932,641	\$ 5,429,862	\$ 3,163,327	\$ -	\$ 10,525,830
Depreciation expenses	-	108,688	193,284	204,002	-	505,974
Reversal of impairment losses	-	-	(222)	-	-	(222)
Disposals	-	(2,970)	(698)	(7,515)	-	(11,183)
Effects of foreign currency exchange differences	-	51,440	106,984	185,713	-	344,137
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 2,089,799</u>	<u>\$ 5,729,210</u>	<u>\$ 3,545,527</u>	<u>\$ -</u>	<u>\$ 11,364,536</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 21,656</u>	<u>\$ 1,553,479</u>	<u>\$ 948,657</u>	<u>\$ 1,474,280</u>	<u>\$ 1,276,575</u>	<u>\$ 5,274,647</u>
Carrying amount at September 30, 2022	<u>\$ 24,841</u>	<u>\$ 1,545,469</u>	<u>\$ 1,558,502</u>	<u>\$ 1,595,236</u>	<u>\$ 1,832,211</u>	<u>\$ 6,556,259</u>
<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	76,932	48,224	1,666,649	1,795,123
Disposals	-	(5,364)	(30,701)	(97,142)	(6,849)	(140,056)
Reclassifications	59,749	1,593,581	705,432	(1,396,960)	(1,015,932)	(54,130)
Effects of foreign currency exchange differences	23,817	167,392	96,026	49,538	32,830	369,603
Balance at September 30, 2023	<u>\$ 501,382</u>	<u>\$ 6,256,073</u>	<u>\$ 8,448,922</u>	<u>\$ 3,628,703</u>	<u>\$ 2,616,232</u>	<u>\$ 21,451,312</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	-	157,576	373,488	251,486	-	782,550
Disposals	-	(4,101)	(28,920)	(88,396)	-	(121,417)
Reclassifications	-	853,599	-	(853,599)	-	-
Reversal of impairment losses	-	-	(1,687)	-	-	(1,687)
Effects of foreign currency exchange differences	-	77,401	59,841	39,494	-	176,736
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 3,346,729</u>	<u>\$ 6,188,629</u>	<u>\$ 2,748,306</u>	<u>\$ -</u>	<u>\$ 12,283,664</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 September 30, 2023	<u>\$ 501,382</u>	<u>\$ 2,909,344</u>	<u>\$ 2,260,293</u>	<u>\$ 880,397</u>	<u>\$ 2,616,232</u>	<u>\$ 9,167,648</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Capitalized interest	\$ <u>6,569</u>	\$ <u>3,741</u>	\$ <u>18,709</u>	\$ <u>7,313</u>
Capitalization rate intervals	1.53%-1.71%	1.07%-1.48%	1.47%-1.80%	0.64%-1.48%

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

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022	
<u>Carrying amounts</u>				
Land	\$ 848,379	\$ 881,236	\$ 1,024,928	
Buildings	223,741	133,504	946,222	
Other equipment	<u>3,141</u>	<u>2,150</u>	<u>2,692</u>	
	\$ <u>1,075,261</u>	\$ <u>1,016,890</u>	\$ <u>1,973,842</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			\$ <u>121,376</u>	\$ <u>255,271</u>
Depreciation of right-of-use assets				
Land	\$ 12,138	\$ 8,883	\$ 36,375	\$ 23,458
Buildings	10,626	15,196	29,203	45,380
Other equipment	<u>573</u>	<u>652</u>	<u>1,731</u>	<u>1,958</u>
	\$ <u>23,337</u>	\$ <u>24,731</u>	\$ <u>67,309</u>	\$ <u>70,796</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Current (included in other current liabilities)	\$ 77,363	\$ 56,772	\$ 79,046
Non-current	<u>\$ 1,040,179</u>	<u>\$ 994,736</u>	<u>\$ 1,946,845</u>

Discount rate intervals for lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	0.58%-4.92%	0.56-4.92%	0.56%-4.92%
Buildings	1.50%-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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 15,202	\$ 9,261	\$ 25,615	\$ 27,091
Expenses relating to low-value asset leases	\$ 109	\$ 114	\$ 326	\$ 361
Total cash outflow for leases			<u>\$ 104,204</u>	<u>\$ 128,346</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	-	24,840	1,126	25,966
Amortization expenses	-	(95,248)	(56,527)	(151,775)
Disposals	-	(83)	-	(83)
Reclassifications	-	-	13,294	13,294
Effects of foreign currency exchange differences	<u>820,213</u>	<u>40,088</u>	<u>773</u>	<u>861,074</u>
Balance at September 30, 2022	<u>\$ 7,351,640</u>	<u>\$ 520,570</u>	<u>\$ 90,944</u>	<u>\$ 7,963,154</u>
Balance at January 1, 2023	\$ 7,135,786	\$ 488,421	\$ 88,725	\$ 7,712,932
Additions	-	9,245	2,208	11,453
Amortization expenses	-	(99,441)	(45,010)	(144,451)
Disposals	-	(189)	-	(189)
Reclassifications	-	40,206	13,748	53,954
Effects of foreign currency exchange differences	<u>323,755</u>	<u>11,775</u>	<u>1,306</u>	<u>336,836</u>
Balance at September 30, 2023	<u>\$ 7,459,541</u>	<u>\$ 450,017</u>	<u>\$ 60,977</u>	<u>\$ 7,970,535</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:

	For the Year Ended December 31	
	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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings	\$ 3,970,000	\$ 1,730,000	\$ 3,530,000
Secured borrowings (Note 32)	<u>1,614,926</u>	<u>2,622,270</u>	<u>2,568,149</u>
	<u>\$ 5,584,926</u>	<u>\$ 4,352,270</u>	<u>\$ 6,098,149</u>
Foreign currency included USD (in thousands)	<u>\$ 50,044</u>	<u>\$ 73,342</u>	<u>\$ 69,233</u>
Interest rate intervals	1.62%-6.05%	0.82%-5.50%	0.82%-3.26%

b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 4,315,000	\$ 655,000	\$ 1,375,000
Less: Discounts on bills payable	<u>(2,998)</u>	<u>(468)</u>	<u>(530)</u>
	<u>\$ 4,312,002</u>	<u>\$ 654,532</u>	<u>\$ 1,374,470</u>
Interest rate intervals	1.35%-1.63%	1.32%-1.63%	0.94%-1.35%

c. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Syndicated loans	\$ 3,393,064	\$ 4,741,228	\$ 3,390,616
Unsecured borrowings	1,337,576	1,010,000	438,000
Less: Listed as current portion	<u>-</u>	<u>(150,000)</u>	<u>-</u>
	<u>\$ 4,730,640</u>	<u>\$ 5,601,228</u>	<u>\$ 3,828,616</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. The duration period is within 5 years from the first drawdown date (August 2021). As of September 30, 2023, and December 31, 2022, and September 30, 2022, the drawdowns were as follows:

	Currency (In Thousands)	September 30, 2023	December 31, 2022	September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries or bonuses	\$ 2,172,102	\$ 2,224,821	\$ 1,342,781
Payables for construction and equipment	287,566	404,653	260,718
Payables for professional service fees	125,131	99,232	100,977
Payables for utilities	20,974	26,038	39,792
Payables for labors and health insurances	17,185	29,222	28,273
Payables for pensions	18,838	17,989	16,994
Others	<u>429,124</u>	<u>532,818</u>	<u>355,926</u>
	<u>\$ 3,070,920</u>	<u>\$ 3,334,773</u>	<u>\$ 2,145,461</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 Hydis Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$1,365 thousand, \$1,574 thousand, \$4,126 thousand and \$3,495 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 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

	September 30, 2023	December 31, 2022	September 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>

On September 30, 2023, the Group's employees exercised their rights under the ESOP to purchase 699 thousand of the Company's ordinary shares at a conversion price of \$74.14, generating total proceeds of \$51,794 thousand. The effective date for this transaction is set on November 17, 2023. It is recorded as advance receipts for shares.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 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)	256,601	249,093	251,073
Unclaimed dividends extinguished by prescription	95	81	81
<u>May not be used for any purpose</u>			
Employee share options	<u>186,370</u>	<u>124,783</u>	<u>99,517</u>
	<u>\$ 10,817,116</u>	<u>\$ 10,748,007</u>	<u>\$ 10,724,721</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:

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

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 Nine Months Ended September 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 Nine Months Ended September 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	515,018	1,190,444
Share of associates and joint ventures accounted for using the equity method	77,237	56,171
Disposal of subsidiaries	-	(621)
Reclassification adjustments		
Changes in associates accounted for using the equity method	<u>-</u>	<u>2,399</u>
Balance at September 30	<u>\$ (160,227)</u>	<u>\$ (1,111,934)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 4,464,627	\$ 4,715,574
Recognized during the period		
Unrealized gain (loss)		
Equity instruments	957,739	(127,456)
Debt instruments	(30,395)	(147,273)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(198,071)</u>	<u>(594,732)</u>
Balance at September 30	<u>\$ 5,193,900</u>	<u>\$ 3,846,113</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 576,216	\$ 530,719
Share of profit for the period	38,530	52,858
Other comprehensive income (loss) during the period		
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	12,858	(5,432)
Debt instruments	(1,530)	(6,778)
Exchange differences on translating the financial statements of foreign operations	(16,144)	(23,816)
Actual acquisition of partial interest in subsidiaries	10,994	-
Share-based payment	<u>15</u>	<u>46</u>
Balance at September 30	<u>\$ 620,939</u>	<u>\$ 547,597</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 from 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from sale of goods				
Internet of Things applications	\$ 3,227,353	\$ 5,641,171	\$ 11,780,342	\$ 12,635,694
Consumer electronics	3,579,597	2,456,775	9,438,551	8,874,182
Others	<u>14,279</u>	<u>5,934</u>	<u>68,138</u>	<u>7,287</u>
	<u>\$ 6,821,229</u>	<u>\$ 8,103,880</u>	<u>\$ 21,287,031</u>	<u>\$ 21,517,163</u>
Royalty income	<u>\$ 79,740</u>	<u>\$ 223,315</u>	<u>\$ 459,420</u>	<u>\$ 1,149,510</u>

b. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 3,120,558</u>	<u>\$ 4,700,178</u>	<u>\$ 3,171,936</u>	<u>\$ 3,247,721</u>
Contract assets - current				
Royalty	<u>\$ -</u>	<u>\$ 27,566</u>	<u>\$ 2,557</u>	<u>\$ 35,045</u>
Contract liabilities - current				
Sale of goods	\$ 594,836	\$ 121,207	\$ 634,998	\$ 2,548,518
Royalty	<u>142,386</u>	<u>316,235</u>	<u>436,430</u>	<u>710,595</u>
	<u>\$ 737,222</u>	<u>\$ 437,442</u>	<u>\$ 1,071,428</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 Nine Months Ended September 30	
	2023	2022
Revenue from sale of goods	\$ 121,208	\$ 577,877
Royalty income	<u>297,813</u>	<u>707,917</u>
	<u>\$ 419,021</u>	<u>\$ 1,285,794</u>

