

E Ink Holdings Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

E INK HOLDINGS INC.

By

JOHNSON, LEE
Chairman

February 21, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying consolidated financial statements of E Ink Holdings Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

**Authenticity of Sales Revenue - Recognition of Sales Revenue from
Internet of Things Applications Products**

The Group mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Group's sales revenue is affected by changes in market demand, with the risk of occurrence in sales revenue transactions of high gross profit Internet of Things applications. Rapid changes in terminal market demand result in significant fluctuations in the revenue of Internet of Things applications products. This is of significant importance for the overall financial statements. Therefore, the authenticity of such sales revenue was identified as a key audit matter.

Our key audit procedures performed with respect to the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.
2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declarations of overseas sales, and confirmed the receipt of payments.

Other Matter

We have also audited only the financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated
Financial Statements**

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2025

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 13,206,169	14	\$ 9,687,937	13
Financial assets at fair value through profit or loss (Note 7)	2,874,845	3	1,888,265	3
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	1,346,073	1	267,502	-
Financial assets at amortized cost (Notes 9, 11 and 32)	7,016,883	8	8,266,473	11
Contract assets (Note 23)	5,056	-	15,883	-
Accounts receivable (Notes 10, 23 and 31)	4,757,678	5	2,717,486	4
Other receivables (Note 31)	510,468	1	469,887	1
Inventories (Note 12)	3,521,775	4	2,851,650	4
Prepayments (Note 31)	635,352	1	335,578	-
Other current assets (Note 25)	29,244	-	15,029	-
Total current assets	33,903,543	37	26,515,690	36
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Notes 7 and 31)	3,630,058	4	2,749,468	4
Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31)	30,258,211	33	22,601,622	30
Financial assets at amortized cost (Notes 9, 11 and 32)	747,204	1	2,175,413	3
Investments accounted for using the equity method (Note 15)	356,072	1	1,307,285	2
Property, plant and equipment (Notes 16, 28 and 31)	11,176,505	12	9,149,833	12
Right-of-use assets (Notes 17 and 31)	988,579	1	1,049,987	1
Goodwill (Note 18)	7,566,421	8	7,134,748	9
Other intangible assets (Note 18)	418,573	1	472,709	1
Deferred tax assets (Note 25)	1,981,099	2	1,203,325	2
Other non-current assets (Note 31)	125,479	-	96,153	-
Total non-current assets	57,248,201	63	47,940,543	64
TOTAL	\$ 91,151,744	100	\$ 74,456,233	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 19 and 32)	\$ 7,270,000	8	\$ 4,350,437	6
Short-term bills payable (Note 19)	4,298,558	5	4,965,853	7
Financial liabilities at fair value through profit or loss (Note 7)	457,611	-	622	-
Contract liabilities (Note 23)	513,901	1	630,179	1
Notes and accounts payable (Note 31)	3,501,424	4	2,544,280	3
Other payables (Notes 20, 28 and 31)	3,616,616	4	2,753,862	4
Current tax liabilities (Note 25)	2,241,382	2	1,385,091	2
Long-term borrowings - current portion (Note 19)	494,386	1	-	-
Other current liabilities (Notes 17 and 31)	464,528	-	403,519	-
Total current liabilities	22,858,406	25	17,033,843	23
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 19)	7,727,004	9	5,621,615	7
Deferred tax liabilities (Note 25)	1,822,108	2	1,178,834	2
Lease liabilities (Notes 17 and 31)	955,725	1	1,013,776	1
Net defined benefit liabilities (Note 21)	29,374	-	30,431	-
Other non-current liabilities (Note 31)	17,296	-	29,262	-
Total non-current liabilities	10,551,507	12	7,873,918	10
Total liabilities	33,409,913	37	24,907,761	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)				
Share capital	11,459,163	12	11,411,033	15
Advance receipts for share capital	152,064	-	87,141	-
Capital surplus	10,970,780	12	10,878,525	15
Retained earnings	24,736,387	27	20,696,630	28
Other equity	9,734,096	11	5,834,492	8
Total equity attributable to owners of the Company	57,052,490	62	48,907,821	66
NON-CONTROLLING INTERESTS (Note 22)	689,341	1	640,651	1
Total equity	57,741,831	63	49,548,472	67
TOTAL	\$ 91,151,744	100	\$ 74,456,233	100

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

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 32,163,133	100	\$ 27,119,755	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>16,198,461</u>	<u>50</u>	<u>12,663,275</u>	<u>47</u>
GROSS PROFIT	<u>15,964,672</u>	<u>50</u>	<u>14,456,480</u>	<u>53</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	942,641	3	886,538	3
General and administrative expenses	3,052,322	9	2,637,617	10
Research and development expenses	<u>4,350,925</u>	<u>14</u>	<u>3,646,848</u>	<u>13</u>
Total operating expenses	<u>8,345,888</u>	<u>26</u>	<u>7,171,003</u>	<u>26</u>
INCOME FROM OPERATIONS	<u>7,618,784</u>	<u>24</u>	<u>7,285,477</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES				
Share of loss of associates (Note 15)	(39,332)	-	(140,802)	(1)
Interest income (Notes 24 and 31)	1,507,196	5	1,127,327	4
Royalty income (Notes 4 and 23)	494,292	1	538,923	2
Dividend income	684,359	2	535,274	2
Other income (Notes 13, 24 and 31)	114,394	-	136,653	1
Net gain (loss) on disposal of property, plant and equipment (Note 31)	2,588	-	(10,172)	-
Net gain on foreign currency exchange (Note 34)	1,168,200	4	127,398	-
Interest expenses (Notes 16 and 31)	(344,410)	(1)	(278,508)	(1)
Other expenses	(55,542)	-	(46,194)	-
Net loss on disposal of investments (Note 15)	(116,025)	-	-	-
Net (loss) gain on fair value change of financial assets and liabilities at fair value through profit or loss	<u>(155,565)</u>	<u>(1)</u>	<u>548,932</u>	<u>2</u>
Total non-operating income and expenses	<u>3,260,155</u>	<u>10</u>	<u>2,538,831</u>	<u>9</u>
INCOME BEFORE INCOME TAX	10,878,939	34	9,824,308	36
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(1,956,476)</u>	<u>(6)</u>	<u>(1,958,082)</u>	<u>(7)</u>
NET INCOME FOR THE YEAR	<u>8,922,463</u>	<u>28</u>	<u>7,866,226</u>	<u>29</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	\$ (670)	-	\$ (17,639)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	4,147,667	13	3,095,738	11
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(589,366)</u>	<u>(2)</u>	<u>(390,049)</u>	<u>(1)</u>
	<u>3,557,631</u>	<u>11</u>	<u>2,688,050</u>	<u>10</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	659,517	2	(471,441)	(2)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(84,944)	-	112,678	1
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 15)	37,359	-	20,174	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>(4,134)</u>	<u>-</u>	<u>(23,258)</u>	<u>-</u>
	<u>607,798</u>	<u>2</u>	<u>(361,847)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>4,165,429</u>	<u>13</u>	<u>2,326,203</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 13,087,892</u>	<u>41</u>	<u>\$ 10,192,429</u>	<u>38</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,867,482	28	\$ 7,814,326	29
Non-controlling interests	<u>54,981</u>	<u>-</u>	<u>51,900</u>	<u>-</u>
	<u>\$ 8,922,463</u>	<u>28</u>	<u>\$ 7,866,226</u>	<u>29</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,039,202	41	\$ 10,139,003	38
Non-controlling interests	<u>48,690</u>	<u>-</u>	<u>53,426</u>	<u>-</u>
	<u>\$ 13,087,892</u>	<u>41</u>	<u>\$ 10,192,429</u>	<u>38</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 7.75</u>		<u>\$ 6.85</u>	
Diluted	<u>\$ 7.67</u>		<u>\$ 6.78</u>	

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

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								Other Equity				
	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Advance Receipts for Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2023	1,140,405	\$ 11,404,047	\$ -	\$ 10,748,007	\$ 2,972,064	\$ 70,678	\$ 14,780,047	\$ 17,822,789	\$ (752,482)	\$ 4,464,627	\$ 43,686,988	\$ 576,216	\$ 44,263,204
Appropriation of 2022 earnings													
Legal reserve	-	-	-	-	1,047,188	-	(1,047,188)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(5,131,821)	(5,131,821)	-	-	(5,131,821)	-	(5,131,821)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	5,208	-	-	-	-	-	-	5,208	-	5,208
Other changes in capital surplus	-	-	-	14	-	-	-	-	-	-	14	-	14
Net income for the year ended December 31, 2023	-	-	-	-	-	-	7,814,326	7,814,326	-	-	7,814,326	51,900	7,866,226
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(14,420)	(14,420)	(437,005)	2,776,102	2,324,677	1,526	2,326,203
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	7,799,906	7,799,906	(437,005)	2,776,102	10,139,003	53,426	10,192,429
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)	10,994	-
Share-based payments	-	-	-	80,488	-	-	-	-	-	-	80,488	15	80,503
Exercise of employee share options	698	6,986	87,141	44,808	-	-	-	-	-	-	138,935	-	138,935
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	216,750	216,750	-	(216,750)	-	-	-
BALANCE AT DECEMBER 31, 2023	1,141,103	11,411,033	87,141	10,878,525	4,019,252	70,678	16,606,700	20,696,630	(1,189,487)	7,023,979	48,907,821	640,651	49,548,472
Appropriation of 2023 earnings													
Legal reserve	-	-	-	-	800,566	-	(800,566)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(5,140,772)	(5,140,772)	-	-	(5,140,772)	-	(5,140,772)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	12,850	-	-	-	-	-	-	12,850	-	12,850
Other changes in capital surplus	-	-	-	34	-	-	-	-	-	-	34	-	34
Net income for the year ended December 31, 2024	-	-	-	-	-	-	8,867,482	8,867,482	-	-	8,867,482	54,981	8,922,463
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	(1,335)	(1,335)	735,626	3,437,429	4,171,720	(6,291)	4,165,429
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	8,866,147	8,866,147	735,626	3,437,429	13,039,202	48,690	13,087,892
Disposal of investments accounted for using equity method	-	-	-	(256,797)	-	-	-	-	40,931	-	(215,866)	-	(215,866)
Share-based payments	-	-	-	59,577	-	-	-	-	-	-	59,577	-	59,577
Exercise of employee share options	4,813	48,130	64,923	276,591	-	-	-	-	-	-	389,644	-	389,644
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	314,382	314,382	-	(314,382)	-	-	-
BALANCE AT DECEMBER 31, 2024	<u>1,145,916</u>	<u>\$ 11,459,163</u>	<u>\$ 152,064</u>	<u>\$ 10,970,780</u>	<u>\$ 4,819,818</u>	<u>\$ 70,678</u>	<u>\$ 19,845,891</u>	<u>\$ 24,736,387</u>	<u>\$ (412,930)</u>	<u>\$ 10,147,026</u>	<u>\$ 57,052,490</u>	<u>\$ 689,341</u>	<u>\$ 57,741,831</u>

