E Ink Holdings Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 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, 2021 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 No. 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 did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

E INK HOLDINGS INC.

By

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JOHNSON, LEE
Chairman

March 11, 2022

Deloitte.

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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, 2021 and 2020, 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 a summary of significant accounting policies (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, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2021. 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, 2021 is stated as follows:

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

The Group mainly sells products, such as consumer electronics and Internet of Things applications, which were affected by change in end-market demand due to the COVID-19 pandemic. The Group adjusted its product structure to respond to such changes. Among them, the proportion of sales revenue from Internet of Things applications products has increased, which consequently increased the risk associated with the occurrence of sales revenue transactions from Internet of Things applications products. Therefore, the recognition of sales revenue from Internet of Things applications products was identified as a key audit matter.

Our key audit procedures performed in respect of 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 declaration of overseas sales, and confirmed the receipt of payments.

Other Matter

We have also audited the financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2021 and 2020, 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 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, 2021, 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 Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	$ 8,751,235	15	$ 12,954,147	28
Financial assets at fair value through profit or loss (Note 7)	99,401	-	1,999,208	4
Financial assets at amortized cost (Notes 9 and 31)	2,499,045	5	3,081,651	7
Contract assets (Note 22)	35,045	-	46,900	-
Accounts receivable (Notes 10, 22 and 30)	3,247,721	6	1,389,905	3
Other receivables (Note 30)	167,782	-	141,045	-
Current tax assets (Note 24)	6,768	-	14,043	-
Inventories (Note 11)	4,142,022	7	2,040,429	5
Prepayments (Note 30)	314,252	1	228,528	1
Non-current assets held for sale (Note 12)	-	-	9,342	-
Other current assets	103	-	9,123	-
Total current assets	19,263,374	34	21,914,321	48
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	3,429,586	6	1,589,011	4
Financial assets at fair value through other comprehensive income (Note 8)	16,799,349	30	6,929,647	15
Financial assets at amortized cost (Notes 9 and 31)	1,353,730	2	561,575	1
Investments accounted for using the equity method (Note 14)	733,642	1	130,046	-
Property, plant and equipment (Notes 15, 23, 27 and 30)	5,274,647	9	4,075,910	9
Right-of-use assets (Notes 16, 23 and 30)	1,668,669	3	1,646,709	4
Goodwill (Note 17)	6,531,427	12	6,597,276	14
Other intangible assets (Notes 17 and 23)	683,251	1	1,065,711	2
Deferred tax assets (Note 24)	804,793	1	1,131,693	3
Other non-current assets (Note 30)	467,531	1	158,734	-
Total non-current assets	37,746,625	66	23,886,312	52
TOTAL	$ 57,009,999	100	$ 45,800,633	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 18 and 31)	$ 3,766,997	7	$ 5,394,245	12
Short-term bills payable (Note 18)	4,644,546	8	805,612	2
Financial liabilities at fair value through profit or loss (Note 7)	221,939	-	-	-
Contract liabilities (Note 22)	3,259,113	6	1,455,670	3
Notes and accounts payable (Note 30)	3,123,992	6	1,566,068	3
Other payables (Notes 19 and 27)	1,845,998	3	1,410,737	3
Current tax liabilities (Note 24)	763,772	1	685,710	1
Other current liabilities (Notes 12, 16 and 30)	213,218	-	246,779	1
Total current liabilities	17,839,575	31	11,564,821	25
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 18)	847,340	1	63,000	-
Contract liabilities (Note 22)	-	-	351,361	1
Deferred tax liabilities (Note 24)	295,512	1	88,468	-
Lease liabilities (Notes 16 and 30)	1,632,196	3	1,617,605	4
Deferred revenue (Note 12)	588,642	1	962,015	2
Net defined benefit liabilities (Note 20)	104,357	-	100,613	-
Other non-current liabilities (Note 30)	4,492	-	7,977	-
Total non-current liabilities	3,472,539	6	3,191,039	7
Total liabilities	21,312,114	37	14,755,860	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 21 and 26)				
Share capital	11,404,047	20	11,404,677	25
Capital surplus	10,407,670	18	10,310,536	23
Retained earnings	11,000,202	20	8,760,870	19
Other equity	2,355,247	4	142,559	-
Treasury shares	-	-	(110,032)	-
Total equity attributable to owners of the Company	35,167,166	62	30,508,610	67
NON-CONTROLLING INTERESTS (Note 21)	530,719	1	536,163	1
Total equity	35,697,885	63	31,044,773	68
TOTAL	$ 57,009,999	100	$ 45,800,633	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 30)	$ 19,650,564	100	$ 15,362,855	100
OPERATING COSTS (Notes 11, 23 and 30)	11,062,744	56	8,340,974	54
GROSS PROFIT	8,587,820	44	7,021,881	46
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	687,046	3	634,217	4
General and administrative expenses	2,228,188	11	2,073,614	14
Research and development expenses	2,649,340	14	2,466,798	16
Total operating expenses	5,564,574	28	5,174,629	34
INCOME FROM OPERATIONS	3,023,246	16	1,847,252	12
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	202,607	1	239,773	1
Royalty income (Notes 4 and 22)	1,748,077	9	1,891,237	12
Dividend income	503,514	3	283,972	2
Other income (Notes 12, 23 and 30)	484,522	2	98,243	1
Interest expenses (Notes 15 and 30)	(92,815)	-	(103,530)	(1)
Net gain (loss) on disposal of property, plant and equipment	52,950	-	(56,700)	-
Net gain on disposal of investment (Note 14)	654,252	3	877	-
Gain on disposal of non-current assets held for sale (Note 12)	-	-	367,945	2
Net gain (loss) on foreign currency exchange (Note 34)	298,144	2	(361,237)	(2)
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	(189,979)	(1)	98,169	1
Share of loss of associates (Note 14)	(101,218)	(1)	(26,205)	-
Other expenses (Notes 15 and 30)	(34,389)	-	(39,843)	-
Total non-operating income and expenses	3,525,665	18	2,392,701	16
INCOME BEFORE INCOME TAX	6,548,911	34	4,239,953	28
INCOME TAX EXPENSE (Notes 4 and 24)	(1,336,863)	(7)	(566,265)	(4)
NET INCOME FOR THE YEAR	5,212,048	27	3,673,688	24

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	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 20)	$ (7,848)	-	$ (11,269)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	3,934,750	20	279,409	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(200,925)	(1)	(9,536)	-
	3,725,977	19	258,604	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,386,491)	(7)	(74,422)	(1)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(34,246)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(14,126)	-	(2,356)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	7,753	-	-	-
	(1,427,110)	(7)	(76,778)	(1)
Other comprehensive income for the period, net of income tax	2,298,867	12	181,826	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 7,510,915	38	$ 3,855,514	25
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 5,150,045	26	$ 3,602,589	23
Non-controlling interests	62,003	1	71,099	1
	$ 5,212,048	27	$ 3,673,688	24

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 7,516,616	38	$ 3,772,223	25
Non-controlling interests	(5,701)	-	83,291	-
	$ 7,510,915	38	$ 3,855,514	25
EARNINGS PER SHARE (Note 25)				
Basic	$ 4.53		$ 3.18	
Diluted	$ 4.52		$ 3.17	

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital			Retained Earnings				Other Equity					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	1,140,468	$ 11,404,677	$ 10,306,993	$ 1,773,654	$ 255,475	$ 5,399,253	$ 7,428,382	$ (937,787)	$ 907,906	$ (110,032)	$ 29,000,139	$ 452,645	$ 29,452,784
Appropriation of 2019 earnings													
Legal reserve	-	-	-	308,077	-	(308,077)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(154,916)	154,916	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,268,726)	(2,268,726)	-	-	-	(2,268,726)	-	(2,268,726)
Changes in equity of associates accounted for using the equity method	-	-	4,090	-	-	-	-	-	-	-	4,090	227	4,317
Net income for the year ended December 31, 2020	-	-	-	-	-	3,602,589	3,602,589	-	-	-	3,602,589	71,099	3,673,688
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(9,129)	(9,129)	(86,656)	265,419	-	169,634	12,192	181,826
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	3,593,460	3,593,460	(86,656)	265,419	-	3,772,223	83,291	3,855,514
Share-based payments	-	-	(547)	-	-	-	-	-	-	-	(547)	-	(547)
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	(110)	(110)	1,541	-	-	1,431	-	1,431
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,864	7,864	-	(7,864)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	1,140,468	11,404,677	10,310,536	2,081,731	100,559	6,578,580	8,760,870	(1,022,902)	1,165,461	(110,032)	30,508,610	536,163	31,044,773
Appropriation of 2020 earnings													
Legal reserve	-	-	-	360,122	-	(360,122)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(29,881)	29,881	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,062,779)	(3,062,779)	-	-	-	(3,062,779)	-	(3,062,779)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,750	-	-	(1,817)	(1,817)	-	-	-	2,933	240	3,173
Other changes in capital surplus	-	-	34	-	-	-	-	-	-	-	34	-	34
Net income for the year ended December 31, 2021	-	-	-	-	-	5,150,045	5,150,045	-	-	-	5,150,045	62,003	5,212,048
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(5,980)	(5,980)	(1,337,425)	3,709,976	-	2,366,571	(67,704)	2,298,867
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	5,144,065	5,144,065	(1,337,425)	3,709,976	-	7,516,616	(5,701)	7,510,915
Cancelation of treasury shares	(63)	(630)	(505)	-	-	-	-	-	-	1,135	-	-	-
Share-based payments	-	-	93,201	-	-	-	-	-	-	-	93,201	17	93,218
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	159,863	159,863	-	(159,863)	-	-	-	-
Treasury shares transferred to employees	-	-	(346)	-	-	-	-	-	-	108,897	108,551	-	108,551
BALANCE AT DECEMBER 31, 2021	1,140,405	$ 11,404,047	$ 10,407,670	$ 2,441,853	$ 70,678	$ 8,487,671	$ 11,000,202	$ (2,360,327)	$ 4,715,574	$ -	$ 35,167,166	$ 530,719	$ 35,697,885