24. NET INCOME

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 96,259	\$ 35,082	\$ 286,506	\$ 70,851
Financial assets at amortized cost	136,620	31,953	314,051	74,672
Financial assets at FVTPL	55,863	46,304	158,146	116,692
Others	<u>28,191</u>	<u>5,239</u>	<u>55,093</u>	<u>16,009</u>
	<u>\$ 316,933</u>	<u>\$ 118,578</u>	<u>\$ 813,796</u>	<u>\$ 278,224</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 1,493	\$ 2,962	\$ 5,124	\$ 10,133
Gain (loss) on disposal of property, plant and equipment	-	(720)	-	21,873
Government grants	1,063	99,956	41,634	451,410
Others	<u>11,668</u>	<u>23,566</u>	<u>40,910</u>	<u>63,632</u>
	<u>\$ 14,224</u>	<u>\$ 125,764</u>	<u>\$ 87,668</u>	<u>\$ 547,048</u>

c. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 279,325	\$ 182,282	\$ 782,550	\$ 505,974
Other intangible assets	47,480	50,631	144,451	151,775
Right-of-use assets	<u>23,337</u>	<u>24,731</u>	<u>67,309</u>	<u>70,796</u>
	<u>\$ 350,142</u>	<u>\$ 257,644</u>	<u>\$ 994,310</u>	<u>\$ 728,545</u>
An analysis of depreciation by function				
Operating costs	\$ 162,173	\$ 80,536	\$ 447,917	\$ 216,166
Operating expenses	<u>140,489</u>	<u>126,477</u>	<u>401,942</u>	<u>360,604</u>
	<u>\$ 302,662</u>	<u>\$ 207,013</u>	<u>\$ 849,859</u>	<u>\$ 576,770</u>
An analysis of amortization by function				
Operating costs	\$ 1,735	\$ 1,260	\$ 5,003	\$ 3,557
Operating expenses	<u>45,745</u>	<u>49,371</u>	<u>139,448</u>	<u>148,218</u>
	<u>\$ 47,480</u>	<u>\$ 50,631</u>	<u>\$ 144,451</u>	<u>\$ 151,775</u>

d. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits (Note 21)				
Defined contribution plans	\$ 32,566	\$ 27,237	\$ 99,406	\$ 78,527
Defined benefit plans	<u>1,365</u>	<u>1,574</u>	<u>4,126</u>	<u>3,495</u>
	33,931	28,811	103,532	82,022
Share-based payments				
Equity-settled	21,176	33,349	61,602	75,510
Other employee benefits	<u>1,525,481</u>	<u>1,409,829</u>	<u>4,550,552</u>	<u>3,897,579</u>
Total employee benefits expense	<u>\$ 1,580,588</u>	<u>\$ 1,471,989</u>	<u>\$ 4,715,686</u>	<u>\$ 4,055,111</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 434,893	\$ 470,983	\$ 1,311,339	\$ 1,342,076
Operating expenses	<u>1,145,695</u>	<u>1,001,006</u>	<u>3,404,347</u>	<u>2,713,035</u>
	<u>\$ 1,580,588</u>	<u>\$ 1,471,989</u>	<u>\$ 4,715,686</u>	<u>\$ 4,055,111</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 September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 27,500</u>	<u>\$ 46,630</u>	<u>\$ 82,500</u>	<u>\$ 90,130</u>
Remuneration of directors	<u>\$ 11,000</u>	<u>\$ 6,655</u>	<u>\$ 33,000</u>	<u>\$ 19,964</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 589,375	\$ 686,134	\$ 1,294,537	\$ 1,725,303
Income tax on unappropriated earnings	-	-	126,797	56,130
Adjustments for the prior years	<u>15,889</u>	<u>(5,429)</u>	<u>97,891</u>	<u>(31,113)</u>
	<u>605,264</u>	<u>680,705</u>	<u>1,519,225</u>	<u>1,750,320</u>
Deferred tax				
In respect of the current period	(18,586)	52,659	74,780	25,614
Adjustments for the prior years	<u>-</u>	<u>876</u>	<u>(7,876)</u>	<u>(1,632)</u>
	<u>(18,586)</u>	<u>53,535</u>	<u>66,904</u>	<u>23,982</u>
Income tax expense recognized in profit or loss	<u>\$ 586,678</u>	<u>\$ 734,240</u>	<u>\$ 1,586,129</u>	<u>\$ 1,774,302</u>

- b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ (13,945)</u>	<u>\$ (562)</u>	<u>\$ 10,687</u>	<u>\$ 27,872</u>
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ 13,945</u>	<u>\$ 562</u>	<u>\$ (10,687)</u>	<u>\$ (27,872)</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 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	\$ 133,572	\$ 77,765	\$ 144,235	\$ 292,234
Debt instruments	<u>(6,038)</u>	<u>(15,763)</u>	<u>(1,252)</u>	<u>(41,060)</u>
	<u>\$ 127,534</u>	<u>\$ 62,002</u>	<u>\$ 142,983</u>	<u>\$ 251,174</u>

d. Income tax assessments

Income tax assessments of the Group were as follows:

<u>Company</u>	<u>Latest Assessment Year</u>
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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share (\$)	<u>\$ 2.10</u>	<u>\$ 3.72</u>	<u>\$ 5.76</u>	<u>\$ 7.08</u>
Diluted earnings per share (\$)	<u>\$ 2.08</u>	<u>\$ 3.68</u>	<u>\$ 5.70</u>	<u>\$ 7.01</u>

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

Net Income for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net income for the period attributable to owners of the Company	<u>\$ 2,399,974</u>	<u>\$ 4,240,102</u>	<u>\$ 6,575,804</u>	<u>\$ 8,075,118</u>

Number of Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,597	1,140,405	1,140,469	1,140,405
Effect of potentially dilutive ordinary shares (in thousands)				
Employees' compensation	446	425	553	529
Share-based payment arrangements	<u>12,533</u>	<u>11,922</u>	<u>12,224</u>	<u>11,312</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,153,576</u>	<u>1,152,752</u>	<u>1,153,246</u>	<u>1,152,246</u>