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

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 10,878,939	\$ 9,824,308
Adjustments for		
Depreciation expenses	1,366,087	1,197,308
Amortization expenses	112,029	183,468
Expected credit loss recognized on accounts receivable	1,318	3,482
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	155,565	(548,932)
Interest expenses	344,410	278,508
Interest income	(1,507,196)	(1,127,327)
Dividend income	(684,359)	(535,274)
Compensation costs of share-based payments	59,577	80,503
Share of loss of associates and joint ventures accounted for using the equity method	39,332	140,802
Net (gain) loss on disposal of property, plant and equipment	(2,588)	10,172
Net loss on disposal of intangible assets	289	272
Net loss on disposal of investments	116,025	-
Reversal of impairment loss	-	(108)
(Reversal of) write-downs of inventories	90,352	(128,868)
Net unrealized (gain) loss on foreign currency exchange	(568,634)	71,514
Gain on lease modification	-	(1)
Other revenue	(1,457)	(41,999)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	11,541
Contract assets	10,133	11,580
Accounts receivable	(1,817,479)	1,962,764
Other receivables	(44,573)	23,044
Inventories	(607,762)	1,674,507
Prepayments	(303,566)	151,993
Other current assets	(11,129)	2,300
Financial liabilities held for trading	(46,657)	(197,499)
Contract liabilities	(125,793)	191,360
Notes and accounts payable	715,382	619,682
Other payables	674,737	(449,631)
Other current liabilities	49,101	(24,161)
Net defined benefit liabilities	(4,861)	(93,755)
Cash generated from operations	8,887,222	13,291,553
Income tax paid	(1,781,066)	(2,665,119)
Net cash generated from operating activities	7,106,156	10,626,434
		(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (5,557,467)	\$ (4,653,187)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,586,151	1,583,377
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	(21,208,923)	(21,320,420)
Proceeds from disposal of financial assets at amortized cost	24,344,300	17,159,264
Acquisition of financial assets at fair value through profit or loss	(3,116,218)	(1,144,518)
Proceeds from sale of financial assets at fair value through profit or loss	1,331,571	876,177
Acquisition of property, plant and equipment	(2,885,629)	(2,442,789)
Proceeds from disposal of property, plant and equipment	34,246	9,171
Acquisition of other intangible assets	(22,928)	(16,792)
(Increase) decrease in other non-current assets	(19,884)	2,029
Interest received	1,567,978	1,043,933
Dividends received	<u>686,357</u>	<u>568,502</u>
Net cash used in investing activities	<u>(3,260,446)</u>	<u>(8,330,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	2,890,414	(188,042)
Increase (decrease) in short-term bills payable	(667,295)	4,311,321
Increase in long-term borrowings	2,599,775	20,387
Repayment of the principal portion of lease liabilities	(82,097)	(85,590)
Increase (decrease) in other non-current liabilities	(12,185)	16,193
Cash dividends	(5,140,772)	(5,131,821)
Proceeds from treasury shares transferred to employees	389,644	138,935
Interest paid	(331,251)	(285,966)
Regain overdue dividends	<u>34</u>	<u>14</u>
Net cash used in financing activities	<u>(353,733)</u>	<u>(1,204,569)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>26,255</u>	<u>(238,958)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,518,232	852,871
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,687,937</u>	<u>8,835,066</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,206,169</u>	<u>\$ 9,687,937</u>

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

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (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 February 21, 2025.

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, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the 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 IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts that Referencing Nature-dependent Electricity	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the application of the above amended 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for 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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

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

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests.

On a disposal of the Company's entire interest in a foreign operation or a disposal involving loss of significant influence over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to the goodwill and other assets that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associates and joint ventures, profits and losses resulting from the transactions with the associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associates and the joint ventures that are not related to the Group.

Profits and losses resulting from the downstream transactions with the associates involving assets that constitutes a business are recognized in full in the Group's consolidated financial statement.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent years.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;

- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

1. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount

and fair value less cost to sell. Recognition of depreciation of those assets would cease.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes, with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income (loss) and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Group always recognizes lifetime Expected Credit Loss (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that a financial asset is in default (without taking into account any collateral held by the Group) when internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method. Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading and are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

o. Provisions

Provisions (included in other current liabilities) are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

p. Revenue recognition

The Group identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Group can remain functional without any updates or technical support and the Group is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Group recognizes revenue at the point in time at which the license of patented technology transfers. If the Group is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Group recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Group does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Group fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing income

The Group enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

q. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not accounted for as separate leases, the modification that reduces the scope of the leases are remeasured to reflect the reduction in the right-of-use assets, and the difference due to partial or full termination of the leases are recognized as gain or loss. For other modifications to the lease liabilities, adjustments to the right-of-use assets are required. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

u. Share-based payment arrangements

The fair value at the grant date of share-based payments and employee share options are expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments and employee share options that are expected to vest and employee share options. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations on the cash flow projections, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 1,296	\$ 666
Checking accounts and demand deposits	6,227,034	4,583,142
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	5,644,289	2,165,925
Repurchase agreements collateralized by notes	<u>1,333,550</u>	<u>2,938,204</u>
	<u>\$ 13,206,169</u>	<u>\$ 9,687,937</u>

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

	December 31	
	2024	2023
Demand deposits	0.01%-4.32%	0.01%-5.39%
Time deposits	1.55%-5.45%	1.80%-5.90%
Repurchase agreements collateralized by notes	1.45%-4.73%	1.25%-5.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 30,771
Non-derivative financial assets		
Perpetual corporate bond	2,874,845	1,379,114
Foreign investment - listed stocks	-	478,380
	<u>\$ 2,874,845</u>	<u>\$ 1,888,265</u>
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 1,547,429	\$ 621,295
Foreign investment - listed stocks	1,154,780	30,839
Straight corporate bonds	305,646	283,891
Perpetual bonds	226,617	1,660,549
Foreign investment - unlisted stocks	224,629	-
Hybrid financial assets		
Convertible preferred shares	170,957	152,894
	<u>\$ 3,630,058</u>	<u>\$ 2,749,468</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 457,611</u>	<u>\$ 622</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2024</u>			
Sell	USD/KRW	2025.02-2025.09	USD105,000/KRW142,449,150
Sell	USD/TWD	2025.01-2025.07	USD146,000/TWD4,549,758
<u>December 31, 2023</u>			
Sell	USD/KRW	2024.02-2024.05	USD40,000/KRW52,662,850
Sell	USD/RMB	2024.02	USD9,000/RMB64,376

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

	<u>December 31</u>	
	2024	2023
<u>Current</u>		
Investments in debt instruments at FVTOCI	\$ 1,346,073	\$ 267,502
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 25,514,449	\$ 19,754,781
Investments in debt instruments at FVTOCI	4,743,762	2,846,841
	<u>\$ 30,258,211</u>	<u>\$ 22,601,622</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 14,781,809	\$ 11,242,056
Unlisted shares	52,386	24,952
	<u>14,834,195</u>	<u>11,267,008</u>
Foreign investments		
Listed shares	9,412,654	8,140,839
Unlisted shares	1,267,600	346,934
	<u>10,680,254</u>	<u>8,487,773</u>
	<u>\$ 25,514,449</u>	<u>\$ 19,754,781</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

	December 31	
	2024	2023
<u>Current</u>		
Foreign investments		
Straight corporate bonds		
3-year	\$ -	\$ 267,502
4-year	568,762	-
7-year	289,052	-
34.75-year	<u>488,259</u>	<u>-</u>
	<u>\$ 1,346,073</u>	<u>\$ 267,502</u>
Coupon rates	5.75%-7.34%	7.78%
Effective interest rates	5.70%-6.48%	5.21%-5.25%
<u>Non-current</u>		
Foreign investments		
Straight corporate bonds		
4-year	\$ -	\$ 539,128
5-year	291,633	334,280
6-year	773,424	185,948
10-year	952,794	490,446
10.5-year	286,991	260,280
11-year	671,621	294,137
30-year	961,547	292,008
31-year	279,783	-
34.75-year	-	450,614
40-year	262,240	-
60-year	<u>263,729</u>	<u>-</u>
	<u>\$ 4,743,762</u>	<u>\$ 2,846,841</u>
Coupon rates	3.10%-8.11%	3.10%-8.10%
Effective interest rates	2.00%-7.82%	2.00%-8.49%

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

	December 31	
	2024	2023
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 6,820,645	\$ 7,548,013
Pledged time deposits (b)	38,136	718,460
Foreign straight corporate bonds (d)	<u>158,102</u>	<u>-</u>
	<u>\$ 7,016,883</u>	<u>\$ 8,266,473</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year (c)	\$ 327,843	\$ 1,574,150
Pledged time deposits (b)	12,830	3,546
Foreign straight corporate bonds (d)	<u>406,531</u>	<u>597,717</u>
	<u>\$ 747,204</u>	<u>\$ 2,175,413</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 1.65%-6.00% and 2.80%-6.44% per annum, as of December 31, 2024 and 2023, respectively.
- b. The market rate intervals for time deposits pledged as security were 0.67% -1.69% and 0.01%-5.90% per annum, as of December 31, 2024 and 2023, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. The market rate intervals for time deposits with original maturities of more than 1 year were 5.74% and 3.99%-5.85% per annum, as of December 31, 2024 and 2023, respectively.
- d. The Group bought 10-year foreign corporate bonds in March 2022 with a coupon rate and an effective rate were 4.10%-4.90% as of December 31, 2024 and 2023.
- 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

	December 31	
	2024	2023
Accounts receivable	\$ 4,759,228	\$ 2,678,381
Less: Loss allowance	<u>(11,727)</u>	<u>(12,038)</u>
	<u>4,747,501</u>	<u>2,666,343</u>
Accounts receivable from related parties (Note 31)	30,522	70,197
Less: Loss allowance	<u>(20,345)</u>	<u>(19,054)</u>
	<u>10,177</u>	<u>51,143</u>
	<u>\$ 4,757,678</u>	<u>\$ 2,717,486</u>

The Group recognizes impairment loss when there is actual credit loss from an individual client. In addition, the Group recognizes impairment loss 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 in which the debtor operates and past due status.

The following table details the loss allowance for accounts receivables.

December 31, 2024

	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	\$ 4,755,371	\$ 2,055	\$ 32,324	\$ 4,789,750
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(32,072)</u>	<u>(32,072)</u>
Amortized cost	<u>\$ 4,755,371</u>	<u>\$ 2,055</u>	<u>\$ 252</u>	<u>\$ 4,757,678</u>

December 31, 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	\$ 2,691,433	\$ 26,069	\$ 31,076	\$ 2,748,578
Less: Loss allowance	<u>-</u>	<u>(16)</u>	<u>(31,076)</u>	<u>(31,092)</u>
Amortized cost	<u>\$ 2,691,433</u>	<u>\$ 26,053</u>	<u>\$ -</u>	<u>\$ 2,717,486</u>

The movements of the loss allowance were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 31,092	\$ 44,591
Net remeasurement of loss allowance	(16)	16
Amounts written off	-	(13,417)
Effects of foreign currency exchange differences	<u>996</u>	<u>(98)</u>
Balance at December 31	<u>\$ 32,072</u>	<u>\$ 31,092</u>

Accounts receivable of the Group were mainly concentrated in customers A, B, E and I. The accounts receivable from the foregoing customers, as of December 31, 2024 and 2023, respectively, were as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Customer B	\$ 1,000,725	\$ 829,318
Customer A	955,319	482,894
Customer I	849,746	45,364
Customer E	367,239	322,244

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:

December 31, 2024

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 6,246,965	\$ 7,765,063
Less: Allowance for impairment loss	<u>(6,340)</u>	<u>(976)</u>
Amortized cost	6,240,625	<u>\$ 7,764,087</u>
Adjustment to fair value	<u>(150,790)</u>	
	<u>\$ 6,089,835</u>	

December 31, 2023

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 3,185,069	\$ 10,442,988
Less: Allowance for impairment loss	<u>(4,880)</u>	<u>(1,102)</u>
Amortized cost	3,180,189	<u>\$ 10,441,886</u>
Adjustment to fair value	<u>(65,846)</u>	
	<u>\$ 3,114,343</u>	

The Group only invests in debt instruments that meet or exceed the investment-grade standard and have low credit risk for impairment assessment, as provided by independent rating agencies. The Group continuously monitors external rating information to supervise changes in the credit risk of the invested debt instruments. Additionally, the Group reviews other information, such as the bond yield curve and significant news about the debtor, to evaluate whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investment. This evaluation is critical to ensuring the Group's investments remain viable and profitable.