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 6,548,911	$ 4,239,953
Adjustments for		
Depreciation expenses	585,664	693,358
Amortization expenses	478,325	479,774
Expected credit loss recognized on accounts receivable	9,769	17,642
Net gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	189,979	(98,169)
Interest expenses	92,815	103,530
Interest income	(202,607)	(239,773)
Dividend income	(503,514)	(283,972)
Compensation costs of share-based payments	93,218	(547)
Share of loss of associates and joint ventures accounted for using the equity method	101,218	26,205
Net loss (gain) on disposal of property, plant and equipment	(52,950)	56,700
Net gain on disposal of non-current assets held for sale	-	(367,945)
Net gain on disposal of investments	(654,252)	(877)
Impairment loss	13,863	17,859
Write-downs of inventories (reversed)	(75,229)	204,198
Net unrealized loss (gain) on foreign currency exchange	(38,622)	1,945
Gain on lease modification	(2)	(90)
Other revenue	(363,579)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	226,029	-
Contract assets	12,402	10,417
Accounts receivable	(1,890,337)	594,803
Other receivables	37,171	60,884
Inventories	(2,130,190)	(428,262)
Prepayments	(159,792)	(40,676)
Other current assets	8,881	(6,390)
Financial liabilities held for trading	(188,947)	(32,134)
Contract liabilities	1,483,414	(431,699)
Notes and accounts payable	1,559,252	429,799
Other payables	483,059	84,983
Other current liabilities	(55,290)	57,679
Net defined benefit liabilities	(2,264)	1,459
Cash generated from operations	5,606,395	5,150,654
Income tax paid	(915,958)	(233,448)
Net cash generated from operating activities	4,690,437	4,917,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(6,718,810)	(2,221,741)
Proceeds from disposal of financial assets at fair value through other comprehensive income	408,040	42,136

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E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Acquisition of financial assets at amortized cost	$ (8,058,949)	$ (12,568,364)
Proceeds from disposal of financial assets at amortized cost	7,665,046	16,362,525
Acquisition of financial assets at fair value through profit or loss	(3,480,122)	(2,664,667)
Proceeds from disposal of financial assets at fair value through profit or loss	3,367,552	1,739,936
Acquisition of associates	(55,470)	-
Proceeds from disposal of non-current assets held for sale	-	467,091
Acquisition of property, plant and equipment	(1,831,758)	(755,905)
Proceeds from disposal of property, plant and equipment	63,032	59,827
Acquisition of other intangible assets	(41,447)	(104,644)
Decrease in other non-current assets	37,019	26,557
Interest received	124,697	248,111
Dividends received	503,514	283,972
Deferred revenue	-	962,015
Net cash generated from (used in) investing activities	(8,017,656)	1,876,849
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	901,653
Decrease in short-term borrowings	(1,592,376)	-
Increase in short-term bills payable	3,838,934	225,725
Increase in long-term borrowings	784,340	63,000
Repayment of the principal portion of lease liabilities	(69,586)	(70,458)
Increase (decrease) in other non-current liabilities	(3,324)	1,224
Cash dividends	(3,062,779)	(2,268,726)
Proceeds from treasury shares transferred to employees	108,551	-
Interest paid	(98,034)	(108,603)
Regain overdue dividends	34	-
Net cash used in financing activities	(94,240)	(1,256,185)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(781,453)	369,171
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,202,912)	5,907,041
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,954,147	7,047,106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 8,751,235	$ 12,954,147

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

(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 March 11, 2021.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New, Amended or Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 IFRSs 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 the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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 an unconditional right 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.

See Note 13 and Tables 7 and 8 for detailed information on subsidiaries (including the 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 (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 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. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on 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.

l. 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 29.

      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. 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.

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. 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 Law 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.

5. CRITICAL 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 509	$ 535
Checking accounts and demand deposits	6,804,813	11,177,373
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,945,913	1,377,311
Repurchase agreements collateralized by notes	-	398,928
	$ 8,751,235	$ 12,954,147

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	
	2021	**2020**
Demand deposits	0.01%-1.00%	0.01%-1.15%
Time deposits	0.25%-1.24%	0.35%-1.76%
Repurchase agreements collateralized by notes	-	0.23%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 3,097	$ 291,853
Non-derivative financial assets		
Mutual funds	-	292,266
Hybrid financial assets		
Structured deposits	96,304	1,415,089
	$ 99,401	$ 1,999,208
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 613,233	$ 292,913
Perpetual bonds	2,437,101	1,006,183
Hybrid financial assets		
Convertible preferred shares	121,099	58,188
Convertible bonds	258,153	231,727
	$ 3,429,586	$ 1,589,011
Financial liabilities - current		
Held for trading		
Derivative financial liabilities (not under hedge accounting)	$ 221,939	$ -

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)
December 31, 2021			
Sell	USD/NTD	2022.02	USD6,000/NTD166,080
Sell	USD/KRW	2022.01-2022.04	USD216,000/KRW246,979,550
December 31, 2020			
Sell	USD/NTD	2021.01-2021.03	USD40,750/NTD1,160,560
Sell	USD/KRW	2021.01-2021.06	USD139,500/KRW162,521,500

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

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI	$ 15,899,737	$ 6,426,148
Investments in debt instruments at FVTOCI	899,612	503,499
	$ 16,799,349	$ 6,929,647

a. Investments in equity instruments at FVTOCI

	December 31	
	2021	2020
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 11,726,698	$ 4,992,750
Unlisted shares	43,313	37,050
	11,770,011	5,029,800
Foreign investments		
Listed shares	3,892,888	1,330,569
Unlisted shares	236,838	65,779
	4,129,726	1,396,348
	$ 15,899,737	$ 6,426,148

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	
	2021	2020
Non-current		
Foreign investments		
Straight corporate bonds		
5-year	$ 58,764	$ 60,230
10-year	317,790	347,109
10.5-year	262,589	96,160
11-year	260,469	-
	$ 899,612	$ 503,499
Coupon rates	3.10%-4.84%	3.10%-4.63%
Effective interest rates	2.00%-4.03%	2.14%-4.03%

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. The Group's exposure and the external credit ratings are continuously monitored. And the Group makes an assessment of whether there has been a significant increase in credit risk since the last period to the reporting date.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	**2020**
Current		
Time deposits with original maturities of more than 3 months (a)	$ 568,065	$ 775,515
Pledged time deposits (b)	1,930,980	1,913,300
Principal guaranteed wealth management products (c)	-	392,836
	$ 2,499,045	$ 3,081,651
Non-current		
Time deposits with original maturities of more than 1 year (d)	$ 703,341	$ 226,972
Pledged time deposits (b)	132,580	148,928
Foreign straight corporate bonds (e)	517,809	185,675
	$ 1,353,730	$ 561,575

a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 1.00%-1.15% and 1.27%-1.40% per annum as of December 31, 2021 and 2020, respectively.

b. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

c. Principal guaranteed wealth management products bought from banks by the Group may not be redeemed in advance during the term of the contracts. The expected rate of return was 3.25% per annum as of December 31, 2020.

d. The market rate for time deposits with original maturities of more than 1 year were all 3.99% per annum as of December 31, 2021 and 2020.

e. The Group bought 10-year foreign corporate bonds with a coupon rate of 4.10%-4.49%, and an effective rate of 4.10%-4.46% in September 2021 and December 2020.

f. The credit risk of financial instruments such as time deposits, wealth management products, and corporate bonds invested by the Group is measured and monitored by the financial department. The Group's counterparties are all reputable banks and companies.

10. ACCOUNTS RECEIVABLE

	December 31	
	2021	2020
Accounts receivable	$ 3,189,550	$ 1,406,322
Less: Loss allowance	(23,658)	(25,466)
	3,165,892	1,380,856
Accounts receivable from related parties (Note 30)	99,006	26,722
Less: Loss allowance	(17,177)	(17,673)
	81,829	9,049
	$ 3,247,721	$ 1,389,905

The Group recognizes impairment loss when there is actual credit loss from 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 debtors operate and past due status.

The following table details the loss allowance for accounts receivable.

December 31, 2021

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

December 31, 2020

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	99%	
Gross carrying amount	$ 1,389,237	$ 159	$ 43,648	$ 1,433,044
Less: Loss allowance	-	-	(43,139)	(43,139)
Amortized cost	$ 1,389,237	$ 159	$ 509	$ 1,389,905

The movements of the loss allowance were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 43,139	$ 26,504
Add: Expected credit losses recognized	-	17,642
Foreign exchange translation gains and losses	(2,304)	(1,007)
Balance at December 31	$ 40,835	$ 43,139

Accounts receivable of the Group were mainly concentrated in customers A, B, C, D and E. The accounts receivable from the foregoing customers, as of December 31, 2021 and 2020, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	$ 1,208,209	$ 672,851
Customer B	660,752	73,961
Customer C	472,701	185,060
Customer D	234,796	104,806
Customer E	189,400	177,781
	$ 2,765,858	$ 1,214,459

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 1,007,888	$ 556,685
Semi-finished goods	456,693	316,051
Work in progress	251,775	106,362
Raw materials	2,425,666	1,061,331
	$ 4,142,022	$ 2,040,429

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of write-downs of inventories of $(75,229) thousand and write-down of inventories of $204,198 thousand, respectively. Previous write-downs were reversed due to the disposal of slow moving inventories.

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2021	2020
Land use rights, plant and equipment held for sale	$ -	$ 9,342
Liabilities directly associated with equipment held for sale (included in other current liabilities)	$ -	$ 17,919

a. In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants in the amount of $363,579 thousand (RMB84,312 thousand, included in other income) for the year ended December 31, 2021, based on the progress the performance obligation is satisfied.

b. The subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., is expected to dispose of a batch of equipment to a non-related party. Transcend Optronics (Yangzhou) Co., Ltd. has received partial contract price of NT$17,919 thousand (RMB4,105 thousand, included in other current liabilities), respectively, as of December 31, 2020. The sale price is expected to exceed the carrying amount of the related net assets. Hence, the Group did not recognize impairment loss when the aforementioned equipment was reclassified as non-current assets held for sale.

