E Ink Holdings Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 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, 2020 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 prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

E INK HOLDINGS INC.

By

JOHNSON, LEE
Chairman

March 16, 2021

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2020 and 2019, 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

A 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, 2020. 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 for the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Sales Revenue - Recognition of Sales Revenue of Electronic Shelf Labels Products

The Group mainly sells products, such as monitors and electronic shelf labels, which were affected by the changes in the end-market demand due to the COVID-19 pandemic this year. The Group adjusted its product assortment to increase the overall gross profit margin and consequently increased the risk of the occurrence of sales revenue transactions from electronic shelf label products, which carried high gross profit margin. Therefore, the recognition of sales revenue of electronic shelf label 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 of electronic shelf label products.

2. We sampled the sales details of electronic shelf label products, inspected receipts signed by the customers or export declaration of overseas sales, and confirmed the receipt of payments.

3. We inspected subsequent significant sales returns and allowances.

Other Matter

We have also audited the financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2020 and 2019, 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, 2020, 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 16, 2021

<u>*Notice to Readers*</u>

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	$ 12,954,147	28	$ 7,047,106	17
Financial assets at fair value through profit or loss (Note 7)	1,999,208	4	2,455,299	6
Financial assets at amortized cost (Notes 9 and 30)	3,081,651	7	7,526,246	18
Contract assets (Note 21)	46,900	-	60,088	-
Accounts receivable (Notes 10, 21 and 29)	1,389,905	3	2,059,829	5
Other receivables	141,045	-	216,253	1
Current tax assets (Note 23)	14,043	-	22,011	-
Inventories (Note 11)	2,040,429	5	1,941,702	5
Prepayments (Note 29)	228,528	1	192,732	-
Non-current assets held for sale (Note 12)	9,342	-	109,745	-
Other current assets	9,123	-	3,049	-
Total current assets	21,914,321	48	21,634,060	52
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	1,589,011	4	60,285	-
Financial assets at fair value through other comprehensive income (Notes 8 and 29)	6,929,647	15	4,474,517	11
Financial assets at amortized cost (Notes 9 and 30)	561,575	1	146,847	-
Investments accounted for using the equity method (Note 29)	130,046	-	147,694	-
Property, plant and equipment (Notes 14, 22, 26 and 29)	4,075,910	9	4,104,317	10
Right-of-use assets (Notes 15 and 22)	1,646,709	4	1,766,034	4
Goodwill (Note 16)	6,597,276	14	6,720,745	16
Other intangible assets (Notes 16, 22 and 29)	1,065,711	2	1,387,096	3
Deferred tax assets (Note 23)	1,131,693	3	987,282	3
Other non-current assets (Note 29)	158,734	-	192,072	1
Total non-current assets	23,886,312	52	19,986,889	48
TOTAL	$ 45,800,633	100	$ 41,620,949	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 17 and 30)	$ 5,394,245	12	$ 4,557,832	11
Short-term bills payable (Note 17)	805,612	2	579,887	1
Contract liabilities (Note 21)	1,455,670	3	1,298,608	3
Notes and accounts payable (Note 29)	1,566,068	3	1,156,039	3
Other payables (Notes 18 and 26)	1,410,737	3	1,263,755	3
Current tax liabilities (Note 23)	685,710	1	146,121	-
Other current liabilities (Notes 12, 15 and 29)	246,779	1	204,433	1
Total current liabilities	11,564,821	25	9,206,675	22
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 17)	63,000	-	-	-
Contract liabilities (Note 21)	351,361	1	1,024,259	3
Deferred tax liabilities (Note 23)	88,468	-	120,854	-
Lease liabilities (Notes 15 and 29)	1,617,605	4	1,721,654	4
Deferred revenue (Note 12)	962,015	2	-	-
Net defined benefit liabilities (Note 19)	100,613	-	87,600	-
Other non-current liabilities (Note 29)	7,977	-	7,123	-
Total non-current liabilities	3,191,039	7	2,961,490	7
Total liabilities	14,755,860	32	12,168,165	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 20 and 25)				
Share capital	11,404,677	25	11,404,677	27
Capital surplus	10,310,536	23	10,306,993	25
Retained earnings	8,760,870	19	7,428,382	18
Other equity	142,559	-	(29,881)	-
Treasury shares	(110,032)	-	(110,032)	-
Total equity attributable to owners of the Company	30,508,610	67	29,000,139	70
NON-CONTROLLING INTERESTS (Note 20)	536,163	1	452,645	1
Total equity	31,044,773	68	29,452,784	71
TOTAL	$ 45,800,633	100	$ 41,620,949	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, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 29)	$ 15,362,855	100	$ 13,601,676	100
OPERATING COSTS (Notes 11, 22 and 29)	8,340,974	54	7,563,090	56
GROSS PROFIT	7,021,881	46	6,038,586	44
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	634,217	4	755,050	6
General and administrative expenses	2,073,614	14	2,349,323	17
Research and development expenses	2,466,798	16	2,374,402	17
Total operating expenses	5,174,629	34	5,478,775	40
INCOME FROM OPERATIONS	1,847,252	12	559,811	4
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	239,773	2	337,373	3
Royalty income (Notes 4 and 21)	1,891,237	12	2,240,251	16
Dividend income	283,972	2	184,437	1
Gain on disposal of land use rights (Note 12)	-	-	153,500	1
Gain on disposal of non-current assets held for sale (Note 12)	367,945	2	-	-
Net gain (loss) on foreign currency exchange (Note 33)	(361,237)	(2)	223,994	2
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	98,169	1	83,444	1
Other income (Note 29)	99,120	1	122,738	1
Interest expenses (Notes 14 and 29)	(103,530)	(1)	(86,085)	(1)
Other expenses (Notes 22 and 29)	(122,748)	(1)	(97,996)	(1)
Total non-operating income and expenses	2,392,701	16	3,161,656	23
INCOME BEFORE INCOME TAX	4,239,953	28	3,721,467	27
INCOME TAX EXPENSE (Notes 4 and 23)	(566,265)	(4)	(547,870)	(4)
NET INCOME FOR THE YEAR	3,673,688	24	3,173,597	23