The Group considers historical default rates associated with each rating provided by external rating agencies, the current financial condition of debtors, and the future outlook of the industry when measuring the expected credit loss for debt instrument investments over the next 12 months or the expected credit loss over the investment's remaining period.

The Group's current credit risk grading mechanism is as follows:

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

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

December 31, 2024

Credit Rating	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.06%-0.27%	<u>\$ 6,246,965</u>	<u>\$ 7,765,063</u>

December 31, 2023

Credit Rating	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.1%-0.3%	<u>\$ 3,185,069</u>	<u>\$ 10,442,988</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, 2024	\$ 4,880
New financial assets purchased	2,747
Change in exchange rates or others	<u>(1,287)</u>
Balance at December 31, 2024	<u>\$ 6,340</u>
Balance at January 1, 2023	\$ 1,720
New financial assets purchased	2,952
Change in exchange rates or others	<u>208</u>
Balance at December 31, 2023	<u>\$ 4,880</u>

For the years ended December 31, 2024 and 2023, the Group's investment in foreign corporate bonds at FVTOCI increased by \$3,153,674 thousand and \$1,855,019 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$2,747 thousand and \$2,952 thousand.

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

	<u>Credit Rating</u> <u>Performing (12-</u> <u>month ECLs)</u>
Balance at January 1, 2024	\$ 1,102
Change in exchange rates or others	<u>(126)</u>
Balance at December 31, 2024	<u>\$ 976</u>
Balance at January 1, 2023	\$ 796
Change in exchange rates or others	<u>306</u>
Balance at December 31, 2023	<u>\$ 1,102</u>

12. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Finished goods	\$ 954,717	\$ 518,336
Semi-finished goods	1,327,233	1,255,704
Work in progress	207,361	120,607
Raw materials	<u>1,032,464</u>	<u>957,003</u>
	<u>\$ 3,521,775</u>	<u>\$ 2,851,650</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 included reversals (write-downs) of inventory of \$(90,352) thousand and \$128,868 thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

13. NON-CURRENT ASSETS HELD FOR SALE

In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT\$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT\$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$40,571 thousand (RMB8,984 thousand) for the year ended December 31, 2023 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
			December 31		
			2024	2023	
E Ink Holdings Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Investment	100.00	100.00	-
	YuanHan Materials Inc.	Manufacture and sale of chemical materials and optical films	100.00	100.00	-
	New Field e-Paper Co., Ltd.	Investment	100.00	100.00	-
	Dream Universe Ltd.	Trading	100.00	100.00	-
	Prime View Communications Ltd.	Trading	100.00	100.00	-
	Linfiny Corporation	Research, development and sale of electronic paper products	23.00	23.00	b.
	E Ink Japan Inc.	Development of electronic paper products	100.00	100.00	-
YuanHan Materials Inc.	Linfiny Corporation	Research, development and sale of electronic paper products	77.00	77.00	b.
Linfiny Corporation	Linfiny Japan Inc.	Research, development and sale of electronic paper products	100.00	100.00	-
E Ink Corporation	E Ink California, LLC	Research of electronic ink	-	-	c.
E Ink Technology B.V. (originally named PVI Global B.V.)	PVI International Corp.	Trading	100.00	100.00	-
	Ruby Lustre Ltd.	Investment	100.00	100.00	-
	E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Investment	100.00	100.00	-
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	-
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Research, assembly and sale of display panels	100.00	100.00	a.
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	d.
E Ink Netherlands B.V. (originally named	Hydis Technologies Co., Ltd.	Patent licensing and investment in financial instruments	94.73	94.73	-
	E Ink Corporation	Research, development and manufacture of electronic inks	100.00	100.00	-
Transcend Optronics (Yangzhou) Co., Ltd.	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	44.39	44.39	-

- a. Transcend Optronics (Yangzhou) Co., Ltd. increased its capital by US\$70,000 thousand using its own earnings in June 2022, November 2022 and May 2023.
- b. In order to follow the operating plan of the Group, the Company acquired all shares of Linfinity Corporation that Sony Semiconductor Solutions held; therefore, the Group's comprehensive proportionate interest was 100% in March 2023.
- c. In response to the restructuring of the Group's organizational 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.
- d. The Group resolved to liquidate its subsidiary Rich Optronics (Yangzhou) Co., Ltd. in November 2024. As of December 31, 2024, the liquidation process had not yet been completed.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Associates and joint ventures that are not individually material		
Investments in associates	\$ 186,143	\$ 1,179,563
Investments in joint ventures	<u>169,929</u>	<u>127,722</u>
	<u>\$ 356,072</u>	<u>\$ 1,307,285</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 Year Ended December 31	
	2024	2023
The Group's share of:		
Net loss for the year	\$ (39,332)	\$ (140,802)
Other comprehensive gain	<u>37,359</u>	<u>20,174</u>
Total comprehensive loss	<u>\$ (1,973)</u>	<u>\$ (120,628)</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. The Group did not participate in the cash capital increase of Nuclera Limited. As of December 31, 2023, the Group had a shareholding ratio of 21.22%. The Group did not increase its shares proportionally to its ownership percentage in August 2024 and October 2024, resulting in a reduction of the Group's shareholding in Nuclera Limited to 11.99%; the Group ceased to have significant influence over E Ink Corporation. Therefore, the investment in E Ink Corporation was classified as financial assets at FVTOCI starting August 2024, and a loss on disposal of NT\$116,025 thousand was recognized.

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 December 31, 2024, the Group had a shareholding ratio of 34.93%.

Except for some associates whose share of profit or loss and other comprehensive income were calculated based on financial statements which have not been audited, associates and joint ventures that are not individually material were calculated based on audited financial statements. Management believes that it would not cause material impact even if the calculation of the investments stated above is based on financial statements which have been audited.

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, 2023	\$ 417,816	\$ 4,497,146	\$ 7,601,233	\$ 5,025,043	\$ 1,939,534	\$ 19,480,772
Additions	-	3,318	101,081	61,969	2,129,958	2,296,326
Disposals	-	(5,372)	(36,692)	(175,779)	(7,420)	(225,263)
Reclassifications	73,656	1,678,405	896,821	(1,353,961)	(1,317,664)	(22,743)
Effects of foreign currency exchange differences	(1,132)	(52,076)	(33,048)	4,177	(10,816)	(92,895)
Balance at December 31, 2023	<u>\$ 490,340</u>	<u>\$ 6,121,421</u>	<u>\$ 8,529,395</u>	<u>\$ 3,561,449</u>	<u>\$ 2,733,592</u>	<u>\$ 21,436,197</u>

(Continued)

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<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	-	230,754	548,775	327,125	-	1,106,654
Impairment losses recognized (reversed)	-	-	(108)	-	-	(108)
Disposals	-	(4,109)	(33,506)	(168,305)	-	(205,920)
Reclassifications	-	859,864	(4,819)	(855,045)	-	-
Effects of foreign currency exchange differences	-	(31,711)	(25,228)	(4,805)	-	(61,744)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 3,317,052</u>	<u>\$ 6,271,021</u>	<u>\$ 2,698,291</u>	<u>\$ -</u>	<u>\$ 12,286,364</u>
Carrying amount at December 31, 2023	<u>\$ 490,340</u>	<u>\$ 2,804,369</u>	<u>\$ 2,258,374</u>	<u>\$ 863,158</u>	<u>\$ 2,733,592</u>	<u>\$ 9,149,833</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 490,340	\$ 6,121,421	\$ 8,529,395	\$ 3,561,449	\$ 2,733,592	\$ 21,436,197
Additions	-	83,153	36,020	47,115	2,885,683	3,051,971
Disposals	-	-	(217,691)	(26,182)	-	(243,873)
Reclassifications	7,151	1,071,152	662,252	188,047	(1,960,840)	(32,238)
Effects of foreign currency exchange differences	33,367	284,907	188,093	78,437	70,715	655,519
Balance at December 31, 2024	<u>\$ 530,858</u>	<u>\$ 7,560,633</u>	<u>\$ 9,198,069</u>	<u>\$ 3,848,866</u>	<u>\$ 3,729,150</u>	<u>\$ 24,867,576</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ -	\$ 3,317,052	\$ 6,271,021	\$ 2,698,291	\$ -	\$ 12,286,364
Depreciation expenses	-	322,679	650,530	299,789	-	1,272,998
Disposals	-	-	(186,586)	(25,629)	-	(212,215)
Reclassifications	-	-	1,301	(260)	-	1,041
Effects of foreign currency exchange differences	-	145,886	127,805	69,192	-	342,883
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 3,785,617</u>	<u>\$ 6,864,071</u>	<u>\$ 3,041,383</u>	<u>\$ -</u>	<u>\$ 13,691,071</u>
Carrying amount at December 31, 2024	<u>\$ 530,858</u>	<u>\$ 3,775,016</u>	<u>\$ 2,333,998</u>	<u>\$ 807,483</u>	<u>\$ 3,729,150</u>	<u>\$ 11,176,505</u>

Information about capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Capitalized interest	<u>\$ 28,957</u>	<u>\$ 25,698</u>
Capitalization rate intervals	1.29%-1.93%	1.47%-1.80%

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	2-11 years
Other equipment	2-26 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 790,790	\$ 842,367
Buildings	196,252	205,052
Other equipment	<u>1,537</u>	<u>2,568</u>
	<u>\$ 988,579</u>	<u>\$ 1,049,987</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 34,828</u>	<u>\$ 127,623</u>
Depreciation of right-of-use assets		
Land	\$ 45,775	\$ 48,561
Buildings	45,203	39,789
Other equipment	<u>2,111</u>	<u>2,304</u>
	<u>\$ 93,089</u>	<u>\$ 90,654</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 years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current (included in other current liabilities)	<u>\$ 85,090</u>	<u>\$ 75,451</u>
Non-current	<u>\$ 955,725</u>	<u>\$ 1,013,776</u>

Discount rate intervals for lease liabilities are as follows:

	December 31	
	2024	2023
Land	0.58%-4.92%	0.58%-4.92%
Buildings	1.50%-5.10%	1.50%-5.10%
Other equipment	1.50%-2.50%	0.61%-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 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 Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ 55,904	\$ 38,389
Expenses relating to low-value asset leases	\$ 415	\$ 436
Total cash outflow for leases	<u>\$ 164,909</u>	<u>\$ 150,335</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, 2023	\$ 7,135,786	\$ 488,421	\$ 88,725	\$ 7,712,932
Additions	-	13,754	3,038	16,792
Amortization expenses	-	(123,374)	(60,094)	(183,468)
Disposal	-	(272)	-	(272)
Reclassifications	-	40,502	23,807	64,309
Effects of foreign currency exchange differences	<u>(1,038)</u>	<u>(931)</u>	<u>(867)</u>	<u>(2,836)</u>
Balance at December 31, 2023	7,134,748	418,100	54,609	7,607,457
Additions	-	13,843	9,085	22,928
Amortization expenses	-	(72,750)	(39,279)	(112,029)
Disposal	-	(289)	-	(289)
Reclassifications	-	-	18,255	18,255
Effects of foreign currency exchange differences	<u>431,673</u>	<u>14,426</u>	<u>2,573</u>	<u>448,672</u>
Balance at December 31, 2024	<u>\$ 7,566,421</u>	<u>\$ 373,330</u>	<u>\$ 45,243</u>	<u>\$ 7,984,994</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, 2024 and 2023, 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	
	2024	2023
Consumer electronics	13.48%	13.91%
Internet of things applications	14.04%	14.10%