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

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

			Proportion of Ownership (%)		
			December 31		
Investor	**Investee**	**Main Business**	**2021**	**2020**	**Remark**
E Ink Holdings Inc.	PVI Global Limited (originally named PVI Global Corp.)	Investment	100.00	100.00	a., h. and i.
	E Ink Corporation	Manufacture and sale of electronic ink	45.31	45.31	h.
	YuanHan Materials Inc.	Research, development and sale of electronic parts and electronic ink	100.00	100.00	
	New Field e-Paper Co., Ltd.	Wholesale and sale of electronic parts	100.00	100.00	
	Dream Universe Ltd.	Trading	100.00	100.00	
	Prime View Communications Ltd.	Trading	100.00	100.00	
	Tech Smart Logistics Ltd.	Trading	0.09	0.09	
	Hot Tracks International Ltd.	Trading	-	-	e.
	Linfiny Corporation	Research and development of electronic ink	4.00	4.00	
	E Ink Japan Inc.	Development of electronics ink products	100.00	100.00	c.
New Field e-Paper Co., Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	12.88	12.88	h.
	Tech Smart Logistics Ltd.	Trading	99.91	99.91	
YuanHan Materials Inc.	Lucky Joy Holdings Ltd.	Investment	-	-	d.
	Linfiny Corporation	Research and development of electronic ink	77.00	77.00	
Linfiny Corporation	Linfiny Japan Inc.	Research and development of electronic ink	100.00	100.00	
E Ink Corporation	E Ink California, LLC	Research, development and sale of electronic ink	100.00	100.00	h.
	E Ink Japan Inc.	Development of electronics ink products	-	-	c.
PVI Global Limited (originally named PVI Global Corp.)	PVI International Corp.	Trading	100.00	100.00	a. and h.
	Ruby Lustre Ltd.	Investment	100.00	100.00	
	Dream Pacific International Limited (originally named Dream Pacific International Corp.)	Investment	100.00	100.00	h. and i.
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	b.
	Transmart Electronics (Yangzhou) Ltd.	Research, development and sale of flat panels	-	-	f.
Tech Smart Logistics Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	41.81	41.81	h.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	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	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2021	2020	Remark
Dream Pacific International Limited (originally named Dream Pacific International Corp.)	Hydis Technologies Co., Ltd.	Research, development and licensing of monitors	94.73	94.73	i.
	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Manufacture and sale of LED products	-	24.19	g.
Transcend Optronics (Yangzhou) Co., Ltd.	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Manufacture and sale of LED products	-	75.81	g.
	Transyork Technology Yanzhou Ltd.	Assembly and sale of display panels	44.39	44.39	b.
	Transmart Electronics (Yangzhou) Ltd.	Research, development and sale of flat panels	-	-	f.

(Concluded)

a. In January 2020 and June 2021, the Group respectively invested US$9,000 thousand in cash in its subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., through PVI Global Limited and PVI International Corp.

b. In February 2020, the subsidiary Transyork Technology Yangzhou Ltd. resolved to implement a capital reduction and refund of share proceeds totaling US$35,000 thousand to PVI Global Limited and Transcend Optronics (Yangzhou) Co., Ltd., and the capital reduction has been completed.

c. To adjust the investment structure, the Company purchased 100% ownership of E Ink Japan Inc. from E Ink Corporation in September 2020.

d. Lucky Joy Holdings Ltd. has completed its liquidation process in March 2020.

e. Hot Tracks International Ltd. had completed its liquidation process in October 2020.

f. Transmart Electronics (Yangzhou) Ltd. had completed its liquidation process in November 2020.

g. Yangzhou Huaxia Integrated O/E System Co., Ltd. had completed its liquidation process in January 2021.

h. To improve the Group's strategic development and arrange long-term operating strategy, the Company's board of directors approved in November 2021 an adjustment to the organizational structure. The Company planned to transfer all its shares of E Ink Corporation to Dream Pacific International Limited, and to migrate PVI Global Limited and Dream Pacific International Limited to the Netherlands.

i. Dream Pacific International Limited and PVI Global Limited were renamed by the board of directors on November 5, 2021.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2021	2020
Associates and joint ventures that are not individually material		
Investments in associates	$ 631,889	$ 30,388
Investments in joint ventures	101,753	99,658
	$ 733,642	$ 130,046

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	
	2021	2020
The Group's share of:		
Net loss for the year	$ (101,218)	$ (26,205)
Other comprehensive loss	(14,126)	(2,356)
Total comprehensive loss	$ (115,344)	$ (28,561)

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

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.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2020	$ -	$ 3,686,606	$ 7,075,310	$ 4,741,387	$ 477,102	$ 15,980,405
Additions	-	57,062	252,145	209,587	309,507	828,301
Disposals	-	(246,055)	(613,994)	(221,691)	-	(1,081,740)
Reclassifications	-	-	(30,548)	(294,611)	(47,369)	(372,528)
Effects of foreign currency exchange differences	-	6,833	(6,781)	(77,275)	(14,407)	(91,630)
Balance at December 31, 2020	$ -	$ 3,504,446	$ 6,676,132	$ 4,357,397	$ 724,833	$ 15,262,808
Accumulated depreciation and impairment						
Balance at January 1, 2020	$ -	$ 2,142,707	$ 6,339,409	$ 3,393,972	$ -	$ 11,876,088
Depreciation expenses	-	127,129	266,774	216,457	-	610,360
Impairment losses recognized (reversed)	-	-	20,665	(2,806)	-	17,859

(Continued)

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Disposals	$ -	$ (166,327)	$ (595,447)	$ (224,539)	$ -	$ (986,313)
Reclassifications	-	-	(10,648)	(291,804)	-	(302,452)
Effects of foreign currency exchange differences	-	5,694	1,413	(35,751)	-	(28,644)
Balance at December 31, 2020	$ -	$ 2,109,203	$ 6,022,166	$ 3,055,529	$ -	$ 11,186,898
Carrying amount at December 31, 2020	$ -	$ 1,395,243	$ 653,966	$ 1,301,868	$ 724,833	$ 4,075,910
Cost						
Balance at January 1, 2021	$ -	$ 3,504,446	$ 6,676,132	$ 4,357,397	$ 724,833	$ 15,262,808
Additions	-	1,515	34,984	21,393	1,781,771	1,839,663
Disposals	-	(301,763)	(798,444)	(84,256)	(22,823)	(1,207,286)
Reclassifications	21,914	298,983	492,899	401,610	(1,195,644)	19,762
Effects of foreign currency exchange differences	(258)	(17,061)	(27,052)	(58,537)	(11,562)	(114,470)
Balance at December 31, 2021	$ 21,656	$ 3,486,120	$ 6,378,519	$ 4,637,607	$ 1,276,575	$ 15,800,477
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 2,109,203	$ 6,022,166	$ 3,055,529	$ -	$ 11,186,898
Depreciation expenses	-	133,535	150,555	217,608	-	501,698
Impairment losses recognized (reversed)	-	-	13,863	-	-	13,863
Disposals	-	(301,324)	(789,315)	(75,039)	-	(1,165,678)
Reclassifications	-	-	50,795	-	-	50,795
Effects of foreign currency exchange differences	-	(8,773)	(18,202)	(34,771)	-	(61,746)
Balance at December 31, 2021	$ -	$ 1,932,641	$ 5,429,862	$ 3,163,327	$ -	$ 10,525,830
Carrying amount at December 31, 2021	$ 21,656	$ 1,553,479	$ 948,657	$ 1,474,280	$ 1,276,575	$ 5,274,647

(Concluded)

For part of the Group’s equipment with no future use, the Group assessed its recoverable amount to be zero. It performed an assessment of the recoverable amount of property, plant and equipment and recognized an impairment loss of $13,863 thousand and $17,859 thousand which were recognized in miscellaneous disbursements for the years ended December 31, 2021 and 2020, respectively. The impairment loss is mainly from the segments of the ROC and Asia.

Information about the capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 4,737	$ 1,274
Capitalization rate intervals	0.77%-0.85%	0.83%-0.98%

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amounts		
Land	$ 793,115	$ 813,459
Buildings	870,904	831,441
Other equipment	4,650	1,809
	$ 1,668,669	$ 1,646,709

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 176,512	$ 11,158
Depreciation of right-of-use assets		
Land	$ 26,624	$ 24,880
Buildings	55,100	56,360
Other equipment	2,242	1,758
	$ 83,966	$ 82,998

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, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amounts		
Current (included in other current liabilities)	$ 83,312	$ 62,045
Non-current	$ 1,632,196	$ 1,617,605

Discount rate intervals for lease liabilities are as follows:

	December 31	
	2021	**2020**
Land	0.56%-1.56%	1.56%
Buildings	0.60%-2.89%	0.65%-3.84%
Other equipment	0.60%-2.89%	0.61%-2.89%

c. Material lease-in activities and terms

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

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

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

d. Other lease information

	For the Year Ended December 31	
	2021	**2020**
Expenses relating to short-term leases	$ 38,565	$ 50,852
Expenses relating to low-value asset leases	$ 528	$ 587
Total cash outflow for leases	$ 151,382	$ 155,671

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.

17. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Patents	Others	Total
Balance at January 1, 2020	$ 6,720,745	$ 1,242,606	$ 144,490	$ 8,107,841
Additions	-	83,023	21,621	104,644
Amortization expenses	-	(406,542)	(73,232)	(479,774)
Reclassifications	-	32,380	47,639	80,019
Effects of foreign currency exchange differences	(123,469)	(26,372)	98	(149,743)
Balance at December 31, 2020	6,597,276	925,095	140,616	7,662,987
Additions	-	40,857	590	41,447
Amortization expenses	-	(392,578)	(85,747)	(478,325)
Reclassifications	-	(2,941)	76,865	73,924
Effects of foreign currency exchange differences	(65,849)	(19,460)	(46)	(85,355)
Balance at December 31, 2021	$ 6,531,427	$ 550,973	$ 132,278	$ 7,214,678

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching, developing, and manufacturing monitors and electronic shelf labels. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates of 13.82%-13.95% and 12.20%-12.41% per annum for the years ended December 31, 2021 and 2020, 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.

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

Patents	6-20 years
Others	1-5 years

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	$ 2,165,200	$ 3,769,200
Secured borrowings (Note 31)	1,601,797	1,625,045
	$ 3,766,997	$ 5,394,245
Foreign currency included USD (in thousands)	$ 59,500	$ 83,014
Interest rate intervals	0.35%-1.20%	0.45%-1.20%

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	$ 4,645,000	$ 806,000
Less: Discounts on bills payable	(454)	(388)
	$ 4,644,546	$ 805,612
Interest rate intervals	0.38%-0.68%	0.31%-0.65%

As of December 31, 2021, commercial papers include a syndicated loan agreement with syndicate of banks, and the total is $3,400,000 thousand, refer to c. long-term borrowings.

c. Long-term borrowings

	December 31	
	2021	2020
Syndicated loans	$ 459,340	$ -
Unsecured borrowings	388,000	63,000
	$ 847,340	$ 63,000
Interest rate intervals	0.65%-1.00%	0.65%-0.80%

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

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is $6,800,000 thousand (including commercial promissory note, total is $5,440,000 thousand). The duration period is within 5 years from the first drawdown date (August 2021). As of December 31, 2021, long-term borrowings of US$17,000 thousand and commercial paper of $3,400,000 thousand had been used.

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, 2021.

19. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries or bonuses	$ 1,071,222	$ 835,158
Payables for construction and equipment	197,792	191,397
Payable for professional service fees	95,330	63,877
Payables for utilities	29,475	27,699
Payables for labors and health insurances	22,144	23,625
Payables for pensions	14,459	14,954
Others	415,576	254,027
	$ 1,845,998	$ 1,410,737

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 174,168	$ 168,440
Fair value of plan assets	(69,811)	(67,827)
Net defined benefit liabilities	$ 104,357	$ 100,613

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, 2020	$ 153,393	$ (65,793)	$ 87,600
Current service cost	4,538	-	4,538
Net interest expense (income)	1,376	(510)	866
Recognized in profit or loss	5,914	(510)	5,404
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,222)	(2,222)
Actuarial (gain) loss			
Changes in demographic assumptions	5,308	-	5,308
Changes in financial assumptions	4,293	-	4,293
Experience adjustments	3,890	-	3,890
Recognized in other comprehensive income or loss	13,491	(2,222)	11,269
Contributions from the employer	-	(3,777)	(3,777)
Benefits paid	(4,643)	4,475	(168)
Exchange differences on foreign plans	285	-	285
Balance at December 31, 2020	168,440	(67,827)	100,613
Service cost			
Current service cost	5,418	-	5,418
Past service cost	158	-	158
Net interest expense (income)	1,172	(348)	824
Recognized in profit or loss	6,748	(348)	6,400
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(862)	(862)
Actuarial (gain) loss			
Changes in demographic assumptions	7,082	-	7,082
Changes in financial assumptions	(465)	-	(465)
Experience adjustments	2,093	-	2,093
Recognized in other comprehensive income or loss	8,710	(862)	7,848
Contributions from the employer	-	(7,403)	(7,403)
Benefits paid	(7,890)	6,629	(1,261)
Exchange differences on foreign plans	(1,840)	-	(1,840)
Balance at December 31, 2021	$ 174,168	$ (69,811)	$ 104,357

Through the defined benefit plans under the Labor Standards Law, 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	
	2021	**2020**
Discount rates	0.5%-3.5%	0.5%-3.0%
Expected rates of salary increase	2.75%-3.11%	2.75%-3.38%

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

	December 31	
	2021	**2020**
Discount rates		
0.25-1% increase	$ (5,251)	$ (5,460)
0.25-1% decrease	$ 5,543	$ 5,785
Expected rates of salary increase		
0.25-1% increase	$ 5,375	$ 5,610
0.25-1% decrease	$ (5,130)	$ (5,336)

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	
	2021	**2020**
Expected contributions to the plans for the next year	$ 8,092	$ 3,718
Average duration of the defined benefit obligation	7.1-11.9 years	5-11.8 years

21. EQUITY

a. Ordinary shares

	December 31	
	2021	**2020**
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)	1,140,405	1,140,468
Amount of shares issued	$ 11,404,047	$ 11,404,677

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Issuance of shares	$ 9,531,866	$ 9,494,322
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	151,920
Expired employee share options	57,448	50,346
May only be used to offset a deficit		
Changes in percentage of ownership interests in associates (2)	8,945	4,195
Unclaimed dividends extinguished by prescription	74	40
May not be used for any purpose		
Employee share options	24,053	84,513
	$ 10,407,670	$ 10,310,536

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 23.

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 been 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 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 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 360,122	$ 308,077
Reversal of special reserve	$ 29,881	$ 154,916
Cash dividends	$ 3,062,779	$ 2,268,726
Dividends per share (NT$)	$ 2.7	$ 2.0

The appropriations of earnings for 2019 were approved in the shareholders' meeting on June 18, 2020; the above 2020 appropriation for cash dividends had been resolved by the Company's board of directors on March 16, 2021. The other proposed appropriation was resolved by the shareholders in their meeting held on July 7, 2021.

The appropriations of earnings for 2021 were proposed by the Company's board of directors on March 11, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 530,211
Cash dividends	$ 3,649,295
Dividends per share (NT$)	$ 3.2

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 June 22, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 100,559	$ 255,475
Reversals		
Reversal of the debits to other equity items	(29,881)	(154,916)
Balance at December 31	$ 70,678	$ 100,559

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

e. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ (1,022,902)	$ (937,787)
Recognized during the year		
Exchange differences on translating the financial statements of foreign operations	(1,323,299)	(84,300)
Share of associates and join ventures accounted for using the equity method	(14,126)	(2,356)
Reclassification adjustments		
Disposal of subsidiaries	-	1,541
Balance at December 31	$ (2,360,327)	$ (1,022,902)

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 1,165,461	$ 907,906
Recognized during the year		
Unrealized gain (loss)		
Equity instruments	3,735,188	265,419
Debt instruments	(25,212)	-
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(159,863)	(7,864)
Balance at December 31	$ 4,715,574	$ 1,165,461

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 536,163	$ 452,645
Share of profit for the year	62,003	71,099
Other comprehensive income (loss) during the year		
Remeasurement on defined benefit plans	107	(41)
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	(3,338)	2,355
Debt instruments	(1,281)	-
Exchange difference on translating the financial statements of foreign operations	(63,192)	9,878
Share-based payment	17	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	240	227
Balance at December 31	$ 530,719	$ 536,163

g. Treasury shares

	For the Year Ended December 31	
	2021	2020
Number of shares (in thousands) at January 1	6,105	6,105
Transferred to employees	(6,042)	-
Cancelation of treasury shares	(63)	-
Number of shares (in thousands) at December 31	-	6,105

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

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

22. REVENUE

a. Revenue from contracts with customers

Type of Revenue/Category by Product	For the Year Ended December 31 2021	2020
Revenue from sale of goods (Note)		
Consumer electronics	$ 11,853,502	$ 10,249,648
Internet of Things applications	7,793,514	5,108,811
Others	3,548	4,396
	$ 19,650,564	$ 15,362,855
Royalty income	$ 1,748,077	$ 1,891,237

Note: The Group mainly researches, develops, and manufactures electronic paper products. With the diversification of product applications, the business decision of the Group focused on the application categories and development of electronic paper products. Therefore, to use the application category of product to disclose the type of revenue is more in line with the development strategy of the Group devoted to applications of electronic paper products and provides more relevant information.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 10)	$ 3,247,721	$ 1,389,905	$ 2,059,829
Contract assets - current			
Royalty	$ 35,045	$ 46,900	$ 60,088
Contract liabilities - current			
Royalty	$ 2,548,518	$ 1,187,673	$ 1,215,378
Sale of goods	710,595	267,997	83,230
	3,259,113	1,455,670	1,298,608
Contract liabilities - non-current			
Royalty	-	351,361	1,024,259
	$ 3,259,113	$ 1,807,031	$ 2,322,867

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 2021	2020
Royalty income	$ 1,111,441	$ 1,183,960
Revenue from sale of goods	267,422	81,250
	$ 1,378,863	$ 1,265,210

23. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 27,140	$ 75,164
Financial assets at FVTPL	80,105	31,860
Financial assets at amortized cost	73,969	129,395
Others	21,393	3,354
	$ 202,607	$ 239,773

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	$ 18,582	$ 22,498
Gain on lease modification	2	90
Government grants	363,579	-
Others	102,359	75,655
	$ 484,522	$ 98,243

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 501,698	$ 610,360
Other intangible assets	478,325	479,774
Rights-of-use assets	83,966	82,998
	$ 1,063,989	$ 1,173,132
An analysis of depreciation by function		
Operating costs	$ 179,013	$ 281,593
Operating expenses	406,651	411,765
	$ 585,664	$ 693,358
An analysis of amortization by function		
Operating costs	$ 8,228	$ 7,815
Operating expenses	470,097	471,959
	$ 478,325	$ 479,774

d. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 20)		
Defined contribution plans	$ 89,132	$ 72,259
Defined benefit plans	6,400	5,404
	95,532	77,663
Share-based payments		
Equity-settled	93,218	(547)
Other employee benefits	4,153,948	3,538,588
Total employee benefits expense	$ 4,342,698	$ 3,615,704
An analysis of employee benefits expense by function		
Operating costs	$ 1,329,700	$ 857,008
Operating expenses	3,012,998	2,758,696
	$ 4,342,698	$ 3,615,704

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% and no higher than 10% 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, 2021 and 2020, which were approved by the Company's board of directors on March 11, 2022 and March 16, 2021, respectively, were as follows:

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

If there is a change in the amounts after the annual consolidated financial statements were 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, 2020 and 2019.