The Group may settle compensation paid to employees in cash or shares, the Group assumes 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 Nine Months Ended September 30			
	2023		2022	
Employee Share Options	Unit	Weighted Average Exercise Price (\$)	Unit	Weighted Average Exercise Price (\$)
Balance at January 1	19,525	\$69.0-\$77.2	19,895	\$69.0-\$77.2
Options granted	(699)	\$74.14	-	
Options forfeited	<u>(270)</u>		<u>(177)</u>	
Balance at September 30	<u>18,556</u>		<u>19,718</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
Exercise price (NT\$)	\$77.2	\$69
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 years	2-4 years
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

The Company has an exercise price adjustment formula upon the changes in ordinary shares, and the exercise price per share was adjusted from \$77.2 to \$74.14 and from \$69 to \$66.26, effective from July 6, 2023, which serves as the ex-dividend date.

Compensation costs recognized were \$21,176 thousand, \$33,349 thousand, \$61,602 thousand and \$75,510 thousand for three months ended September 30, 2023 and 2022 and for nine months ended September 30, 2023 and 2022, respectively.

28. NON-CASH TRANSACTIONS

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

	For the Nine Months Ended September 30	
	2023	2022
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 1,795,123	\$ 1,483,813
Decrease (Increase) in payables for construction and equipment (included in other payables)	<u>124,368</u>	<u>(47,974)</u>
Net cash paid	<u>\$ 1,919,491</u>	<u>\$ 1,435,839</u>

29. CAPITAL MANAGEMENT

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

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

30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ -	\$ -	\$ -
Non-derivative financial assets				
Mutual funds	675,888	-	309,933	985,821
Perpetual bonds	-	3,123,260	-	3,123,260
Hybrid financial assets				
Convertible preferred shares	-	-	130,474	130,474
	<u>\$ 675,888</u>	<u>\$ 3,123,260</u>	<u>\$ 440,407</u>	<u>\$ 4,239,555</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 16,289,092	\$ -	\$ -	\$ 16,289,092
Domestic and overseas unlisted shares	-	-	337,138	337,138
Investment in debt instruments				
Overseas straight corporate bonds	-	2,613,110	-	2,613,110
	<u>\$ 16,289,092</u>	<u>\$ 2,613,110</u>	<u>\$ 337,138</u>	<u>\$ 19,239,340</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 77,594	\$ -	\$ 77,594 (Concluded)

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>

Financial assets at FVTOCI

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>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 52,405	\$ -	\$ 52,405

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 336,005	\$ -	\$ 796,427	\$ 1,132,482
Perpetual bonds	-	2,567,068	-	2,567,068
Hybrid financial assets				
Convertible preferred shares	-	-	68,503	68,503
	<u>\$ 336,005</u>	<u>\$ 2,567,068</u>	<u>\$ 864,930</u>	<u>\$ 3,768,053</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 14,682,957	\$ -	\$ -	\$ 14,682,957
Domestic and overseas unlisted shares	-	-	370,250	370,250
Investment in debt instruments				
Overseas straight corporate bonds	-	1,152,959	-	1,152,959
	<u>\$ 14,682,957</u>	<u>\$ 1,152,959</u>	<u>\$ 370,250</u>	<u>\$ 16,206,166</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 228,378	\$ -	\$ 228,378

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

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 736,214	\$ 986,537
Recognized in profit or loss	68,471	71,574
Recognized in other comprehensive income (loss) (recognized in unrealized gain (loss) on financial assets at FVTOCI)	(77,886)	100,712
Purchased	121,976	-
Reclassifications (Note 1)	95,490	320,095
Disposal	(171,566)	-
Transfers out (Note 2)	-	(250,850)
Effects of foreign currency exchange differences	<u>4,846</u>	<u>7,112</u>
Balance at September 30	<u>\$ 777,545</u>	<u>\$ 1,235,180</u>

Note 1: In November 2021, June 2022, and December 2022, the Group invested in real estate income trust capital offshore access fund SPC issued by Blackstone and Millennium and made prepayment for investments. The actual investments were completed in January 2022, September 2022, and February 2023 and were reclassified as financial assets at fair value through profit or loss.

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

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

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

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 10%-20%, 14%-20% and 14%-20% as of September 30, 2023, December 31, 2022 and September 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 \$3,609 thousand, \$4,543 thousand and \$4,132 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 61.60%, 62.76% and 70.33% as of September 30, 2023, December 31, 2022 and September 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL	\$ 4,239,555	\$ 3,675,356	\$ 3,768,053
Amortized cost (Note 1)	24,897,587	20,298,425	19,528,650
FVTOCI			
Equity instruments	16,626,230	15,495,188	15,053,207
Debt instruments	2,613,110	1,237,198	1,152,959
<u>Financial liabilities</u>			
FVTPL	77,594	52,405	228,378
Amortized cost (Note 2)	20,506,295	16,084,857	16,703,433

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:

	<u>NTD to USD</u>		<u>CNY to USD</u>		<u>KRW to USD</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit or loss	\$ (37,399)	\$ 5,108	\$ (59,662)	\$ (766)	\$ (14,904)	\$ (23,881)

b) Interest rate risk

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Fair value interest rate risk			
Financial assets	\$ 15,805,358	\$ 11,439,477	\$ 12,664,275
Financial liabilities	\$ 14,627,568	\$ 10,758,030	\$ 11,301,235
Lease liabilities	\$ 1,117,542	\$ 1,051,508	\$ 2,025,891
Cash flow interest rate risk			
Financial assets	\$ 5,442,330	\$ 3,893,674	\$ 3,465,838

Sensitivity analysis

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

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the nine months ended September 30, 2023 and 2022, would increase by \$20,409 thousand and \$12,997 thousand, respectively, which were attributable to the Group's floating rate on its financial assets, and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

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

Sensitivity analysis

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

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$211,978 thousand and \$188,403 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$961,967 thousand and \$810,308 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's unutilized short-term bank borrowing facilities were \$21,685,752 thousand, \$13,311,670 thousand and \$11,890,981 thousand, respectively.