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

	December 31	
	2024	2023
Unsecured borrowings	\$ 7,270,000	\$ 3,670,000
Secured borrowings (Note 32)	<u>-</u>	<u>680,437</u>
	<u>\$ 7,270,000</u>	<u>\$ 4,350,437</u>
Foreign currency included		
USD (in thousands)	<u>\$ -</u>	<u>\$ 22,160</u>
Interest rate intervals	1.88%-2.22%	1.62%-5.82%

b. Short-term bills payable

	December 31	
	2024	2023
Commercial paper	\$ 4,302,000	\$ 4,970,000
Less: Discounts on bills payable	<u>(3,442)</u>	<u>(4,147)</u>
	<u>\$ 4,298,558</u>	<u>\$ 4,965,853</u>
Interest rate intervals	1.61%-1.93%	1.41%-1.74%

c. Long-term borrowings

	December 31	
	2024	2023
Syndicated loans	\$ 4,888,004	\$ 3,393,676
Unsecured borrowings	3,333,386	2,227,939
Less: Listed as current portion	<u>(494,386)</u>	<u>-</u>
	<u>\$ 7,727,004</u>	<u>\$ 5,621,615</u>
Interest rate intervals	1.43%-2.21%	1.30%-1.99%

Long-term unsecured borrowings will expire in October 2030, 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 (in August 2021). Additionally, the Group entered into a Green Loan Agreement with a syndicate of two banks led by Crédit Agricole Corporate and Investment Bank on September 11, 2024, with a total credit facility of \$3,000,000 thousand. The loan term is within 3 years from the first drawdown date (September 2024). As of December 31, 2024 and 2023, the syndicated loan drawdowns were as follows:

	December 31	
	2024	2023
Mega Bank	\$ 3,400,000	\$ 3,400,000
Crédit Agricole CIB	<u>1,500,000</u>	<u>-</u>
	<u>\$ 4,900,000</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 ended June 30, 2024.

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 November 8, 2024, and the total credit facility is \$12,000,000 thousand. The duration period is within 5 years from the first drawdown date. As of December 31, 2024, the lines of syndicated loans have not been used.

20. OTHER PAYABLES

	December 31	
	2024	2023
Payables for salaries or bonuses	\$ 2,286,204	\$ 1,818,111
Payables for construction and equipment	433,009	257,846
Payable for professional service fees	71,405	92,873
Payables for labors and health insurances	29,172	20,278
Payables for pensions	26,388	15,734
Payables for utilities	24,054	29,218
Others	<u>746,384</u>	<u>519,802</u>
	<u>\$ 3,616,616</u>	<u>\$ 2,753,862</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 86,496	\$ 75,268
Fair value of plan assets	<u>(57,122)</u>	<u>(44,837)</u>
Net defined benefit liabilities	<u>\$ 29,374</u>	<u>\$ 30,431</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 179,263	\$ (72,282)	\$ 106,981
Service cost			
Current service cost	5,906	-	5,906
Loss on settlements	13,672	-	13,672
Net interest expense (income)	<u>3,139</u>	<u>(1,052)</u>	<u>2,087</u>
Recognized in profit or loss	<u>22,717</u>	<u>(1,052)</u>	<u>21,665</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(539)	(539)
Actuarial (gain) loss			
Changes in demographic assumptions	(13)	-	(13)
Changes in financial assumptions	3,297	-	3,297
Experience adjustments	<u>14,894</u>	<u>-</u>	<u>14,894</u>
Recognized in other comprehensive income or loss	<u>18,178</u>	<u>(539)</u>	<u>17,639</u>
Contributions from the employer	-	(115,420)	(115,420)
Liabilities extinguished on settlement	(74,484)	74,484	-
Benefits paid	(69,972)	69,972	-
Exchange differences on foreign plans	<u>(434)</u>	<u>-</u>	<u>(434)</u>
Balance at December 31, 2023	75,268	(44,837)	30,431
Service cost			
Current service cost	4,120	-	4,120
Past service cost	3,681	-	3,681
Net interest expense (income)	<u>1,775</u>	<u>(569)</u>	<u>1,206</u>
Recognized in profit or loss	<u>9,576</u>	<u>(569)</u>	<u>9,007</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,942)	(6,942)
Actuarial (gain) loss			
Changes in financial assumptions	(10)	-	(10)
Experience adjustments	<u>7,622</u>	<u>-</u>	<u>7,622</u>
Recognized in other comprehensive income or loss	<u>7,612</u>	<u>(6,942)</u>	<u>670</u>
Contributions from the employer	-	(5,421)	(5,421)
Benefits paid	(4,328)	647	(3,681)
Exchange differences on foreign plans	<u>(1,632)</u>	<u>-</u>	<u>(1,632)</u>
Balance at December 31, 2024	<u>\$ 86,496</u>	<u>\$ (57,122)</u>	<u>\$ 29,374</u>

Through the defined benefit plans under the Labor Standards Act, the Company of the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rates	1.50%-4.32%	1.25%-4.85%
Expected rates of salary increase	3.50%-3.82%	3.50%-3.86%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2024	2023
Discount rates		
0.25-1% increase	\$ (2,683)	\$ (2,196)
0.25-1% decrease	\$ 2,900	\$ 2,368
Expected rates of salary increase		
0.25-1% increase	\$ 2,897	\$ 2,365
0.25-1% decrease	\$ (2,714)	\$ (2,219)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
Expected contributions to the plans for the next year	\$ 2,414	\$ 1,394
Average duration of the defined benefit obligation	9.58-10.5 years	8.58-10.2 years

22. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	2,000,000	2,000,000
Amount of shares authorized	\$ 20,000,000	\$ 20,000,000
Number of shares issued and fully paid (in thousands)	1,145,916	1,141,103
Amount of shares issued	\$ 11,459,163	\$ 11,411,033

For the years ended December 31, 2024 and 2023, the Company's employees exercised their rights under

the ESOP to purchase 4,813 thousand shares and 698 thousand shares of the Company's ordinary shares, respectively. The change of registration was completed before December 31, 2024 and 2023, respectively.

For the three months ended December 31, 2024, September 30, 2024, June 30, 2024, March 31, 2024 and December 31, 2023, the Group's employees exercised their rights under the ESOP to purchase 2,303 thousand shares, 1,018 thousand shares, 466 thousand shares, 2,039 thousand shares and 1,290 thousand shares of the Group's ordinary shares, generating total proceeds of \$152,064 thousand, \$70,013 thousand, \$31,258 thousand, \$136,309 thousand and \$87,141 thousand, respectively. They are recorded as advance receipts for shares. The effective dates for this transaction are set for March 6, 2025, November 18, 2024, August 19, 2024, May 20, 2024 and March 8, 2024.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Issuance of shares	\$ 9,928,722	\$ 9,586,395
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	260,084
Expired employee share options	57,477	57,448
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in associates (2)	10,354	254,301
Unclaimed dividends extinguished by prescription	129	95
<u>May not be used for any purpose</u>		
Employee share options	<u>188,814</u>	<u>195,002</u>
	<u>\$ 10,970,780</u>	<u>\$ 10,878,525</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 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 800,566	\$ 1,047,188
Cash dividends	\$ 5,140,772	\$ 5,131,821
Dividends per share (NT\$)	\$ 4.5	\$ 4.5

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2024 and February 23, 2023; the other proposed appropriations for 2023 and 2022 were resolved by the shareholders in their meetings on May 29, 2024 and June 29, 2023, respectively.

The appropriations of earnings for 2024 were proposed by the Company's board of directors on February 21, 2025. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 918,052
Cash dividends	\$ 5,741,097
Dividends per share (NT\$)	\$ 5

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 28, 2025.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1 and December 31	<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 and 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 Year Ended December 31	
	2024	2023
Balance at January 1	\$ (1,189,487)	\$ (752,482)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	698,267	(457,179)
Share from associates and joint ventures accounted for using the equity method	37,359	20,174
Reclassification adjustments		
Share of associates accounted for using the equity method	<u>40,931</u>	<u>-</u>
Balance at December 31	<u>\$ (412,930)</u>	<u>\$ (1,189,487)</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 7,023,979	\$ 4,464,627
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	3,526,852	2,689,991
Debt instruments	(89,423)	86,111
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(314,382)</u>	<u>(216,750)</u>
Balance at December 31	<u>\$ 10,147,026</u>	<u>\$ 7,023,979</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 640,651	\$ 576,216
Share in profit for the year	54,981	51,900
Other comprehensive income (loss) during the year		
Remeasurement of defined benefit plans	(286)	(110)
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	32,400	12,589
Debt instruments	345	3,309
Exchange difference on translating the financial statements of foreign operations	(38,750)	(14,262)
Actual acquisition of partial interest in subsidiaries	-	10,994
Share-based payment	-	15
Balance at December 31	<u>\$ 689,341</u>	<u>\$ 640,651</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, the Company was treated as an equity transaction.

	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

	For the Year Ended December 31	
Type of Revenue/Category by Product	2024	2023
Revenue from sale of goods		
Internet of Things applications	\$ 12,869,502	\$ 14,751,332
Consumer electronics	19,293,631	12,346,280
Others	-	22,143
	<u>\$ 32,163,133</u>	<u>\$ 27,119,755</u>
Royalty income	<u>\$ 494,292</u>	<u>\$ 538,923</u>

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 10)	<u>\$ 4,757,678</u>	<u>\$ 2,717,486</u>	<u>\$ 4,700,178</u>
Contract assets - current			
Royalty	<u>\$ 5,056</u>	<u>\$ 15,883</u>	<u>\$ 27,566</u>
Contract liabilities - current			
Sale of goods	\$ 453,943	\$ 559,380	\$ 121,207
Royalty	<u>59,958</u>	<u>70,799</u>	<u>316,235</u>
	<u>\$ 513,901</u>	<u>\$ 630,179</u>	<u>\$ 437,442</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 year from the beginning balance of the contract liabilities was as follows:

Type of Revenue	For the Year Ended December 31	
	2024	2023
Revenue from sale of goods	\$ 429,133	\$ 121,198
Royalty income	<u>67,802</u>	<u>298,748</u>
	<u>\$ 496,935</u>	<u>\$ 419,966</u>

24. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 480,683	\$ 373,148
Financial assets at amortized cost	535,165	447,294
Financial assets at FVTPL	219,170	212,722
Financial assets at FVTOCI	271,918	93,980
Others	<u>260</u>	<u>183</u>
	<u>\$ 1,507,196</u>	<u>\$ 1,127,327</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income	\$ 10,050	\$ 6,579
Government grants	1,457	41,999
Others	<u>102,887</u>	<u>88,075</u>
	<u>\$ 114,394</u>	<u>\$ 136,653</u>

c. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 1,272,998	\$ 1,106,654
Other intangible assets	112,029	183,468
Rights-of-use assets	<u>93,089</u>	<u>90,654</u>
	<u>\$ 1,478,116</u>	<u>\$ 1,380,776</u>
An analysis of depreciation by function		
Operating costs	\$ 774,676	\$ 642,106
Operating expenses	<u>591,411</u>	<u>555,202</u>
	<u>\$ 1,366,087</u>	<u>\$ 1,197,308</u>
An analysis of amortization by function		
Operating costs	\$ 5,858	\$ 8,451
Operating expenses	<u>106,171</u>	<u>175,017</u>
	<u>\$ 112,029</u>	<u>\$ 183,468</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 129,740	\$ 130,266
Defined benefit plans	<u>9,007</u>	<u>21,665</u>
	138,747	151,931
Share-based payments		
Equity-settled	59,577	80,503
Other employee benefits	<u>6,587,284</u>	<u>5,683,269</u>
Total employee benefits expense	<u>\$ 6,785,608</u>	<u>\$ 5,915,703</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,826,234	\$ 1,605,684
Operating expenses	<u>4,959,374</u>	<u>4,310,019</u>
	<u>\$ 6,785,608</u>	<u>\$ 5,915,703</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 employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on February 21, 2025 and February 23, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Employees' compensation	<u>\$ 103,000</u>	<u>\$ 88,990</u>
Remuneration of directors	<u>\$ 40,000</u>	<u>\$ 35,900</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.