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.

24. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 1,087,224	$ 752,409
Income tax on unappropriated earnings	-	34,438
Adjustments for the prior years	(62,200)	(13,819)
	1,025,024	773,028
Deferred tax		
In respect of the current year	311,839	(206,763)
Income tax expense recognized in profit or loss	$ 1,336,863	$ 566,265

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 6,548,911	$ 4,239,953
Income tax expense calculated at the statutory rate (20%)	$ 1,309,782	$ 847,991
Nondeductible expenses in determining taxable income	61,154	158,608
Tax-exempt income	(122,845)	(69,723)
Income tax on unappropriated earnings	-	34,438
Unrecognized loss carryforwards, deductible temporary differences and investment credits	(135,810)	(565,292)
Effect of different tax rates of group entities operating in other jurisdictions	203,558	68,319
Adjustments for the prior years	(62,200)	(13,819)
Others	83,224	105,743
Income tax expense recognized in profit or loss	$ 1,336,863	$ 566,265

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI		
Equity instruments	$ 202,901	$ -
Debt instruments	(7,753)	11,635
Remeasurement of defined benefits plans	(1,976)	(2,099)
	$ 193,172	$ 9,536

c. Current tax assets and liabilities

	December 31 2021	December 31 2020
Current tax assets		
Prepaid income tax	$ 3,500	$ 2,720
Tax refund receivable	3,268	11,323
	$ 6,768	$ 14,043
Current tax liabilities		
Income tax payable	$ 763,772	$ 685,710

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, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 114,274	$ 6,324	$ -	$ (2,795)	$ 117,803
Other payables	67,291	21,313	-	(2,264)	86,340
Inventories	265,779	(18,137)	-	(1,606)	246,036
Accounts receivable	49,080	(1,767)	-	(355)	46,958
Deferred revenue	44,570	59,255	-	(778)	103,047
Defined benefit plans	20,676	-	1,976	-	22,652
Prepayments	17,639	-	-	-	17,639
Others	11,080	(32,096)	29,772	10,405	19,161
	590,389	34,892	31,748	2,607	659,636
Loss carryforwards	64,245	(15,607)	-	(1,364)	47,274
Investment credits	477,059	(342,123)	-	(37,053)	97,883
	$ 1,131,693	$ (322,838)	$ 31,748	$ (35,810)	$ 804,793
Deferred tax liabilities					
Temporary differences					
Contract liabilities	$ 75,092	$ (4,023)	$ -	$ (8,205)	$ 62,864
Others	13,376	(6,976)	224,920	1,328	232,648
	$ 88,468	$ (10,999)	$ 224,920	$ (6,877)	$ 295,512

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 110,953	$ 8,182	$ -	$ (4,861)	$ 114,274
Other payables	63,374	7,354	-	(3,437)	67,291
Inventories	205,527	63,321	-	(3,069)	265,779
Accounts receivable	22,719	26,317	-	44	49,080
Deferred revenue	26,449	18,032	-	89	44,570
Defined benefit plans	18,577	-	2,099	-	20,676
Prepayments	17,639	-	-	-	17,639
Others	17,905	4,860	(11,635)	(50)	11,080
	483,143	128,066	(9,536)	(11,284)	590,389
Loss carryforwards	74,314	(6,688)	-	(3,381)	64,245
Investment credits	429,825	52,909	-	(5,675)	477,059
	$ 987,282	$ 174,287	$ (9,536)	$ (20,340)	$ 1,131,693
Deferred tax liabilities					
Temporary differences					
Contract liabilities	$ 83,451	$ (9,259)	$ -	$ 900	$ 75,092
Others	37,403	(23,217)	-	(810)	13,376
	$ 120,854	$ (32,476)	$ -	$ 90	$ 88,468

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

	December 31 2021	December 31 2020
Loss carryforwards		
Expire in 2020	$ -	$ -
Expire in 2021	-	591
Expire in 2022	-	351,033
Expire in 2023	-	370
Expire in 2024	-	290
Expire in 2025	-	316
Expire in 2026	9,176	14,332
Expire in 2027	173,609	156,218
Expire in 2028	118,419	94,453
Expire in 2029	132,596	109,255
Expire in 2030	77,735	78,438
	$ 511,535	$ 805,296
Deductible temporary differences	$ 378,546	$ 237,075

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 39,424	2022
39,424	2023
39,424	2024
39,424	2025
24,318	2026
173,609	2027
118,419	2028
132,596	2029
77,735	2030
$ 684,373	

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

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $14,797,195 thousand and $13,674,683 thousand, respectively.

h. Income tax assessments

Income tax assessments of the Group were as follows:

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

25. EARNINGS PER SHARE

	For the Year Ended December 31	
	2021	2020
Basic earnings per share (NT$)	$ 4.53	$ 3.18
Diluted earnings per share (NT$)	$ 4.52	$ 3.17

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	
	2021	**2020**
Net income attributable to owners of the Company	$ 5,150,045	$ 3,602,589

Number of Shares

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,137,384	1,134,363
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	507	1,149
Share-based payment arrangements	2,387	2,464
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	1,140,278	1,137,976

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. Treasury shares transferred to employees

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

Information about treasury shares transferred to employees is as follows:

For the year ended December 31, 2021

Grant Date	Transferable Shares in Thousands	Shares in Thousands Transferred for the Year	Accumulated Shares in Thousands Transferred	Expired Shares in Thousands	Shares in Thousands at December 31
May 7, 2021	1,431	1,368	1,368	63	-
August 14, 2018	5,885	4,674	4,714	1,171	-

For the year ended December 31, 2020

Grant Date	Transferable Shares in Thousands	Shares in Thousands Transferred for the Year	Accumulated Shares in Thousands Transferred	Expired Shares in Thousands	Shares in Thousands at December 31
August 14, 2018	5,885	-	40	549	5,296

Treasury shares transferred to employees in 2021 and 2018 were priced using a Black-Scholes pricing model. Compensation cost recognized was $69,148 thousand for the year ended December 31, 2021. Compensation cost was $547 thousand for the year ended December 31, 2020, and the same amount of capital surplus - employee share options was reversed in both years. The inputs to the models were as follows:

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

b. Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. 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, 2021 Unit	Weighted Average Exercise Price (NT$)
Balance at January 1	-	$ -
Options granted	20,000	69-77.2
Options forfeited	(105)	
Balance at December 31	19,895	

The inputs to the models were as follows:

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

Compensation costs recognized was $24,070 thousand for the year ended December 31, 2021.

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31 2021	2020
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 1,839,663	$ 828,301
Increase in payables for construction and equipment (included in other payables)	(7,905)	(72,396)
Net cash paid	$ 1,831,758	$ 755,905

28. 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.

29. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivate financial assets				
Foreign exchange forward contracts	$ -	$ 3,097	$ -	$ 3,097
Non-derivative financial assets				
Mutual funds	286,099	-	327,134	613,233
Perpetual bonds	-	2,437,101	-	2,437,101
Hybrid financial assets				
Convertible preferred shares	-	-	121,099	121,099
Convertible bonds	-	-	258,153	258,153
Structured deposits	-	96,304	-	96,304
	$ 286,099	$ 2,536,502	$ 706,386	$ 3,528,987
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	$ 15,619,586	$ -	$ -	$ 15,619,586
Domestic and overseas unlisted shares	-	-	280,151	280,151
Investment in debt instruments				
Overseas straight corporate bonds	-	899,612	-	899,612
	$ 15,619,586	$ 899,612	$ 280,151	$ 16,799,349
Financial liabilities at FVTPL				
Derivative financial liabilities				
Foreign exchange forward contracts	$ -	$ 221,939	$ -	$ 221,939

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivate financial assets				
Foreign exchange forward contracts	$ -	$ 291,853	$ -	$ 291,853
Non-derivative financial assets				
Mutual funds	585,179	-	-	585,179
Perpetual bonds	-	1,006,183	-	1,006,183
Hybrid financial assets				
Convertible preferred shares	-	-	58,188	58,188
Convertible bonds	-	-	231,727	231,727
Structured deposits	-	1,415,089	-	1,415,089
	$ 585,179	$ 2,713,125	$ 289,915	$ 3,588,219
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	$ 6,323,319	$ -	$ -	$ 6,323,319
Domestic and overseas unlisted shares	-	-	102,829	102,829
Investment in debt instruments				
Overseas straight corporate bonds	-	503,499	-	503,499
	$ 6,323,319	$ 503,499	$ 102,829	$ 6,929,647

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 392,744	$ 894,875
Recognized in profit or loss	109,139	(20,640)
Recognized in other comprehensive income (loss)		
Unrealized gain (loss) on equity instruments	4,008	(66,294)
Exchange differences on translating the financial statements of foreign operations	(350)	280
	3,658	(66,014)
Purchases	480,996	264,718
Transfer out (Note)	-	(680,195)
Balance at December 31	$ 986,537	$ 392,744

Note: The transfer restrictions on the overseas listed private shares held by the Group had been lifted since the end of June 2020; therefore, the shares were transferred out of 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 to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the reporting year, discounted at a rate that reflects the credit risk of each counterparties.