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

September 30, 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	\$ 9,160	\$ 18,320	\$ 80,121	\$ 364,905	\$ 961,801
Fixed interest rate liabilities	<u>7,565,094</u>	<u>1,976,685</u>	<u>417,427</u>	<u>4,777,217</u>	<u>-</u>
	<u>\$ 7,574,254</u>	<u>\$ 1,995,005</u>	<u>\$ 497,548</u>	<u>\$ 5,142,122</u>	<u>\$ 961,801</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>\$ 107,601</u>	<u>\$ 364,905</u>	<u>\$ 264,863</u>	<u>\$ 232,226</u>	<u>\$ 219,090</u>	<u>\$ 245,622</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>

September 30, 2022

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

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

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

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
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
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
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
SHEN'S ART PRINTING CO., LTD.	Substantive related party

(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ <u>16,304</u>	\$ <u>22,231</u>	\$ <u>33,953</u>	\$ <u>34,589</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ 271,006	\$ 240,895	\$ 993,414	\$ 435,932
Subsidiary of investor with significant influence over the Group	3,434	5,414	9,591	17,095
Substantive related party	<u>78</u>	<u>652</u>	<u>602</u>	<u>1,235</u>
	<u>\$ 274,518</u>	<u>\$ 246,961</u>	<u>\$1,003,607</u>	<u>\$ 454,262</u>

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

d. Manufacturing costs

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Substantive related party	\$ 12,034	\$ 17,457	\$ 35,088	\$ 54,340
Subsidiary of investor with significant influence over the Group	3,956	-	10,298	-
Others	<u>2</u>	<u>17</u>	<u>2</u>	<u>19</u>
	<u>\$ 15,992</u>	<u>\$ 17,474</u>	<u>\$ 45,388</u>	<u>\$ 54,359</u>

e. Operating expenses

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Substantive related party	\$ 10,093	\$ 10,431	\$ 27,644	\$ 26,079
Associate	1,717	2,237	10,253	23,258
Subsidiary of investor with significant influence over the Group	<u>1,319</u>	<u>1,252</u>	<u>3,729</u>	<u>3,724</u>
	<u>\$ 13,129</u>	<u>\$ 13,920</u>	<u>\$ 41,626</u>	<u>\$ 53,061</u>

f. Non-operating income - other income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate				
Nuclera Corporation	\$ 5,845	\$ 5,993	\$ 17,670	\$ 18,882
Others	1,802	1,534	6,202	4,713
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>
	<u>\$ 7,647</u>	<u>\$ 7,527</u>	<u>\$ 23,872</u>	<u>\$ 23,648</u>

g. Non-operating income - interest income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ 521	\$ 54	\$ 1,606	\$ 20,044
Others	<u>23</u>	<u>-</u>	<u>68</u>	<u>-</u>
	<u>\$ 544</u>	<u>\$ 54</u>	<u>\$ 1,674</u>	<u>\$ 20,044</u>

h. Receivables from related parties

Line Items	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Associate	\$ 68,839	\$ 176,481	\$ 48,622
	Less: Loss allowance	<u>(20,025)</u>	<u>(19,057)</u>	<u>(19,702)</u>
		48,814	157,424	28,920
	Subsidiary of investor with significant influence over the Group	7,736	7,362	7,611
	Substantive related party	<u>-</u>	<u>55</u>	<u>-</u>
		<u>\$ 56,550</u>	<u>\$ 164,841</u>	<u>\$ 36,531</u>
Other receivables	Associate	\$ 11,295	\$ 10,749	\$ 11,113
	Less: Loss allowance	<u>(9,769)</u>	<u>(9,769)</u>	<u>(9,769)</u>
	Effects of foreign currency exchange differences	<u>(1,526)</u>	<u>(980)</u>	<u>(1,344)</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivables from related parties were unsecured.

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

Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Associate	\$ 35,447	\$ 35,873	\$ 22,998
Subsidiary of investor with significant influence over the Group	35,934	24,560	16,925
Substantive related party	<u>8,558</u>	<u>8,565</u>	<u>14,819</u>
	<u>\$ 79,939</u>	<u>\$ 68,998</u>	<u>\$ 54,742</u>

The outstanding accounts payables to related parties were unsecured.

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

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Substantive related party			
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 50,699	\$ 49,737	\$ 50,444
Others	2,421	-	4,888
Subsidiary of investor with significant influence over the Group	5,947	5,787	6,164
Associate	<u>37</u>	<u>-</u>	<u>5,941</u>
	<u>\$ 59,104</u>	<u>\$ 55,524</u>	<u>\$ 67,437</u>

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

Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of investor with significant influence over the Group	\$ <u>28,364</u>	\$ <u>8,218</u>	\$ <u>3,582</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 amounts were as follows:

Related Party Category/Name	For the Nine Months Ended September 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>252,607</u>		
Line Item	September 30, 2023	December 31, 2022	September 30, 2022	
Right-of-use assets	\$ <u>239,119</u>	\$ <u>248,296</u>	\$ <u>252,056</u>	
Lease liabilities				
Current (recognized in other current liabilities)	\$ 6,015	\$ 3,582	\$ 4,038	
Non-current	<u>242,723</u>	<u>247,320</u>	<u>248,254</u>	
	<u>\$ 248,738</u>	<u>\$ 250,902</u>	<u>\$ 252,292</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
Line Item	2023	2022	2023	2022
Interest expenses	\$ <u>3,037</u>	\$ <u>1,559</u>	\$ <u>9,181</u>	\$ <u>1,567</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 (included in other non-current liabilities)

Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Associate	\$ 968	\$ 894	\$ 879
Associate Substantive related party	3	3	3
Key management personnel	<u>-</u>	<u>-</u>	<u>1,050</u>
	<u>\$ 971</u>	<u>\$ 897</u>	<u>\$ 1,932</u>

n. Acquisition of financial assets

For the nine months ended September 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 43,908	\$ 34,451	\$ 129,431	\$ 103,427
Post-employment benefits	459	400	1,265	1,177
Share-based payments	<u>4,020</u>	<u>6,841</u>	<u>10,331</u>	<u>14,422</u>
	<u>\$ 48,387</u>	<u>\$ 41,692</u>	<u>\$ 141,027</u>	<u>\$ 119,026</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 (recognized 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 1,664,109	\$ 3,058,390	\$ 3,037,371
Non-current	<u>3,724</u>	<u>138,659</u>	<u>127,636</u>
	<u>\$ 1,667,833</u>	<u>\$ 3,197,049</u>	<u>\$ 3,165,007</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- Unused letters of credit of the Group for purchase of machinery amounted to \$218,903 thousand, \$360,600 thousand and \$90,769 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$17,130,000 thousand, \$13,820,000 thousand and \$12,920,000 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- Guaranteed notes issued for syndicated loans were all \$6,800,000 thousand as of September 30, 2023, December 31, 2022 and September 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 September 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, the total amount of the construction is estimated at \$2.643 billion. As of September 30, 2023, the progress of implementation was approximately 48%.
- 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-Technological Development Area Zone's Management Committee in June 2021. Transcend Optronics (Yangzhou) Co., Ltd. planned to invest in the construction of factories on 420 acres of land in the area to develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount will not exceed US\$61,000 thousand. As of September 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. Further, on November 3, 2023, the Company resolved the project to construct a new production line and factory facilities, and the total amount of the overall construction and equipment is expected at NT\$4.095 billion. As of September 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:

September 30, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 327,164	32.27 (USD:NTD)	\$ 10,557,582
USD	350,895	7.1798 (USD: CNY)	11,323,382
USD	46,185	1,342.905 (USD:KRW)	1,490,390
Non-monetary items			
FVTPL			
USD	96,785	1,342.905 (USD:KRW)	3,123,260
FVTOCI			
USD	59,246	1,342.905 (USD:KRW)	1,911,877
EUR	106,720	33.91 (EUR:NTD)	3,618,873

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 211,271	32.27 (USD:NTD)	\$ 6,817,715
USD	166,011	7.1798 (USD:CNY)	5,357,175 (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

September 30, 2022

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

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 281,933	31.75 (USD:NTD)	\$ 8,951,373
USD	252,818	7.10 (USD:CNY)	8,026,972 (Concluded)

The Group's net realized and unrealized gains on foreign currency exchange were \$301,747 thousand, \$673,807 thousand, \$669,328 thousand and \$1,113,686 thousand, for the three months ended September 30, 2023 and 2022 and for the nine months ended September 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 (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

- c. Information on investments in mainland China (Table 8)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of funds.
 - f) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

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 Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
ROC	\$ 16,970,286	\$ 18,481,346	\$ 3,113,805	\$ 5,279,558
Asia	13,233,042	14,870,046	2,234,560	1,677,656
America	5,044,701	3,039,841	913,523	56,361
Adjustments and eliminations	(13,960,998)	(14,874,070)	-	-
	\$ 21,287,031	\$ 21,517,163	6,261,888	7,013,575
Administration costs and remunerations to directors			(488,442)	(393,600)
Interest income			813,796	278,224
Royalty income			459,420	1,149,510
Dividend income			518,836	660,392
Interest expenses			(214,137)	(102,644)
Net gain on foreign currency exchange			669,328	1,113,686
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL			213,452	(335,705)
Other non-operating income and expenses, net			(33,678)	518,840
Income before tax			\$ 8,200,463	\$ 9,902,278

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, interest expenses, 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 NINE MONTHS ENDED SEPTEMBER 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	\$ -	-	\$ -	\$ 4,676,048	\$ 18,704,191
1	E Ink Technology (originally named PVI Global B.V.)	YuanHan Materials Inc.	Other receivables	Yes	645,400 (US\$ 20,000 thousand)	645,400 (US\$ 20,000 thousand)	645,400 (US\$ 20,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,550,313 (US\$ 110,019 thousand)	14,201,253 (US\$ 440,076 thousand)
		E Ink Netherlands B.V. (originally named Dream Pacific International Limited)	Other receivables	Yes	38,724 (US\$ 1,200 thousand)	38,724 (US\$ 1,200 thousand)	38,724 (US\$ 1,200 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,550,313 (US\$ 110,019 thousand)	14,201,253 (US\$ 440,076 thousand)
2	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	161,350 (US\$ 5,000 thousand)	-	-	2.0	Short-term financing	-	Working capital	-	-	-	179,021	716,085
		Prime View Communications Ltd.	Other receivables	Yes	129,080 (US\$ 4,000 thousand)	129,080 (US\$ 4,000 thousand)	129,080 (US\$ 4,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	179,021	716,085