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, 2023 and 2022.

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 Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 2,460,635	\$ 1,903,345
Income tax on unappropriated earnings	87,608	202,237
Adjustments for the prior years	<u>70,689</u>	<u>(62,670)</u>
	<u>2,618,932</u>	<u>2,042,912</u>
Deferred tax		
In respect of the current year	(666,513)	(76,301)
Adjustments for the prior years	<u>4,057</u>	<u>(8,529)</u>
	<u>(662,456)</u>	<u>(84,830)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,956,476</u>	<u>\$ 1,958,082</u>

A reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2024	2023
Income before income tax	<u>\$ 10,878,939</u>	<u>\$ 9,824,308</u>
Income tax expense calculated at the statutory rate (20%)	\$ 2,175,788	\$ 1,964,862
Nondeductible expenses in determining taxable income	11,329	24,141
Tax-exempt income	(153,740)	(205,608)
Income tax on unappropriated earnings	87,608	202,237
Unrecognized loss carryforwards, deductible temporary differences and investment credits	(449,559)	(192,121)
Offshore withholding tax	43,382	41,154
Effect of different tax rates of group entities operating in other jurisdictions	59,444	183,258
Adjustments for the prior years	74,746	(71,199)
Others	<u>107,478</u>	<u>11,358</u>
Income tax expense recognized in profit or loss	<u>\$ 1,956,476</u>	<u>\$ 1,958,082</u>

E Ink Netherlands B.V. was incorporated in Netherlands, where the Pillar Two income tax legislation had been in effect. Under the legislation, E Ink Netherlands B.V. will be required to pay, in Netherlands, a top-up tax on the profits of its group entities that are taxed at an effective tax rate of less than 15 percent. The main jurisdiction subject to this tax is the United States. The Group's current tax expense related to Pillar Two income taxes for the year ended December 31, 2024 was \$69,809 thousand.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Fair value changes of financial assets at FVTOCI		
Equity instruments	\$ 588,415	\$ 393,158
Debt instruments	4,134	23,258
Remeasurement of defined benefits plans	<u>951</u>	<u>(3,109)</u>
	<u>\$ 593,500</u>	<u>\$ 413,307</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets (included in other current assets)		
Prepaid income tax	\$ -	\$ 35
Tax refund receivable	<u>7,579</u>	<u>14,165</u>
	<u>\$ 7,579</u>	<u>\$ 14,200</u>
Current tax liabilities		
Income tax payable	<u>\$ 2,241,382</u>	<u>\$ 1,385,091</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Property, plant and equipment	\$ 176,566	\$ 10,350	\$ -	\$ 11,387	\$ 198,303
Other payables	104,966	48,577	-	7,298	160,841
Inventories	173,075	10,123	-	53	103,961
Accounts receivable	71,094	32,814	-	3,634	186,832
Deferred revenue	138,622	208,138	-	4,130	350,890
Defined benefit plans	27,287	-	(951)	-	26,336
Prepayments	17,639	-	-	-	17,639
Others	27,103	25,008	-	(299)	51,812
	736,352	335,010	-	26,203	1,096,614
Loss carryforwards	13,638	(9,590)	-	724	4,772
Investment credits	453,335	391,477	-	34,901	879,713
	<u>\$ 1,203,325</u>	<u>\$ 716,897</u>	<u>\$ (951)</u>	<u>\$ 61,828</u>	<u>\$ 1,981,099</u>

Deferred tax liabilities

Temporary differences					
Financial instruments	\$ 1,100,664	\$ (55,067)	\$ 592,549	\$ 469	\$ 1,638,615
Contract liabilities	51,479	27,674	-	(4,185)	74,968
Others	26,691	81,834	-	-	108,525
	<u>\$ 1,178,834</u>	<u>\$ 54,441</u>	<u>\$ 592,549</u>	<u>\$ (3,716)</u>	<u>\$ 1,822,108</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Property, plant and equipment	\$ 140,223	\$ 36,921	\$ -	\$ (578)	\$ 176,566
Other payables	141,798	(37,241)	-	409	104,966
Inventories	197,845	(24,741)	-	(29)	173,075
Accounts receivable	190,524	(119,364)	-	(66)	71,094
Deferred revenue	241,039	(101,969)	-	(448)	138,622
Defined benefit plans	24,178	-	3,109	-	27,287
Prepayments	17,639	-	-	-	17,639
Others	7,645	19,804	-	(346)	27,103
	960,891	(226,590)	3,109	(1,058)	736,352
Loss carryforwards	41,077	(27,570)	-	131	13,638
Investment credits	56,415	403,581	-	(6,661)	453,335
	<u>\$ 1,058,383</u>	<u>\$ 149,421</u>	<u>\$ 3,109</u>	<u>\$ (7,588)</u>	<u>\$ 1,203,325</u>

Deferred tax liabilities

Temporary differences					
Financial instruments	\$ 599,178	\$ 82,301	\$ 416,416	\$ 2,769	\$ 1,100,664
Contract liabilities	63,191	(10,139)	-	(1,573)	51,479
Others	34,262	(7,571)	-	-	26,691
	<u>\$ 696,631</u>	<u>\$ 64,591</u>	<u>\$ 416,416</u>	<u>\$ 1,196</u>	<u>\$ 1,178,834</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2024	2023
Loss carryforwards		
Expire in 2026	\$ 10,235	\$ 10,179
Expire in 2027	169,726	172,815
Expire in 2028	123,062	121,076
Expire in 2029	137,239	135,254
Expire in 2030	82,378	80,393
Expire in 2032	<u>2,260</u>	<u>2,260</u>
	<u>\$ 524,900</u>	<u>\$ 521,977</u>
Deductible temporary differences	<u>\$ 490,598</u>	<u>\$ 509,847</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	Expiry Year
\$ 46,695	2025
28,802	2026
169,567	2027
122,904	2028
137,081	2029
82,220	2030
<u>2,260</u>	2032
<u>\$ 589,529</u>	

- g. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2024 and 2023, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$26,476,287 thousand and \$22,887,254 thousand, respectively.

- h. Income tax assessments

Income tax assessments of the Group were as follows:

Company	Latest Assessment Year
The Company	2021
YuanHan Materials Inc.	2019
New Field e-Paper Co., Ltd.	2022
Linfiny Corporation	2022

26. EARNINGS PER SHARE

	For the Year Ended December 31	
	2024	2023
Basic earnings per share (\$)	<u>\$ 7.75</u>	<u>\$ 6.85</u>
Diluted earnings per share (\$)	<u>\$ 7.67</u>	<u>\$ 6.78</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 Year

	For the Year Ended December 31	
	2024	2023
Net income attributable to owners of the Company	<u>\$ 8,867,482</u>	<u>\$ 7,814,326</u>

Number of Shares

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,144,839	1,140,795
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	433	532
Share-based payment arrangements	<u>10,392</u>	<u>12,063</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,155,664</u>	<u>1,153,390</u>

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

Employee Share Options	For the Year Ended December 31			
	2024	Weighted Average Exercise Price (\$)	2023	Weighted Average Exercise Price (\$)
	Unit		Unit	
Balance at January 1	17,266	\$65.15-\$77.2	19,525	\$69.0-\$77.2
Options exercised	(5,826)		(1,989)	
Options forfeited	<u>(200)</u>		<u>(270)</u>	
Balance at December 31	<u>11,240</u>		<u>17,266</u>	

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

	August 2022	October 2022
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 for the changes in ordinary shares, and the exercise price per share was adjusted from \$74.14 to \$72.9 and from \$66.26 to \$65.15, effective July 31, 2024, which serves as the ex-dividend date.

Compensation costs recognized were \$59,577 thousand and \$80,503 thousand for the years ended December 31, 2024 and 2023, respectively.

28. NON-CASH TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2024	2023
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 3,051,971	\$ 2,296,326
(Decrease) increase in payables for construction and equipment (included in other payables)	<u>(166,342)</u>	<u>146,463</u>
Net cash paid	<u>\$ 2,885,629</u>	<u>\$ 2,442,789</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

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 580,722	\$ -	\$ 966,707	\$ 1,547,429
Perpetual bonds	-	3,101,462	-	3,101,462
Straight corporate bonds	-	305,646	-	305,646
Foreign listed stocks	1,154,780	-	-	1,154,780
Foreign unlisted stocks	-	-	224,629	224,629
Hybrid financial assets				
Convertible preferred shares	-	-	170,957	170,957
	<u>\$ 1,735,502</u>	<u>\$ 3,407,108</u>	<u>\$ 1,362,293</u>	<u>\$ 6,504,903</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 24,194,463	\$ -	\$ -	\$ 24,194,463
Domestic and overseas unlisted shares	-	-	1,319,986	1,319,986
Investment in debt instruments				
Overseas straight corporate bonds	-	6,089,835	-	6,089,835
	<u>\$ 24,194,463</u>	<u>\$ 6,089,385</u>	<u>\$ 1,319,986</u>	<u>\$ 31,604,284</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 457,611	\$ -	\$ 457,611

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 30,771	\$ -	\$ 30,771
Non-derivative financial assets				
Mutual funds	445,076	-	176,219	621,295
Perpetual bonds	-	3,039,663	-	3,039,663
Straight corporate bonds	-	283,891	-	283,891
Foreign listed stocks	509,219	-	-	509,219
Hybrid financial assets				
Convertible preferred shares	-	-	152,894	152,894
	<u>\$ 954,295</u>	<u>\$ 3,354,325</u>	<u>\$ 329,113</u>	<u>\$ 4,637,733</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 19,382,895	\$ -	\$ -	\$ 19,382,895
Domestic and overseas unlisted shares	-	-	371,886	371,886
Investment in debt instruments				
Overseas straight corporate bonds	-	3,114,343	-	3,114,343
	<u>\$ 19,382,895</u>	<u>\$ 3,114,343</u>	<u>\$ 371,886</u>	<u>\$ 22,869,124</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ 622</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

	<u>For the Year Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 700,999	\$ 736,214
Recognized in profit or loss	9,392	444,690
Recognized in other comprehensive income (loss)		
(recognized in unrealized gain (loss) on financial assets at FVTOCI)	225,376	(29,248)
Purchased	1,049,666	121,976
Reclassification (Notes 1 and 2)	665,447	95,490
Disposal	(1,211)	(182,864)
Transfer out (Note 3)	-	(478,380)
Exchange differences on translating the financial statements of foreign operations	<u>32,610</u>	<u>(6,879)</u>
Balance at December 31	<u>\$ 2,682,279</u>	<u>\$ 700,999</u>

Note 1: In December 2022, the Group invested in Millennium Real Estate Income Trust Capital Offshore Access Fund SPC and prepaid the investment. The actual investment was completed in February 2023, and it was reclassified as financial assets at fair value through profit or loss.