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

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

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

a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group was discount for lack of marketability, which was 16%-20% and 20% as of December 31, 2021 and 2020, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased $2,857 thousand and $822 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 64.48% and 60.07% as of December 31, 2021 and 2020, respectively.

c) The fair value of convertible bonds was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was both 47.47% as of December 31, 2021 and 2020, respectively.

d) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
FVTPL	$ 3,528,987	$ 3,588,219
Amortized cost (Note 1)	16,019,513	18,128,323
FVTOCI		
Equity instruments	15,899,737	6,426,148
Debt instruments	899,612	503,499
Financial liabilities		
FVTPL	221,939	-
Amortized cost (Note 2)	14,228,873	9,239,662

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

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

c. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

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

	NTD to USD		**RMB to USD**		**KRW to USD**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Profit or loss	$ 22,699	$ 11,004	$ 3,618	$ (5,147)	$ (19,980)	$ (49,686)

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	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 5,798,688	$ 5,419,465
Financial liabilities	$ 9,258,883	$ 6,262,857
Lease liabilities	$ 1,715,508	$ 1,679,650
Cash flow interest rate risk		
Financial assets	$ 6,804,813	$ 11,177,373

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 represents 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, 2021 and 2020, would increase $34,024 thousand and $55,887 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 be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt investments. 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 risk of mutual funds, debt investments and equity securities at the end of the reporting years.

If prices in mutual funds, debt investments and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2021 and 2020, would have increased/decreased by $176,295 thousand and $164,818 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, 2021 and 2020, would have increased/decreased by $839,967 thousand and $346,482 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting 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, 2021 and 2020, the Group's unutilized bank borrowing facilities were $11,220,428 thousand and $13,052,337 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, 2021

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

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	$ 110,284	$ 344,117	$ 390,233	$ 362,869	$ 362,869	$ 446,973

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 9,195	$ 18,129	$ 72,881	$ 352,683	$ 1,672,414
Fixed interest rate liabilities	3,008,632	2,902,623	353	64,671	-
	$ 3,017,827	$ 2,920,752	$ 73,234	$ 417,354	$ 1,672,414

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	$ 100,205	$ 352,683	$ 385,388	$ 377,709	$ 377,709	$ 531,608

30. 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
Nuclera Nucleics Ltd.	Associate
Nuclera Nucleics Corporation	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon RFID Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
Fidelis IT Solutions 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 Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
Livebricks Inc.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon FRID Technology (Hong Kong) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Johnson Lee	Key management personnel
S.C. Ho	Key management personnel
Yuen Foong Paper Co., Ltd.	Substantive related party
Hsin Fan Precision Electronics (Yangzhou) Co., Ltd.	Substantive related party
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
Hsin-Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
Foongtone Technology Co., Ltd.	Substantive related party
YFY Green Food (Shanghai) Co., Ltd.	Substantive related party

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31 2021	2020
Associate	$ 25,872	$ 20,625

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 2021	2020
Associate	$ 712,539	$ 776,424
Investor and its subsidiaries with significant influence over the Group	16,176	10,279
Substantive related party	349	17
	$ 729,064	$ 786,720

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 2021	2020
Substantive related party	$ 62,253	$ 46,898
Others	191	156
	$ 62,444	$ 47,054

e. Operating expenses

Related Party Category	For the Year Ended December 31 2021	2020
Substantive related party	$ 34,990	$ 23,059
Associate	29,930	23,438
Investor and its subsidiaries with significant influence over the Group	4,787	5,572
	$ 69,707	$ 52,069

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31 2021	2020
Associate	$ 6,713	$ 5,875
Others	167	877
	$ 6,880	$ 6,752

g. Non-operating expense - other expenses

Related Party Category	For the Year Ended December 31 2021	2020
Key management personnel	$ -	$ 4,771

h. Receivable from related parties

Line Items	Related Party Category	December 31 2021	December 31 2020
Trade receivables	Associate	$ 92,197	$ 19,268
	Less: Loss allowance	(17,177)	(17,673)
		75,020	1,595
	Subsidiary of investor with significant influence over the Group	6,809	7,454
		$ 81,829	$ 9,049
Other receivables	Associate	$ 9,688	$ -
	Less: Loss allowance	(9,769)	-
	Effects of exchange rate changes	81	-
		$ -	$ -

The outstanding accounts receivable from related parties were unsecured.

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

Related Party Category	December 31 2021	December 31 2020
Associate	$ 20,510	$ 16,722
Substantive related party	10,079	7,734
Subsidiary of investor with significant influence over the Group	8,726	10,891
	$ 39,315	$ 35,347

The outstanding accounts payable to related parties were unsecured.

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

Related Party Category/Name	December 31 2021	December 31 2020
Associate	$ 55,470	$ -
Substantive related party		
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	48,973	49,235
Subsidiary of investor with significant influence over the Group	1,136	-
	$ 105,579	$ 49,235

k. Acquisition of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2021	Proceeds For the Year Ended December 31 2020
Associate	$ -	$ 11,803

l. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2021	Proceeds For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2021	Gain (Loss) on Disposal For the Year Ended December 31 2020
Associate	$ 63	$ 31	$ 63	$ 31

m. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group, with the original lease term for 4 years, and renewed the contract after the expiration in February 2021. The lease term is 2 years. The related amounts were as follows:

Related Party Category/Name	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Acquisition of right-of-use assets		
Subsidiary of investor with significant influence over the Group	$ 5,844	$ -

Line Item	December 31 2021	December 31 2020
Lease liabilities		
Current (included in other current liabilities)	$ 2,466	$ 235
Non-current	454	-
	$ 2,920	$ 235

Line Item	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Interest expenses	$ 24	$ 26

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 (included in other non-current liabilities)

Related Party Category	December 31 2021	December 31 2020
Key management personnel	$ 1,050	$ 1,050
Others	3	66
	$ 1,053	$ 1,116

o. Acquisition of financial assets and equity

For the year ended December 31, 2020

Related Party Category	Line Item	Number of Shares in Thousand	Underlying Assets	Purchase Price	Remark
Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income	337	Shares	$ 11,447	1)
Associate	Investments accounted for using the equity method	224	Equity	6,597	2)
				$ 18,044	

1) In August 2020, the Group acquired 0.14% of the ownership of Yuen Foong Yu Consumer Products Co., Ltd. from YFY Inc. (included in financial assets at fair value through other comprehensive income).

2) In July 2020, the Group acquired Plastic Logic HK Limited and increased its ownership to 2.66% (included in investments accounted for using the equity method).

p. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 140,947	$ 128,052
Post-employment benefits	1,328	1,235
Share-based payments	9,329	-
	$ 151,604	$ 129,287

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

31. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2021	2020
Current	$ 1,930,980	$ 1,913,300
Non-current	132,580	148,928
	$ 2,063,560	$ 2,062,228

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unused letters of credit of the Group for purchase of machinery amounted to $190,572 thousand and $208,330 thousand as of December 31, 2021 and 2020, respectively.

Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $11,670,000 thousand and $9,040,000 thousand as of December 31, 2021 and 2020, respectively.

Guaranteed notes issued for syndicated loans were all $6,800,000 thousand as of December 31, 2021 and 2020.

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.

To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The total amount of the construction is estimated at NT$1.912 billion. The construction cost was NT$23,138 thousand as of December 31, 2021.

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

33. OTHER ITEMS

Due to the global impact of the COVID-19 pandemic, governments of various countries around the world have successively implemented various epidemic prevention measures. The pandemic also led to the gradual transformation of the global consumption type. The Group benefited from the stay-at-home economy; the increase in operating revenue and gross profit from January 2021 to December 2021 was higher than the year in 2020; however, parts of the operating activities are still affected. The Group will continuously assess the impact of the outbreak on the Group's operations.

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

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, 2021

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

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 217,744	28.48 (USD:NTD)	$ 6,201,349
USD	195,030	6.525 (USD:RMB)	5,554,454
USD	174,461	1,077.156 (USD:KRW)	4,968,649
Non-monetary items			
Perpetual bonds			
USD	35,329	1,077.156 (USD:KRW)	1,006,183
Foreign currency liabilities			
Monetary items			
USD	256,381	28.48 (USD:NTD)	7,301,731
USD	176,956	6.525 (USD:RMB)	5,039,707

The Group’s net realized and unrealized gains (losses) on foreign currency exchange were $298,144 thousand and $(361,237) thousand for the years ended December 31, 2021 and 2020, 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 significant 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 For the Year Ended December 31		Segment Profit (Loss) For the Year Ended December 31	
	2021	2020	2021	2020
ROC	$ 22,305,848	$ 17,117,539	$ 2,593,888	$ 2,243,270
Asia	13,884,981	9,496,029	488,005	118,194
America	6,292,399	3,927,016	362,660	(163,149)
Adjustment and eliminations	(22,832,664)	(15,177,729)	-	-
	$ 19,650,564	$ 15,362,855	3,444,553	2,198,315
Administration cost and remunerations to directors			(421,307)	(351,063)
Interest income			202,607	239,773
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL			(189,979)	98,169
Royalty income			1,748,077	1,891,237
Dividend income			503,514	283,972
Net gain on disposal of investment			654,252	877
Gain on disposal of non-current assets held for sale			-	367,945
Net gain (loss) on foreign currency exchange			298,144	(361,237)
Other non-operating income and expenses, net			309,050	(128,035)
Income before tax			$ 6,548,911	$ 4,239,953

Segment profit (loss) represented the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, interest income, royalty income, dividend income, net gain on disposal of investment, net gain (loss) on foreign currency exchange, net gain (loss) 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

Category by Product	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Consumer electronic	$ 11,853,502	$ 10,249,648
Internet of things applications	7,793,514	5,108,811
Others	3,548	4,396
	$ 19,650,564	$ 15,362,855

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 2021	December 31 2020
ROC	$ 4,536,755	$ 3,326,249
Asia	1,282,582	1,280,207
America	8,806,188	8,937,884
	$ 14,625,525	$ 13,544,340

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 2021	For the Year Ended December 31 2020
Customer A	$ 3,992,846	$ 3,272,851
Customer B	2,400,599	2,041,121
Customer C	2,251,754	2,338,399
	$ 8,645,199	$ 7,652,371