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32.27 on September 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 11,690,120	\$ 1,064,910 (US\$ 33,000 thousand)	\$ 1,064,910 (US\$ 33,000 thousand)	\$ -	\$ -	2.28	\$ 46,760,479	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	11,690,120	1,850,000	600,000	-	-	1.28	46,760,479	Yes	No	No
		Linfiny Corporation	Subsidiary	11,690,120	250,000	250,000	85,000	-	0.53	46,760,479	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	11,690,120	200,000	200,000	-	-	0.43	46,760,479	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=\$32.27 on September 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

SEPTEMBER 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	September 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	129,616,218	\$ 2,255,322	1.05	\$ 2,255,322	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	254,346	0.47	254,346	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	12,970	0.13	12,970	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	16,745	0.01	16,745	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,461,908	319,014	0.06	319,014	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	5,031,386	167,294	0.07	167,294	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI	3,855,000	64,186	3.93	64,186	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	5,936,000	253,170	2.84	253,170	
	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	286,110	0.03	286,110	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	141,240	0.01	141,240	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	116,714	0.02	116,714	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.41	-	
	<u>Mutual funds</u>							
Yuanta Daily Taiwan 50 Bear -1X ETF	-	Financial assets at FVTPL - current	30,000,000	147,900	-	147,900		
Yuanta Japan Leaders Equity Fund-TWD(A)	-	Financial assets at FVTPL - non-current	10,193,680	99,592	-	99,592		
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	30,382,959	528,664	0.25	528,664	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	2,085,000	88,925	1.00	88,925	
	SES-imagotag	-	Financial assets at FVTOCI	60,000	224,620	0.38	224,620	
	PRICER AB	-	Financial assets at FVTOCI	824,824	19,551	0.50	19,551	
	<u>Mutual funds</u>							
	Yuanta Daily Taiwan 50 Bear -1X ETF	-	Financial assets at FVTPL - current	15,500,000	76,415	-	76,415	
<u>Straight corporate bonds</u>								
HSBC Holdings plc	-	Financial assets at FVTOCI	4,710,000	155,053	-	155,053		
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	233,009,777	4,054,370	1.88	4,054,370	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	521	-	521	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	404,561	6.07	404,561	
	SES-imagotag	-	Financial assets at FVTOCI	906,666	3,394,253	5.68	3,394,253	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	968,906	268,387	0.80	268,387	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	11,851	10.93	11,851	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	11,560	6.46	11,560	
Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	4,804,380	181,125	0.03	181,125		
Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	3,431	-	3,431		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Daxin Materials Corp.	-	Financial assets at FVTOCI	1,138,000	\$ 121,766	1.11	\$ 121,766	
	Zenitron Corporation	-	Financial assets at FVTOCI	4,249,000	133,631	1.87	133,631	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,596,602	136,671	13.89	136,671	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,249,000	41,529	0.02	41,529	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	27	-	27	
	<u>Preferred shares</u> Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	286,661	0.03	286,661	
	<u>Convertible preferred shares</u> SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	130,474	1.60	130,474	
	<u>Mutual funds</u> Blackstone REITS	-	Financial assets at FVTPL - non-current	289	12,762	-	12,762	
	Millennium	-	Financial assets at FVTPL - non-current	4,721,397	177,651	-	177,651	
	<u>Straight corporate bonds</u> FS KKR Capital Corp.	-	Financial assets at FVTOCI	2,000,000	63,513	-	63,513	
	Nomura Holdings Inc.	-	Financial assets at FVTOCI	1,950,000	52,268	-	52,268	
	Swiss Re Group	-	Financial assets at FVTOCI	9,950,000	308,596	-	308,596	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u> Dke Co., Ltd.	-	Financial assets at FVTOCI	1,255,500	CNY 19,805 thousand	2.73	CNY 19,805 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	CNY 49,997 thousand	0.76	CNY 49,997 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u> SOLUM CO., LTD.	-	Financial assets at FVTOCI	675,628	KRW 20,809,342 thousand	1.38	KRW 20,809,342 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	1,109,472	KRW 47,097,086 thousand	0.39	KRW 47,097,086 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	255,618	KRW 22,059,833 thousand	0.22	KRW 22,059,833 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 6,882,977 thousand	0.15	KRW 6,882,977 thousand	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI	275,805	KRW 8,398,262 thousand	0.26	KRW 8,398,262 thousand	
	<u>Mutual funds</u> Money Market Trust (Dansuk)	-	Financial assets at FVTPL - current	-	KRW 5,005,040 thousand	-	KRW 5,005,040 thousand	
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 14,739,710 thousand	-	KRW 14,739,710 thousand	
	<u>Perpetual bonds</u> JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 40,071,032 thousand	-	KRW 40,071,032 thousand	
	CITI	-	Financial assets at FVTPL - current	14,810,000	KRW 19,937,321 thousand	-	KRW 19,937,321 thousand	
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	18,700,000	KRW 23,576,025 thousand	-	KRW 23,576,025 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 47,206,488 thousand	-	KRW 47,206,488 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Straight corporate bonds</u> NOMURA Holdings, Inc.	-	Financial assets at FVTOCI	16,000,000	KRW 17,895,523 thousand	-	KRW 17,895,523 thousand	
	Barclays PLC	-	Financial assets at FVTOCI	16,990,000	KRW 22,060,492 thousand	-	KRW 22,060,492 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	17,300,000	KRW 22,728,236 thousand	-	KRW 22,728,236 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	4,900,000	KRW 6,351,230 thousand	-	KRW 6,351,230 thousand	
	Swiss Re Generale	-	Financial assets at FVTOC	8,900,000	KRW 11,027,033 thousand	-	KRW 11,027,033 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost	2,200,000	KRW 21,960,516 thousand	-	KRW 21,960,516 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost	300,000	KRW 2,997,000 thousand	-	KRW 2,997,000 thousand	
Dream Universe Ltd.	<u>Straight corporate bonds</u> HSBC Holdings plc	-	Financial assets at FVTOCI	3,700,000	US\$ 3,775 thousand	-	US\$ 3,775 thousand	