Note 2: In August 2024, the Group lost significant influence over its investment in Nuclera Limited, which had previously been accounted for using the equity method. Therefore, the investment in Nuclera Limited was reclassified as financial assets at FVTOCI.

Note 3: The overseas and domestic unlisted shares owned by the Group have been trading on the public market and emerging stock market since December 2023 and have been transferred from Level 3 to Level 1 fair value measurement.

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 year, 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% and 9%-20% as of December 31, 2024 and 2023, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased \$9,599 thousand and \$3,980 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 37.56%-52.55% and 60.47% as of December 31, 2024 and 2023, respectively.
- c) The domestic and overseas 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

	December 31	
	2024	2023
<u>Financial assets</u>		
FVTPL	\$ 6,504,903	\$ 4,637,733
Amortized cost (Note 1)	26,238,402	23,317,196
FVTOCI		
Equity instruments	25,514,449	19,754,781
Debt instruments	6,089,835	3,114,343
<u>Financial liabilities</u>		
FVTPL	457,611	622
Amortized cost (Note 2)	26,907,988	20,236,047

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

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

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting years 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) and Renminbi (RMB) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD and RMB against USD, pre-tax income would increase (decrease) as follows:

	NTD to USD		RMB to USD	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Profit or loss	<u>\$ (90,582)</u>	<u>\$ (46,463)</u>	<u>\$ (68,313)</u>	<u>\$ (32,490)</u>

b) Interest rate risk

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 14,741,926	\$ 15,546,015
Financial liabilities	\$ 19,789,948	\$ 14,937,905
Lease liabilities	\$ 1,040,815	\$ 1,089,227
Cash flow interest rate risk		
Financial assets	\$ 6,227,034	\$ 4,583,142

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 years. 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 years ended December 31, 2024 and 2023, would increase \$31,135 thousand and \$22,916 thousand, respectively, which was attributable to the Group's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would have been an equal and opposite impact on pre-tax cash flows.

c) Other price risk

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

Sensitivity analysis

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

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2024 and 2023, would have increased/decreased by \$325,245 thousand and \$230,348 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 years ended December 31, 2024 and 2023, would have increased/decreased by \$1,580,214 thousand and \$1,143,456 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 mainly resulted 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 years, 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 December 31, 2024 and 2023, the Group's unutilized short-term bank borrowing facilities were \$37,294,584 thousand and \$22,427,021 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.

December 31, 2024

	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	\$ 9,159	\$ 18,214	\$ 80,151	\$ 344,982	\$ 856,754
Fixed interest rate liabilities	<u>6,657,502</u>	<u>4,458,437</u>	<u>1,059,003</u>	<u>7,560,124</u>	<u>334,752</u>
	<u>\$ 6,666,661</u>	<u>\$ 4,476,651</u>	<u>\$ 1,139,154</u>	<u>\$ 7,905,106</u>	<u>\$ 1,191,506</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>\$ 107,524</u>	<u>\$ 344,982</u>	<u>\$ 221,669</u>	<u>\$ 233,050</u>	<u>\$ 186,367</u>	<u>\$ 215,668</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 8,260	\$ 16,520	\$ 70,248	\$ 350,367	\$ 941,778
Fixed interest rate liabilities	<u>5,106,333</u>	<u>3,846,892</u>	<u>428,315</u>	<u>5,170,081</u>	<u>558,976</u>
	<u>\$ 5,114,593</u>	<u>\$ 3,864,412</u>	<u>\$ 498,563</u>	<u>\$ 5,520,448</u>	<u>\$ 1,500,754</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>\$ 95,028</u>	<u>\$ 350,367</u>	<u>\$ 256,008</u>	<u>\$ 233,050</u>	<u>\$ 213,089</u>	<u>\$ 239,631</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Integrated Solutions Technology, Inc.	Associate
Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Associate (became non-associates since August 2024)
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investors with significant influence over the Group
Arizon RFID Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
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
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
YFY Global Investment B.V.	Subsidiary of investor with significant influence over the Group
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch	Subsidiary of investor with significant influence over the Group
Ensilience Co., Ltd.	Subsidiary of investor with significant influence over the Group
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
Hsin Fan Precision Electronics (Yangzhou) Co., Ltd.	Substantive related party
SinoPac Asset Management (Asia) Ltd.	Substantive related party
(Concluded)	

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Associate	\$ <u>31,916</u>	\$ <u>47,165</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 Year Ended December 31	
	2024	2023
Associate		
NTX Electronics Yangzhou Co., Ltd.	\$ 1,754,875	\$ 1,053,182
Others	43,012	79,540
Investor and its subsidiaries with significant influence over the Group	82	12,646
Substantive related party	<u>579</u>	<u>1,139</u>
	<u>\$ 1,798,548</u>	<u>\$ 1,146,507</u>

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

d. Manufacturing costs

Related Party Category	For the Year Ended December 31	
	2024	2023
Substantive related party	\$ 61,154	\$ 46,679
Others	<u>13,882</u>	<u>14,126</u>
	<u>\$ 75,036</u>	<u>\$ 60,805</u>

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2024	2023
Substantive related party	\$ 17,501	\$ 36,802
Associate	16,014	16,226
Investor and its subsidiaries with significant influence over the Group	<u>6,889</u>	<u>5,341</u>
	<u>\$ 40,404</u>	<u>\$ 58,369</u>

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31	
	2024	2023
Associate		
Nuclera Corporation	\$ 13,787	\$ 23,464
Others	8,277	7,862
Others	<u>238</u>	<u>16</u>
	<u>\$ 22,302</u>	<u>\$ 31,342</u>

g. Non-operating income - interest income

Related Party Category	For the Year Ended December 31	
	2024	2023
Associate	\$ 1,323	\$ 2,099
Subsidiary of investor with significant influence over the Group	<u>95</u>	<u>90</u>
	<u>\$ 1,418</u>	<u>\$ 2,189</u>

h. Receivables from related parties

Line Items	Related Party Category	December 31	
		2024	2023
Accounts receivables	Associate	\$ 21,796	\$ 62,836
	Less: Loss allowance	<u>(20,345)</u>	<u>(19,054)</u>
		1,451	43,782
	Subsidiary of investor with significant influence over the Group	8,669	7,361
	Substantive related party	<u>57</u>	<u>-</u>
		<u>\$ 10,177</u>	<u>\$ 51,143</u>
Other receivables	Associate	\$ 11,475	\$ 10,747
	Less: Loss allowance	(9,769)	(9,769)
	Effects of exchange rate changes	<u>(1,706)</u>	<u>(978)</u>
		<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties were unsecured.

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

Related Party Category	December 31	
	2024	2023
Associate	\$ 113,620	\$ 49,839
Investor and its subsidiaries with significant influence over the Group	14,018	10,207
Substantive related party	<u>5,665</u>	<u>4,780</u>
	<u>\$ 133,303</u>	<u>\$ 64,826</u>

The outstanding accounts payable to related parties were unsecured.

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

Related Party Category/Name	December 31	
	2024	2023
Substantive related party		
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 51,445	\$ 48,901
Subsidiary of investor with significant influence over the Group	6,034	5,820
Associate	<u>42</u>	<u>37</u>
	<u>\$ 57,521</u>	<u>\$ 54,758</u>

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

Related Party Category	December 31	
	2024	2023
Investor and its subsidiaries with significant influence over the Group	<u>\$ 100,302</u>	<u>\$ 28,364</u>

- l. Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Subsidiary of investor with significant influence over the Group	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ -</u>

- m. Lease arrangements

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

Related Party Category	For the Year Ended December 31	
	2024	2023
<u>Acquisition of right-of-use assets</u>		
Subsidiary of investor with significant influence over the Group	<u>\$ -</u>	<u>\$ 5,186</u>
Line Item	December 31	
	2024	2023
Right-of-use assets	<u>\$ 232,893</u>	<u>\$ 241,507</u>
Lease liabilities		
Current (included in other current liabilities)	\$ 8,725	\$ 6,198
Non-current	<u>237,968</u>	<u>241,100</u>
	<u>\$ 246,693</u>	<u>\$ 247,298</u>

Line Item	For the Year Ended December 31	
	2024	2023
Interest expenses	\$ 11,603	\$ 12,194

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.

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

Related Party Category	December 31	
	2024	2023
Associate	\$ 984	\$ 921
Substantive related party	69	65
	<u>\$ 1,053</u>	<u>\$ 986</u>

- o. Acquisition of financial assets

For the year ended December 31, 2024

Related Party Category	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Price
Substantive related party	Financial assets at FVTPL - non-current	30	Fund	\$ 97,710

For the year ended December 31, 2023

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

- p. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 250,476	\$ 242,548
Post-employment benefits	1,898	1,721
Share-based payments	<u>5,054</u>	<u>12,470</u>
	<u>\$ 257,428</u>	<u>\$ 256,739</u>

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

32. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2024	2023
Current	\$ 38,136	\$ 718,460
Non-current	<u>12,830</u>	<u>3,546</u>
	<u>\$ 50,966</u>	<u>\$ 722,006</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit of the Group for purchase of machinery amounted to \$56,673 thousand and \$219,915 thousand as of December 31, 2024 and 2023, respectively.
- b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$23,440,402 thousand and \$21,437,000 thousand as of December 31, 2024 and 2023, respectively.
- c. Guaranteed notes issued for syndicated loans were \$21,800,000 thousand and \$6,800,000 thousand as of December 31, 2024 and 2023, 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 December 31, 2023.
- e. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct a new Hsinchu factory office building and multi-story parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT\$2.643 billion. As of December 31, 2024, the progress of implementation was approximately 78%. On August 9, 2024, the board of directors resolved to build a new production facility with an estimated investment of NT\$1.486 billion, which, as of December 31, 2024, has not yet been carried out.
- f. In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic and Technological Development Zone's management committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area and develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount shall not exceed US\$61,000 thousand. As of December 31, 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 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 December 31, 2024, the progress of implementation was approximately 1.31%.