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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		
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	$ 2,097,000 (US$ 75,000 thousand)	$ 1,384,000 (US$ 50,000 thousand)	$ 1,384,000 (US$ 50,000 thousand)	1.23	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 3,980,018 (KRW 169,362,450 thousand	$ 3,980,018 (KRW 169,362,450 thousand
2	YuanHan Materials Inc.	New Field e-Paper Co., Ltd.	Other receivables	Yes	484,950	483,760	483,760	1.20	Short-term financing	-	Working capital	-	-	-	866,200	3,464,798
3	PVI Global Limited	New Field e-Paper Co., Ltd.	Other receivables	Yes	503,280 (US$ 18,000 thousand)	221,440 (US$ 8,000 thousand)	221,440 (US$ 8,000 thousand)	1.00	Short-term financing	-	Working capital	-	-	-	1,623,321 (US$ 58,646 thousand)	6,493,229 (US$ 234,582 thousand)
		YuanHan Materials Inc.	Other receivables	Yes	389,340 (US$ 14,000 thousand)	387,520 (US$ 14,000 thousand)	387,520 (US$ 14,000 thousand)	1.20	Short-term financing	-	Working capital	-	-	-	1,623,321 (US$ 58,646 thousand)	6,493,229 (US$ 234,582 thousand)
4	Tech Smart Logistics Ltd.	YuanHan Materials Inc.	Other receivables	Yes	389,340 (US$ 14,000 thousand)	387,520 (US$ 14,000 thousand)	387,520 (US$ 14,000 thousand)	1.20	Short-term financing	-	Working capital	-	-	-	411,961 (US$ 14,883 thousand)	1,647,901 (US$ 59,534 thousand)

Note 1: The amounts are translated at the exchange rate of US$1=NT$27.68, and KRW1=NT$0.0235 on December 31, 2021, 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 Hydis Technologies Co., Ltd. shall not exceed 40% of the financing company’s net equity per its latest financial statements. The aggregate and individual financing limits of YuanHan Materials Inc., PVI Global Limited and Tech Smart Logistics Ltd. shall not exceed 40% and 10%, respectively, of the financing company’s net equity per its latest financial statements.

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

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 8,791,791	$ 1,198,470 (US$ 42,000 thousand)	$ 1,162,560 (US$ 42,000 thousand)	$ -	$ -	3.31	$ 35,167,166	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	8,791,791	2,350,000	2,350,000	525,000	-	6.68	35,167,166	Yes	No	No
		Linfiny Corporation	Subsidiary	8,791,791	350,000	350,000	145,000	-	1.00	35,167,166	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	8,791,791	200,000	200,000	-	-	0.57	35,167,166	Yes	No	No
1	Hydis Technologies Co., Ltd.	E Ink Holdings Inc.	Parent company	2,487,511 (KRW 105,851,531 thousand)	428,025 (US$ 15,000 thousand)	968,800 (US$ 35,000 thousand)	370,000	-	9.74	9,950,044 (KRW 423,406,126 thousand)	No	Yes	No

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

Note 2: The amounts are translated at the exchange rate of US$1=NT$27.68, and KRW1=NT$0.0235 on December 31, 2021, except the maximum balance is translated at the highest exchange rate of the end of each month for the year.

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

TABLE 3

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	119,522,461	$ 1,930,288	1.06	$ 1,930,288	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	277,788	0.47	277,788	
	Ultra Chip, Inc.	-	Financial assets at FVTOCI	2,603,676	663,937	3.50	663,937	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	16,867	0.13	16,867	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,190,000	291,155	0.06	291,155	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	12,175,000	308,027	0.10	308,027	
	Wistron Corporation	-	Financial assets at FVTOCI	9,296,000	270,978	0.32	270,978	
	Getac Technology Corporation	-	Financial assets at FVTOCI	2,674,000	148,942	2.17	148,942	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	5,768,000	276,864	0.09	276,864	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI	351,000	8,161	0.36	8,161	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	241,000	11,447	0.12	11,447	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	295,460	0.04	295,460	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	148,067	0.02	148,067	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	121,758	0.02	121,758	
	Convertible preferred shares							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
New Field e-Paper Co., Ltd.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	22,028,000	355,752	0.20	355,752	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	7,395	0.85	7,395	
	Ventec International Group Co., Ltd.	-	Financial assets at FVTOCI	475,000	63,413	0.66	63,413	
	Wistron Corporation	-	Financial assets at FVTOCI	8,307,000	242,149	0.29	242,149	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,650,000	79,200	0.03	79,200	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	214,864,329	$ 3,470,059	1.90	$ 3,470,059	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	569	0.00	569	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	302,093	6.40	302,093	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	2,587,626	729,711	1.39	729,711	
	SES-imagotag	-	Financial assets at FVTOCI	866,666	2,041,227	5.50	2,041,227	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	35	0.00	35	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	4,650,000	165,307	0.03	165,307	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,893,000	224,993	0.07	224,993	
	Wistron Corporation	-	Financial assets at FVTOCI	9,270,000	270,220	0.32	270,220	
	Daxin Materials Corp.	-	Financial assets at FVTOCI	869,000	133,826	0.85	133,826	
	Getac Technology Corporation	-	Financial assets at FVTOCI	4,453,000	248,032	3.61	248,032	
	Zenitron Corporation	-	Financial assets at FVTOCI	4,249,000	147,865	1.99	147,865	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	3,137,000	150,576	0.05	150,576	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,297,179	69,735	14.09	69,735	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	16,578	10.93	16,578	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	742,820	17,725	0.93	17,725	
	eCrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	9,010	6.46	9,010	
	Preferred shares							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	296,029	0.03	296,029	
	Convertible preferred shares							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	121,099	2.05	121,099	
	Convertible bonds							
	Nuclera Nucleics Ltd.	-	Financial assets at FVTPL - non-current	-	258,153	-	258,153	
	Straight corporate bonds							
	FS KKR CAPITAL CORP	-	Financial assets at FVTOCI	2,000,000	58,765	-	58,765	
	NOMURA HOLDINGS INC.	-	Financial assets at FVTOCI	1,950,000	55,872	-	55,872	
	Mutual funds							
	BLACKSTONE REITS	-	Financial assets at FVTPL - non-current	8,449	299,297	-	299,297	
	Millennium		Financial assets at FVTPL - non-current	1,011,939	27,837	-	27,837	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Transcend Optronics (Yangzhou) Co., Ltd.	Ordinary shares							
	Dalian DKE LCD Co., Ltd.	-	Financial assets at FVTOCI	837,000	RMB 14,377 thousand	2.73	RMB 14,377 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI	2,880,000	RMB 40,174 thousand	0.76	RMB 40,174 thousand	
Rich Optronics (Yangzhou) Co., Ltd.	Structured deposits							
	Bank of Industrial and Commercial - link structured deposits	-	Financial assets at FVTPL - current	-	RMB 22,182 thousand	-	RMB 22,182 thousand	
Hydis Technologies Co., Ltd.	Ordinary shares							
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	455,121	KRW 19,137,838 thousand	0.16	KRW 19,137,838 thousand	
	Solum Co., Ltd.	-	Financial assets at FVTOCI	840,990	KRW 18,880,226 thousand	1.68	KRW 18,880,226 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	290,618	KRW 22,958,822 thousand	0.23	KRW 22,958,822 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 9,035,568 thousand	0.15	KRW 9,035,568 thousand	
	Samsung Card Co., Ltd.	-	Financial assets at FVTOCI	275,805	KRW 8,687,857 thousand	0.26	KRW 8,687,857 thousand	
	Mutual funds							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 12,159,926 thousand	-	KRW 12,159,926 thousand	
	Perpetual bonds							
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	48,500,000	KRW 57,996,592 thousand	-	KRW 57,996,592 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 45,586,435 thousand	-	KRW 45,586,435 thousand	
	Straight corporate bonds							
	NOMURA HOLDINGS, INC.	-	Financial assets at FVTOCI	9,100,000	KRW 11,132,189 thousand	-	KRW 11,132,189 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 11,160,692 thousand	-	KRW 11,160,692 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 11,070,599 thousand	-	KRW 11,070,599 thousand	
	Fubon Hyundai Life	-	Financial assets at amortized cost	2,200,000	KRW 22,008,211 thousand	-	KRW 22,008,211 thousand	

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

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 (In Thousands)	Amount	Units (In Thousands)	Amount	Units (In Thousands)	Prices	Carrying Amount	Gain on Disposal (Note 1)		Units (In Thousands)	Amount
Hydis Technologies Co., Ltd.	Perpetual bonds														
	Bank of America Corporation	Financial assets at FVTPL - non-current	-	-	5,000,000	KRW 5,572,736 thousand	32,900,000	KRW 39,156,462 thousand	-	$ -	$ -	$ -	KRW 857,237 Thousand (Note 1)	37,900,000	KRW 45,586,435 thousand
	J.P. Morgan Chase & Co.	Financial assets at FVTPL - non-current	-	-	29,800,000	KRW 32,415,916 thousand	18,700,000	KRW 21,893,025 thousand	-	-	-	-	3,687,6517 Thousand (Note 1)	48,500,000	KRW 57,996,592 thousand
	Straight corporate bonds														
	Fubon Hyundai Life	Financial assets at amortized cost - non-current	-	-	700,000	KRW 7,010,196 thousand	1,500,000	KRW 15,000,000 thousand	-	-	-	-	KRW (1,985 thousand (Note 1)	2,200,000	KRW 22,008,211 thousand
	Ordinary shares														
	Hana Financial Group	FVTOCI - non-current	-	-	-	-	455,121	KRW 19,981,952 thousand	-	-	-	-	KRW (844,114 thousand) (Note 1)	455,121	KRW 19,137,838 thousand
	SOLUM CO., LTD.	FVTOCI - non-current	-	-	-	-	840,990	KRW 20,001,494 thousand	-	-	-	-	KRW (1,121,268 thousand) (Note 1)	840,990	KRW 18,880,226 thousand
	KT&G Corporation	FVTOCI - non-current	-	-	-	-	290,618	KRW 24,974,146 thousand	-	-	-	-	KRW (2,015,324 thousand) (Note 1)	290,618	KRW 22,958,822 thousand
Transcend Optronics (Yangzhou) Co., Ltd.	Principal guaranteed wealth investment products														
	Principal guaranteed with floating profit structured deposits	Financial assets at amortized cost - current	Bank of Nanjing	-	-	RMB 90,000 thousand	-	-	-	RMB 91,387 thousand	RMB 90,000 thousand	RMB 1,387 thousand	-	-	-
	Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Nanjing	-	-	RMB 241,658 thousand	-	RMB 170,000 thousand	-	RMB 414,050 thousand	RMB 410,000 thousand	RMB 4,050 thousand	-	-	-
	Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Jiansu	-	-	-	-	RMB 160,000 thousand	-	RMB 160,928 thousand	RMB 160,000 thousand	RMB 928 thousand	-	-	-
E Ink Corporation	Ordinary shares														
	Nuclera Nucleics Ltd. (Note 2)	Investment accounted for using the equity method	Nuclera Nucleics Ltd.	-	-	-	1,107,094	US$ 25,691 thousand (Note 3)	-	-	-	-	US$ (3,641 thousand) (Note 1)	1,107,094	US$ 22,050 thousand