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

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
Hydis Technologies Co., Ltd.	Ordinary shares Hana Financial Group Inc.	Financial assets at FVTOCI - non-current	-	-	455,121	KRW 19,137,838 thousand	758,351	KRW 29,975,686 thousand	104,000	KRW 5,448,000 thousand	KRW 4,566,089 thousand	KRW 881,911 thousand	KRW 2,549,651 thousand	1,109,472	KRW 47,097,086 thousand

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

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 2,838,123	34	By agreements	\$ -	-	\$ (1,262,670)	(31)	
	YuanHan Materials Inc.	Subsidiary	Sale	(166,576)	(1)	By agreements	-	-	22,373	1	
	YuanHan Materials Inc.	Subsidiary	Purchase	424,211	5	By agreements	-	-	(91,909)	(2)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,112,134	13	By agreements	-	-	(2,631,142)	(64)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(517,663)	(3)	By agreements	-	-	177,656	7	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	878,772	11	By agreements	-	-	(6,909)	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(424,211)	(47)	By agreements	-	-	91,909	95	
	E Ink Holdings Inc.	Parent company	Purchase	166,576	29	By agreements	-	-	(22,373)	(99)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,112,134)	(61)	By agreements	-	-	2,631,142	100	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	517,663	100	By agreements	-	-	(177,656)	(100)	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(2,838,123)	(99)	By agreements	-	-	1,262,670	100	
	E Ink California, LLC	Subsidiary	Purchase	369,248	16	By agreements	-	-	-	-	(Note 3)
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(369,248)	(100)	By agreements	-	-	-	-	(Note 3)

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

Note 2: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd. in order to follow enhancement of company organizational operations.

Note 3: In response to the restructuring of the group organization structure, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 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	\$ 677,502	(Note 2)	\$ -	-	\$ 9,272	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	2,358,372	(Note 1)	67,137	Collected	1,199,171	-
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	177,656	1.89	61,166	Collected	61,166	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	2,631,142	(Note 1)	127,662	Collected	548,756	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	1,262,670	3.73	1,003,684	In the process of collection	419,670	-

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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note	
				September 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	\$ 35,503,125	\$ 3,682,720	\$ 3,682,720	(Note 1)	
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	177,217,132	100.00	1,790,214	74,219	74,219	(Note 1)	
	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	8,449,600	288,381	295,243	(Note 1)	
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	427,200	14,237	14,237	(Note 1)	
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(102,061)	(28,615)	(28,615)	(Note 1)	
	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	339,828	23.00	(15,765)	(40,075)	(3,204)	(Note 1)	
	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	16,894	695	695	(Note 1)	
	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	138,330	15,983	4,180		
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	1,137,686	77.00	(21,516)	(40,075)	(30,858)	(Note 1)	
	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	- 269,613	- (537,745)	- (35,745)	- (35,745)	
	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	47,455	15,983	1,434		
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	24,215	932	932	(Note 1)	
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 2)	
	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\$ 25,627 thousand	US\$ (17,387) thousand	US\$ (2,443) 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\$ 304,062 thousand	US\$ 61,531 thousand	US\$ 61,531 thousand	(Note 1)	
	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\$ 720,598 thousand	US\$ 54,173 thousand	US\$ 54,173 thousand	(Note 1)	
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 34,388 thousand	US\$ 2,660 thousand	US\$ 2,660 thousand	(Note 1)	
	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\$ 345,881 thousand	US\$ 26,772 thousand	US\$ 25,361 thousand	(Note 1)	
	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\$ 375,257 thousand	US\$ 28,691 thousand	US\$ 28,691 thousand	(Note 1)	
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 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: In response to the restructuring of the group organization structure, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023. Refer to Note 14.

TABLE 8

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,722,211 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,802,858 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,802,858 (US\$ 117,845 thousand)	\$ 1,868,144 (US\$ 60,403 thousand)	100.00	\$ 1,903,000 (US\$ 61,530 thousand)	\$ 9,805,014 (US\$ 303,843 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	968,100 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	968,100 (US\$ 30,000 thousand)	-	-	968,100 (US\$ 30,000 thousand)	82,268 (US\$ 2,660 thousand)	100.00	82,268 (US\$ 2,660 thousand)	1,109,668 (US\$ 34,387 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,191,763 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	28,083 (US\$ 908 thousand)	100.00	28,083 (US\$ 908 thousand)	920,663 (US\$ 28,530 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	44,855 (US\$ 1,390 thousand)	-	-	44,855 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	161,350 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	56,473 (US\$ 1,750 thousand)	-	-	56,473 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	179,782 (CNY 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	29,630 (CNY 3,543 thousand)	49.00	14,519 (CNY 3,267 thousand)	133,809 (CNY 29,771 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 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
\$ 4,872,286 (US\$ 150,985 thousand)	\$ 11,750,636 (US\$ 364,135 thousand)	\$ 33,159,733

(Continued)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32.27 and CNY1=NT\$4.49455 on September 30, 2023.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$30.928 and CNY1=NT\$4.4384 for the nine months ended September 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 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 1,262,670	By agreements	1.7
		E Ink Corporation	Subsidiary	Cost of goods sold	2,838,123	By agreements	13.3
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	655,129	By agreements	0.9
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,358,372	By agreements	3.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	2,631,142	By agreements	3.6
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,112,134	By agreements	5.2
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing costs	527,493	By agreements	2.5
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sales	517,663	By agreements	2.4
1	YuanHan Materials Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Same ultimate parent company	Other payables from related parties	666,988	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.

E INK HOLDINGS INC. AND SUBSIDIARIES**INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 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 trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.