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:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 516,551	32.785 (USD:NTD)	\$ 16,935,125
USD	436,494	7.1884 (USD:RMB)	14,310,448
Non-monetary items			
FVTPL			
USD	94,600	1,459.706 (USD:KRW)	3,101,462
FVTOCI			
USD	79,048	1,459.706 (USD:KRW)	2,591,595
USD	92,679	32.785 (USD:NTD)	3,038,467
EUR	171,777	34.14 (EUR:NTD)	5,864,451

Foreign currency liabilities

Monetary items			
USD	240,259	32.785 (USD:NTD)	7,876,891
USD	228,128	7.1884 (USD:RMB)	7,479,176

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 315,877	30.705 (USD:NTD)	\$ 9,699,033
USD	238,560	7.0827 (USD:RMB)	7,324,985
Non-monetary items			
FVTPL			
USD	98,995	1,284.191 (USD:KRW)	3,039,663
FVTOCI			
USD	71,893	1,284.191 (USD:KRW)	2,207,501
EUR	131,273	33.98 (EUR:NTD)	4,460,665

Foreign currency liabilities

Monetary items			
USD	164,556	30.705 (USD:NTD)	5,052,692
USD	131,273	7.0827 (USD:RMB)	4,075,997

The Group's net realized and unrealized gains on foreign currency exchange were \$1,168,200 thousand and \$127,398 thousand for the years ended December 31, 2024 and 2023, 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 year, 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 year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - 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 year and the purposes.
 - e) The highest balance, the end of year balance, the interest rate range and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year 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 America 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 material accounting policies as disclosed in Note 4.

a. Segment revenue and results

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

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
ROC	\$ 22,859,839	\$ 21,258,897	\$ 6,156,961	\$ 4,467,795
Asia	20,347,188	16,715,495	1,569,972	2,932,201
America	7,401,789	5,888,193	484,712	477,867
Adjustment and eliminations	<u>(18,445,683)</u>	<u>(16,742,830)</u>	-	-
	<u>\$ 32,163,133</u>	<u>\$ 27,119,755</u>	8,211,645	7,877,863
Administration cost and remunerations to directors			(592,861)	(592,386)
Interest income			1,507,196	1,127,327
Royalty income			494,292	538,923
Dividend income			684,359	535,274
Interest expenses			(344,410)	(278,508)
Net gain on foreign currency exchange			1,168,200	127,398
Net (loss) gain on fair value changes of financial assets and liabilities at FVTPL			(155,565)	548,932

(Continued)

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Loss on disposal of investments			\$ (116,025)	\$ -
Other non-operating income and expenses, net			<u>22,108</u>	<u>(60,515)</u>
Income before tax			<u>\$ 10,878,939</u>	<u>\$ 9,824,308</u>
				(Concluded)

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 (loss) gain on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, and income tax expense, etc.

b. Revenue from major products

	For the Year Ended December 31	
Category by Product	2024	2023
Internet of things applications	\$ 12,869,502	\$ 14,751,332
Consumer electronic	19,293,631	12,346,280
Others	<u>-</u>	<u>22,143</u>
	<u>\$ 32,163,133</u>	<u>\$ 27,119,755</u>

c. Geographical information

The Group operates in three principal geographical areas - ROC, Asia and America.

The Group's information about its non-current assets by location of assets was detailed below.

	December 31	
	2024	2023
ROC	\$ 7,443,208	\$ 6,096,976
Asia	3,411,129	1,800,601
America	<u>10,168,424</u>	<u>10,005,853</u>
	<u>\$ 21,022,761</u>	<u>\$ 17,903,430</u>

Non-current assets include property, plant and equipment, right-of-use assets, goodwill, other intangible assets and other non-current assets and exclude non-current assets classified as financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortized cost, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

Customers who contributed 10% or more to the Group's revenue, mainly from monitors, were as follows:

	For the Year Ended December 31	
	2024	2023
Customer B	\$ 7,124,883	\$ 5,006,940
Customer J	4,522,586	4,774,197
Customer F	3,947,415	2,567,564
Customer E	3,214,354	2,127,469

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(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 (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	1.9	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 5,705,249	\$ 22,820,996
1	E Ink Technology B.V.	New Field e-Paper Co., Ltd	Other receivables	Yes	492,525 (US\$ 15,000 thousand)	491,775 (US\$ 15,000 thousand)	491,775 (US\$ 15,000 thousand)	5.5	Short-term financing	-	Working capital	-	-	-	3,963,936 (US\$ 120,907 thousand)	15,855,711 (US\$ 483,627 thousand)
		E Ink Netherlands B.V.	Other receivables	Yes	137,907 (US\$ 4,200 thousand)	137,697 (US\$ 4,200 thousand)	137,697 (US\$ 4,200 thousand)	5.5	Short-term financing	-	Working capital	-	-	-	3,963,936 (US\$ 120,907 thousand)	15,855,711 (US\$ 483,627 thousand)
2	YuanHan Materials Inc.	Prime View Communications Ltd.	Other receivables	Yes	131,340 (US\$ 4,000 thousand)	131,140 (US\$ 4,000 thousand)	131,140 (US\$ 4,000 thousand)	6.0	Short-term financing	-	Working capital	-	-	-	1,188,245	4,752,980

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32.785 on December 31, 2024, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., YuanHan Materials Inc. and E Ink Technology B.V. shall not exceed 40% and 10%, respectively, of the financing company’s net equity over its latest financial statements.

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

TABLE 2

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(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 (Note 1)	Maximum Balance for the Year (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	\$ 14,263,122	\$ 3,704,705 (US\$ 113,000 thousand)	\$ 3,704,705 (US\$ 113,000 thousand)	\$ -	\$ -	6.49	\$ 57,052,490	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	14,263,122	2,600,000	2,600,000	-	-	4.56	57,052,490	Yes	No	No
		Linfiny Corporation	Subsidiary	14,263,122	250,000	250,000	32,000	-	0.44	57,052,490	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	14,263,122	1,500,000	1,500,000	-	-	2.63	57,052,490	Yes	No	No
		E Ink Japan Inc.	Subsidiary	14,263,122	28,899 (JPY 130,000 thousand)	27,287 (JPY 130,000 thousand)	2,099 (JPY 10,000 thousand)	-	0.05	57,052,490	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=NT\$32.785 and JPY1=NT\$0.2099 on December 31, 2024, 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.

TABLE 3

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(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	December 31, 2024				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 - non-current	132,856,623	\$ 3,042,416	1.05	\$ 3,042,416	
	Asia Electronic Material Co., Ltd.	Substantive related party	Financial assets at FVTOCI - non-current	10,039,000	205,799	10.22	205,799	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI - non-current	7,814,000	232,076	0.47	232,076	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI - non-current	336,002	13,977	0.13	13,977	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	9,566,000	325,244	0.07	325,244	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	8,897,290	344,325	0.06	344,325	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	5,031,386	159,495	0.06	159,495	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,767,000	303,500	2.65	303,500	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	1,758,000	334,020	1.71	334,020	
	Zenitron Corporation	-	Financial assets at FVTOCI - non-current	2,132,000	60,869	0.90	60,869	
	Research Innovation Capital Corporation	-	Financial assets at FVTOCI - non-current	5,000,000	24,265	11.44	24,265	
	TXC CORPORATION	-	Financial assets at FVTOCI - non-current	2,519,000	253,160	0.73	253,160	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	180,000	136,393	2.17	136,393	
	Solomon Systech (International) Limited	-	Financial assets at FVTPL - non-current	41,476,000	86,680	1.66	86,680	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	295,460	0.03	295,460	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	118,319	0.02	118,319	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	143,594	0.01	143,594	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.41	-	
	<u>Mutual funds</u>							
	SinoPac XinTao Taiwan Quantitative Fund	Substantive related party	Financial assets at FVTPL - non-current	30,000	89,975	-	89,975	
	CDIB-Innolux FundII	-	Financial assets at FVTPL - non-current	85,600,001	86,545	-	86,545	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
New Field e-Paper Co., Ltd.	<u>Straight corporate bonds</u>	-						
	Goldman Sachs Group	-	Financial assets at FVTOCI - current	8,754,000	\$ 289,052	-	\$ 289,052	
	Wells Fargo & Co.	-	Financial assets at FVTOCI - non-current	8,420,000	287,506	-	287,506	
	Electricite de France	-	Financial assets at FVTOCI - non-current	8,750,000	279,783	-	279,783	
	Kingdom of Saudi Arabia 5.25%	-	Financial assets at FVTOCI - non-current	9,512,000	280,977	-	280,977	
	Mizuho Financial Group Inc.	-	Financial assets at FVTOCI - non-current	8,640,000	289,919	-	289,919	
	Sumitomo Mitsui Financial Group Inc	-	Financial assets at FVTOCI - non-current	5,570,000	190,064	-	190,064	
	Kingdom of Saudi Arabia 5.75%	-	Financial assets at FVTOCI - non-current	3,000,000	92,070	-	92,070	
	Corning Inc.	-	Financial assets at FVTOCI - non-current	8,938,000	263,729	-	263,729	
	Pfizer Investment Enterprises Pte. Ltd.	-	Financial assets at FVTOCI - non-current	8,700,000	262,240	-	262,240	
	Mitsubishi UFJ Financial Group Inc.	-	Financial assets at FVTOCI - non-current	2,000,000	66,580	-	66,580	
	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	31,142,532	713,163	0.25	713,163	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,413,000	108,223	0.95	108,223	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	600,000	114,000	0.58	114,000	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,950,000	66,300	0.02	66,300	
	TXC CORPORATION	-	Financial assets at FVTOCI - non-current	371,000	37,286	0.11	37,286	
	VusionGroup (originally named SES-imagotag)	-	Financial assets at FVTOCI - non-current	60,000	364,001	0.37	364,001	
	PRICER AB	-	Financial assets at FVTOCI - non-current	824,824	28,904	0.50	28,904	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	175,000	132,604	2.11	132,604	
YuanHan Materials Inc.	<u>Straight corporate bonds</u>							
	HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - current	4,710,000	157,303	-	157,303	
	HSBC Holding plc, 7.39%	-	Financial assets at FVTOCI - non-current	5,650,000	195,999	-	195,999	
	<u>Mutual funds</u>							
	HPS Corporate Lending Fund	-	Financial assets at FVTPL - non-current	587,774	493,317	-	493,317	
	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	238,835,021	5,469,321	1.88	5,469,321	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	16,000	475	0.00	475	
	Netronix Inc.	-	Financial assets at FVTOCI - non-current	5,309,198	626,485	6.07	626,485	
	VusionGroup (originally named SES-imagotag)	-	Financial assets at FVTOCI - non-current	906,666	5,500,451	5.64	5,500,451	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI - non-current	968,906	225,271	0.80	225,271	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI - non-current	2,227,500	15,606	10.93	15,606	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI - non-current	1,309,701	12,515	6.46	12,515	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,051,574	195,496	0.03	195,496	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	8,593,000	292,162	0.07	292,162	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Corporation	Daxin Materials Corp.	-	Financial assets at FVTOCI - non-current	1,138,000	\$ 216,220	1.11	\$ 216,220	
	Zenitron Corporation	-	Financial assets at FVTOCI - non-current	4,249,000	121,309	1.79	121,309	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI - non-current	3,596,602	192,418	13.89	192,418	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	1,249,000	39,593	0.02	39,593	
	TXC CORPORATION	-	Financial assets at FVTOCI - non-current	2,346,000	235,773	0.68	235,773	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	688	29	0.00	29	
	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	-	Financial assets at FVTOCI - non-current	767,408	270,991	4.91	270,991	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	4,684,000	296,029	0.03	296,029	
	<u>Convertible preferred shares</u>							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	132,245	1.25	132,245	
	iFAST Diagnostics Ltd.	-	Financial assets at FVTPL - non-current	29,862	38,712	7.90	38,712	
	<u>Straight corporate bonds</u>							
	NOMURA Holdings Inc.	-	Financial assets at FVTOCI - non-current	1,950,000	57,817	-	57,817	
	Swiss Re Group	-	Financial assets at FVTOCI - current	9,950,000	325,428	-	325,428	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Mutual funds</u>							
	Millennium	-	Financial assets at FVTPL - non-current	6,746,440	296,871	-	296,871	
	<u>Ordinary shares</u>							
Hydis Technologies Co., Ltd.	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	-	Financial assets at FVTOCI - non-current	1,107,094	US\$ 11,924 thousand	7.08	US\$ 11,924 thousand	
	<u>Ordinary shares</u>							
	Dke Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,255,500	RMB 40,698 thousand	2.73	RMB 40,698 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI - non-current	2,880,000	RMB 92,102 thousand	0.76	RMB 92,102 thousand	
Hydis Technologies Co., Ltd.	Guangzhou Wenshi Information Technology Co.	-	Financial assets at FVTPL - non-current	436,998	RMB 49,253 thousand	4.90	RMB 49,253 thousand	
	<u>Ordinary shares</u>							
	SOLUM CO., LTD.	-	Financial assets at FVTOCI - non-current	527,432	KRW 10,131,969 thousand	1.08	KRW 10,131,969 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI - non-current	482,642	KRW 27,414,066 thousand	0.17	KRW 27,414,066 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI - non-current	355,202	KRW 38,042,134 thousand	0.27	KRW 38,042,134 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI - non-current	664,380	KRW 6,863,045 thousand	0.15	KRW 6,863,045 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI - non-current	549,455	KRW 21,676,000 thousand	0.51	KRW 21,676,000 thousand	
	SK Telecom Co., Ltd.	-	Financial assets at FVTOCI - non-current	395,491	KRW 21,831,103 thousand	0.19	KRW 21,831,103 thousand	
	HD Hyundai Co., Ltd.	-	Financial assets at FVTOCI - non-current	373,912	KRW 29,613,830 thousand	0.53	KRW 29,613,830 thousand	
	Soken Chemical & Engineering Co Ltd	-	Financial assets at FVTPL - non-current	56,300	KRW 1,903,330 thousand	0.68	KRW 1,903,330 thousand	
	i-Components Co., Ltd.	-	Financial assets at FVTPL - non-current	197,726	KRW 966,800 thousand	2.82	KRW 966,800 thousand	
	SOLUM CO., LTD.	-	Financial assets at FVTPL - non-current	1,689,457	KRW 32,454,469 thousand	3.47	KRW 32,454,469 thousand	
	<u>Mutual funds</u>							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 17,374,797 thousand	-	KRW 17,374,797 thousand	
	KODEX US T-Bond 30+ ETF	-	Financial assets at FVTPL - non-current	908,182	KRW 8,296,243 thousand	-	KRW 8,296,243 thousand	
	<u>Perpetual bonds</u>							
	JP Morgan Chase & Co., 4.625%	-	Financial assets at FVTPL - current	29,800,000	KRW 44,073,217 thousand	-	KRW 44,073,217 thousand	
	JP Morgan Chase & Co., 4.6%	-	Financial assets at FVTPL - current	18,700,000	KRW 27,431,273 thousand	-	KRW 27,431,273 thousand	
	Bank of America	-	Financial assets at FVTPL - current	37,900,000	KRW 55,579,289 thousand	-	KRW 55,579,289 thousand	
	Bank of Montreal	-	Financial assets at FVTPL - non-current	6,560,000	KRW 10,017,713 thousand	-	KRW 10,017,713 thousand	
	<u>Straight corporate bonds</u>							
	Swiss Re Group	-	Financial assets at FVTOCI - current	4,900,000	KRW 7,198,052 thousand	-	KRW 7,198,052 thousand	
	Barclays plc, 7.325%	-	Financial assets at FVTOCI - current	8,500,000	KRW 12,726,158 thousand	-	KRW 12,726,158 thousand	
	NOMURA Holdings, Inc.	-	Financial assets at FVTOCI - non-current	16,000,000	KRW 21,262,080 thousand	-	KRW 21,262,080 thousand	
	Barclays PLC, 4.836%	-	Financial assets at FVTOCI - non-current	8,490,000	KRW 12,273,539 thousand	-	KRW 12,273,539 thousand	
	Standard Chartered plc, 4.3%	-	Financial assets at FVTOCI - non-current	8,800,000	KRW 12,686,546 thousand	-	KRW 12,686,546 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Dream Universe Ltd.	Societe Generale	-	Financial assets at FVTOCI - non-current	8,900,000	KRW 12,910,880 thousand	-	KRW 12,910,880 thousand	
	Standard Chartered plc, 7.767%	-	Financial assets at FVTOCI - non-current	8,200,000	KRW 12,891,753 thousand	-	KRW 12,891,753 thousand	
	HSBC Holding plc, 6.254%	-	Financial assets at FVTOCI - non-current	8,300,000	KRW 12,714,662 thousand	-	KRW 12,714,662 thousand	
	Citigroup Inc.	-	Financial assets at FVTOCI - non-current	6,580,000	KRW 9,898,939 thousand	-	KRW 9,898,939 thousand	
	Toronto-Dominion Bank	-	Financial assets at FVTPL - non-current	8,800,000	KRW 13,511,225 thousand	-	KRW 13,511,225 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost - current	700,000	KRW 6,988,963 thousand	-	KRW 6,988,963 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost - non-current	1,500,000	KRW 14,973,000 thousand	-	KRW 14,973,000 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost - non-current	300,000	KRW 2,997,900 thousand	-	KRW 2,997,900 thousand	
	<u>Straight corporate bonds</u>							
	HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - current	3,700,000	US\$ 3,769 thousand	-	US\$ 3,769 thousand	
	HSBC Holding plc, 8.113%	-	Financial assets at FVTOCI - non-current	1,080,000	US\$ 1,213 thousand	-	US\$ 1,213 thousand	
	Nippon Life Insurance Co.	-	Financial assets at FVTOCI - non-current	8,692,000	US\$ 9,042 thousand	-	US\$ 9,042 thousand	