Note 1: Included in interest income, net gain (loss) on financial assets and liabilities at FVTPL and loss from investments in associates accounted for using the equity method.

Note 2: Refer to Note 14 for the subsidiary E Ink Corporation's use of its microfluidic technology (including related equipment and inventory, etc. in the amount of approximately US$1,909 thousand) to exchange for Nuclera Nucleics Ltd.'s 26.5% equity share.

Note 3: Included related acquisition cost.

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, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sale	$ (3,992,846)	22	By agreements	$ -	-	$ 1,495,949	25	
	E Ink Corporation	Subsidiary	Purchase	5,727,661	40	By agreements	-	-	(1,626,053)	(24)	
	YuanHan Materials Inc.	Subsidiary	Sale	(1,944,678)	11	By agreements	-	-	282,228	5	
	YuanHan Materials Inc.	Subsidiary	Purchase	572,211	4	By agreements	-	-	(49,064)	(1)	
	Linfiny Corporation	Subsidiary	Purchase	148,818	1	By agreements	-	-	(18,216)	-	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,533,252	11	By agreements	-	-	(5,003,624)	(74)	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	699,539	5	By agreements	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(572,211)	(14)	By agreements	-	-	49,064	94	
	E Ink Holdings Inc.	Parent company	Purchase	1,944,678	76	By agreements	-	-	(282,228)	(100)	
Linfiny Corporation	E Ink Holdings Inc.	Parent company	Sale	(148,818)	(98)	By agreements	-	-	18,216	92	
Prime View Communications Ltd.	E Ink Holdings Inc.	Parent company	Purchase	3,992,846	100	By agreements	-	-	(1,495,949)	(100)	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(5,727,661)	(100)	By agreements	-	-	1,626,053	98	
	E Ink California, LLC	Subsidiary	Purchase	553,979	15	By agreements	-	-	(307,992)	(56)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(553,979)	(100)	By agreements	-	-	307,992	100	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,533,252)	(100)	By agreements	-	-	5,003,624	100	

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

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

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, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	$ 1,495,949	3.38	$ -	-	$ 287,740	$ -
	YuanHan Materials Inc.	Subsidiary	282,228	10.50	-	-	94,370	-
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	3,848,410	(Note 1)	82,244	Collected	1,521,925	-
	E Ink Corporation	Subsidiary	243,728	0.20	11,857	In the process of collection	2,596	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	5,003,624	(Note 1)	835,145	Collected	2,108,284	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	1,626,053	4.93	1,162,686	In the process of collection	593,406	-
E Ink California, LLC	E Ink Corporation	Parent company	307,992	1.46	131,626	In the process of collection	43,858	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	PVI Global Limited	British Virgin Islands	Investment	$ 3,360,434	$ 3,360,434	108,413,176	100.00	$ 16,233,100	$ 2,078,769	$ 2,078,769	(Note)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Wholesale and sale of electronics parts	6,394,455	6,394,455	671,032,318	100.00	5,497,393	297,957	297,957	(Note)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	4,911,303	4,911,303	1,034	45.31	4,239,021	1,454,012	213,332	(Note)
	YuanHan Materials Inc.	Taipei, Taiwan	Research, development and sale of electronic parts and electronic ink	6,420,230	6,420,230	183,819,268	100.00	8,642,719	1,627,642	1,627,884	(Note)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	349,001	(79)	(79)	(Note)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(33,896)	(30,628)	(30,628)	(Note)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	49,267	49,267	1,550,000	0.09	3,708	207,461	187	(Note)
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic ink	16,800	16,800	1,680,000	4.00	1,206	9,844	394	(Note)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	1,093	(78,096)	(1,013)	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	16,492	3,830	3,830	(Note)
New Field e-Paper Co., Ltd.	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	4,865,850	4,865,850	1,748,251,748	99.91	4,116,045	207,461	207,275	(Note)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	1,618,500	1,618,500	294	12.88	1,205,001	1,454,012	60,643	(Note)
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic ink	323,400	323,400	32,340,000	77.00	23,213	9,844	7,580	(Note)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	9,448	31,416	8,446	
	Kyoritsu Optronics Co., Ltd.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4,000	100.00	23,047	1,204	1,204	(Note)
E Ink Corporation	E Ink California, LLC	California, USA	Research, development and sale of electronic ink	US$ 29,100 thousand	US$ 29,100 thousand	27,400,000	100.00	US$ 33,431 thousand	US$ 3,697 thousand	US$ 1,651 thousand	(Note)
	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US$ 25,691 thousand	-	1,107,094	26.50	US$ 22,050 thousand	US$ (12,540) thousand)	US$ (3,323) thousand	
Tech Smart Logistics Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	US$ 152,875 thousand	US$ 152,875 thousand	954	41.81	US$ 133,017 thousand	US$ 52,038 thousand	US$ 7,391 thousand	(Note)
PVI Global Limited	PVI International Corp.	British Virgin Islands	Trading	US$ 169,300 thousand	US$ 160,300 thousand	169,300,000	100.00	US$ 182,823 thousand	US$ 32,001 thousand	US$ 32,001 thousand	(Note)
	Dream Pacific International Limited	British Virgin Islands	Investment	US$ 1,000 thousand	US$ 1,000 thousand	26,000,000	100.00	US$ 334,291 thousand	US$ 42,202 thousand	US$ 42,202 thousand	(Note)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US$ 30,000 thousand	US$ 30,000 thousand	30,000,000	100.00	US$ 28,515 thousand	US$ 308 thousand	US$ 308 thousand	(Note)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US$ 1,750 thousand	US$ 1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US$ 1,540 thousand	US$ 1,540 thousand	1,540,000	35.00	-	US$ 8 thousand	US$ 3 thousand	
Dream Pacific International Limited	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US$ 27,612 thousand	US$ 27,612 thousand	3,783,265	94.73	US$ 339,810 thousand	US$ 40,655 thousand	US$ 39,631 thousand	(Note)
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	484,213 thousand	KRW(3,107,540) thousand	KRW (832,417) thousand	

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 8

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	$ 4,686,224 (US$ 169,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	$ 3,261,950 (US$ 117,845 thousand)	$ -	$ -	$ 3,261,950 (US$ 117,845 thousand)	$ 913,822 (US$ 32,626 thousand)	100.00	$ 896,428 (US$ 32,005 thousand)	$ 5,054,423 (US$ 182,602 thousand)	$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	830,400 (US$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	830,400 (US$ 30,000 thousand)	-	-	830,400 (US$ 30,000 thousand)	8,627 (US$ 308 thousand)	100.00	8,627 (US$ 308 thousand)	789,295 (US$ 28,515 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,022,250 (US$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	(13,108) (US$ (468) thousand)	100.00	(13,108) (US$ (468) thousand)	810,775 (US$ 29,291 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (liquidated)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	38,475 (US$ 1,390 thousand)	-	-	38,475 (US$ 1,390 thousand)	980 (US$ 35 thousand)	100.00	980 (US$ 35 thousand)	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	138,400 (US$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	48,440 (US$ 1,750 thousand)	-	-	48,440 (US$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	173,659 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	9,065 (RMB 2,088 thousand)	49.00	4,399 (RMB 1,023 thousand)	101,753 (RMB 23,437 thousand)	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 4,179,265 (US$ 150,985 thousand)	$ 8,141,657 (US$ 294,135 thousand)	$ 26,297,496

Note 1: The amounts are translated at the exchange rate of US$1=NT$27.68 and RMB1＝NT$4.34148 on December 31, 2021.

Note 2: The amounts are translated at the average exchange rate of US$1＝NT$28.009 and RMB1＝NT$4.34167 for the year ended December 31, 2021.

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 transactions with NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Accounts receivable from related parties	$ 1,495,949	By agreements	2.6
		Prime View Communications Ltd.	Subsidiary	Sales	3,992,846	By agreements	20.3
		E Ink Corporation	Subsidiary	Accounts payable to related parties	1,626,053	By agreements	2.9
		E Ink Corporation	Subsidiary	Cost of goods sold	5,727,661	By agreements	29.1
		YuanHan Materials Inc.	Subsidiary	Sales	1,944,678	By agreements	9.9
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	572,211		2.9
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	3,848,410	By agreements	6.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	5,003,624	By agreements	8.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,533,252	By agreements	7.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	657,871	By agreements	3.3
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Same ultimate parent company	Other receivables from related parties	1,389,728	By agreements	2.4
2	E Ink California, LLC	E Ink Corporation	Parent Company	Sales	553,979	By agreements	2.8

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, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,300	7.05

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster 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.