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

(Concluded)

TABLE 4

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 YEAR ENDED DECEMBER 31, 2024
(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	Amount	Carrying Amount	Gain on Disposal		Units	Amount
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u> Hana Financial Group Inc.	Financial assets at FVTOCI - non-current	-	-	1,239,279	KRW 53,784,709 thousand	84,484	KRW 3,497,260 thousand	841,121	KRW 52,099,944 thousand	KRW 36,504,651 thousand	KRW 15,595,293 thousand (Note 1)	KRW 6,636,748 thousand (Note 2)	482,642	KRW 27,414,066 thousand
	SOLUM CO., LTD.	Financial assets at FVTPL - non-current	-	-	-	-	1,689,457	KRW 31,974,370 thousand	-	-	-	-	KRW 480,099 thousand	1,689,457	KRW 32,454,469 thousand
	HD Hyundai Co., Ltd.	Financial assets at FVTOCI	-	-	148,464	KRW 9,397,771 thousand	225,448	KRW 17,985,573 thousand	-	-	-	-	KRW 2,230,486 thousand	373,912	KRW 29,613,830 thousand
	<u>Perpetual bonds</u> Citigroup Inc.	Financial assets at FVTPL - current	-	-	14,810,000	KRW 19,197,586 thousand	-	-	14,810,000	-	KRW 20,274,890 thousand	-	KRW 1,077,304 thousand	-	-
New Field e-Paper Co., Ltd.	<u>Mutual funds</u> HPS Corporate Lending Fund	Financial assets at FVTPL - non-current	-	-	-	-	587,774	485,850	-	-	-	-	7,467	587,774	493,317

Note 1: The disposal of investments in equity instruments designated as at FVTOCI was transferred to the cumulative gain of retained earnings.

Note 2: Other adjustments were recognized in unrealized gain (loss) on financial assets at FVTOCI.

TABLE 5

E INK HOLDINGS INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(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	\$ 7,293,207	62	By agreements	\$ -	-	\$ (1,583,074)	(33)	-
	YuanHan Materials Inc.	Subsidiary	Purchase	800,634	7	By agreements	-	-	(105,807)	(2)	-
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,280,330	11	By agreements	-	-	(2,981,210)	(61)	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	1,645,307	14	By agreements	-	-	(80,258)	(2)	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(800,634)	(65)	By agreements	-	-	105,807	96	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,280,330)	(49)	By agreements	-	-	2,981,210	100	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(7,293,207)	(99)	By agreements	-	-	1,583,074	99	-

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

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

TABLE 6

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(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. Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary Subsidiary	\$ 1,002,073 5,485,480	(Note 2) (Note 1)	\$ - 140,575	- Collected	\$ 106 825,278	\$ - -
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	105,807	5.28	-	-	52,872	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	2,981,210	(Note 1)	11,058	Collected	1,508,483	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	1,583,074	6.40	769,602	In the process of collection	549,010	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from financing provided.

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

TABLE 7

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	E Ink Technology B.V.	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 39,639,282	\$ 3,256,596	\$ 3,256,596	(Note 1)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	158,703,191	100.00	2,219,905	131,138	131,138	(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	11,831,506	536,366	545,194	(Note 1)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	473,502	26,346	26,346	(Note 1)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(115,196)	(7,987)	(7,987)	(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	4,340	4,340	339,828	23.00	377	7,829	6,595	(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	13,710	(231)	(231)	(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	26.01	138,585	13,594	3,536	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	1,137,686	77.00	15,161	7,829	6,028	(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.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Cambridge, UK	Protein, gene synthesis and digital microfluidics	(Note 2)	306,491	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(30,614)	
	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	8.92	47,542	13,594	1,213	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	25,133	2,351	2,351	(Note 1)
E Ink Corporation	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Cambridge, UK	Protein, gene synthesis and digital microfluidics	(Note 2)	US\$ 25,691 thousand	(Note 2)	(Note 2)	(Note 2)	(Note 2)	US\$ (1,529) thousand	
E Ink Technology B.V.	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 374,957 thousand	US\$ 48,258 thousand	US\$ 48,258 thousand	(Note 1)
	E Ink Netherlands B.V.	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 754,672 thousand	US\$ 49,655 thousand	US\$ 49,655 thousand	(Note 1)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 36,645 thousand	US\$ 2,181 thousand	US\$ 2,181 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.	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\$ 377,951 thousand	US\$ 32,462 thousand	US\$ 30,751 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\$ 380,407 thousand	US\$ 21,919 thousand	US\$ 21,919 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: Due to the decrease in shareholding, the Company consequently ceased to have significant influence over Nuclera Limited (originally named Nuclera Nucleics Ltd.). Therefore, the investment in Nuclera Limited has been reclassified as financial assets at FVTOCI starting August 2024, refer to Note 15.

TABLE 8

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024

(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, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (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 December 31, 2024 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,845,451 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,863,548 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,863,548 (US\$ 117,845 thousand)	\$ 1,500,369 (US\$ 46,723 thousand)	100.00	\$ 1,549,693 (US\$ 48,259 thousand)	\$ 12,285,818 (US\$ 374,739 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	983,550 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	983,550 (US\$ 30,000 thousand)	-	-	983,550 (US\$ 30,000 thousand)	70,036 (US\$ 2,181 thousand)	100.00	70,036 (US\$ 2,181 thousand)	1,201,406 (US\$ 36,645 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,210,783 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	30,571 (US\$ 952 thousand)	100.00	30,571 (US\$ 952 thousand)	963,191 (US\$ 29,379 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	45,571 (US\$ 1,390 thousand)	-	-	45,571 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	163,925 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	57,374 (US\$ 1,750 thousand)	-	-	57,374 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	182,433 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	72,028 (RMB 15,914 thousand)	49.00	35,294 (RMB 7,798 thousand)	169,929 (RMB 37,259 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,950,043 (US\$ 150,985 thousand)	\$ 11,938,166 (US\$ 364,135 thousand)	\$ 41,360,964

(Continued)

- Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32.785 and RMB1=NT\$4.56072 on December 31, 2024.
- Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$32.112 and RMB1=NT\$4.52614 for the year ended December 31, 2024.
- Note 3: The amounts were calculated based on audited financial statements of the corresponding year.
- 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)

TABLE 9

E INK HOLDINGS INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(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	\$ 1,583,074	By agreements	1.7
		E Ink Corporation	Subsidiary	Cost of goods sold	7,293,207	By agreements	22.7
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	1,002,073	By agreements	1.1
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	800,634	By agreements	2.5
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	5,485,480	By agreements	6.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	2,981,210	By agreements	3.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,280,330	By agreements	4.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	941,201	By agreements	2.9

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

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

TABLE 10**E INK HOLDINGS INC.****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.62
S.C. Ho	80,434,300	7.00

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

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