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	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 19)	$ (11,269)	-	$ (13,576)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	279,409	2	989,618	7
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(9,536)	-	2,938	-
	258,604	2	978,980	7
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(74,422)	(1)	(773,206)	(5)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(2,356)	-	(6,161)	-
	(76,778)	(1)	(779,367)	(5)
Other comprehensive income for the year, net of income tax	181,826	1	199,613	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,855,514	25	$ 3,373,210	25
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 3,602,589	23	$ 3,083,789	23
Non-controlling interests	71,099	1	89,808	-
	$ 3,673,688	24	$ 3,173,597	23
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 3,772,223	25	$ 3,306,364	24
Non-controlling interests	83,291	-	66,846	1
	$ 3,855,514	25	$ 3,373,210	25

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 24)				
Basic	$ 3.18		$ 2.72	
Diluted	$ 3.17		$ 2.71	

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
								Other Equity					
	Share Capital			Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI				
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total			Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	1,140,468	$ 11,404,677	$ 10,243,293	$ 1,512,287	$ 70,678	$ 5,138,085	$ 6,721,050	$ (181,328)	$ (74,147)	$ (184,900)	$ 27,928,645	$ 385,799	$ 28,314,444
Appropriation of 2018 earnings													
Legal reserve	-	-	-	261,367	-	(261,367)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	184,797	(184,797)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,373,438)	(2,373,438)	-	-	-	(2,373,438)	-	(2,373,438)
Unclaimed dividends extinguished by prescription	-	-	26	-	-	-	-	-	-	-	26	-	26
Net income for the year ended December 31, 2019	-	-	-	-	-	3,083,789	3,083,789	-	-	-	3,083,789	89,808	3,173,597
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(10,697)	(10,697)	(756,459)	989,731	-	222,575	(22,962)	199,613
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	3,073,092	3,073,092	(756,459)	989,731	-	3,306,364	66,846	3,373,210
Share-based payments	-	-	63,912	-	-	-	-	-	-	-	63,912	-	63,912
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	7,678	7,678	-	(7,678)	-	-	-	-
Treasury shares transferred to employees	-	-	(238)	-	-	-	-	-	-	74,868	74,630	-	74,630
BALANCE AT DECEMBER 31, 2019	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

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,239,953	$ 3,721,467
Adjustments for		
Depreciation expenses	693,358	784,768
Amortization expenses	479,774	463,395
Expected credit loss recognized (reversed) on accounts receivable	17,642	(6,401)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(98,169)	(83,444)
Interest expenses	103,530	86,085
Interest income	(239,773)	(337,373)
Dividend income	(283,972)	(184,437)
Compensation costs of share-based payments	(547)	63,912
Share of loss of associates and joint ventures accounted for using the equity method	26,205	8,460
Net loss (gain) on disposal of property, plant and equipment	56,700	(2,746)
Gain on disposal of land use rights	-	(153,500)
Net gain on disposal of non-current assets held for sale	(367,945)	-
Net loss (gain) on disposal of investments	(877)	2,934
Impairment loss	17,859	63,654
Write-downs of inventories	204,198	134,739
Net unrealized loss (gain) on foreign currency exchange	1,945	(29,250)
Gain on lease modification	(90)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	(32,868)
Contract assets	10,417	120,460
Accounts receivable	594,803	193,773
Other receivables	60,884	43,629
Inventories	(428,262)	(206,533)
Prepayments	(40,676)	124,885
Other current assets	(6,390)	(3,029)
Financial liabilities held for trading	(32,134)	7,934
Contract liabilities	(431,699)	(966,420)
Notes and accounts payable	429,799	(177,956)
Other payables	84,983	(75,659)
Other current liabilities	57,679	17,860
Net defined benefit liabilities	1,459	(5,983)
Cash generated from operations	5,150,654	3,572,356
Income tax paid	(233,448)	(427,739)
Net cash generated from operating activities	4,917,206	3,144,617

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E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	$ (2,221,741)	$ (64,692)
Proceeds from disposal of financial assets at fair value through other comprehensive income	42,136	9,928
Acquisition of financial assets at amortized cost	(12,568,364)	(14,670,303)
Proceeds from disposal of financial assets at amortized cost	16,362,525	11,321,850
Acquisition of financial assets at fair value through profit or loss	(2,664,667)	(1,511,179)
Proceeds from disposal of financial assets at fair value through profit or loss	1,739,936	823,402
Acquisition of associates	-	(79,513)
Proceeds from disposal of non-current assets held for sale	467,091	-
Acquisition of property, plant and equipment	(755,905)	(550,492)
Proceeds from disposal of property, plant and equipment	59,827	6,869
Acquisition of other intangible assets	(104,644)	(123,803)
Proceeds from disposal of land use rights	-	153,869
Decrease in other non-current assets	26,557	53,076
Interest received	248,111	300,623
Dividends received	283,972	184,437
Deferred revenue	962,015	-
Net cash generated from (used in) investing activities	1,876,849	(4,145,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	901,653	3,091,036
Increase in short-term bills payable	225,725	15,165
Increase in long-term borrowings	63,000	-
Repayments of long-term borrowings	-	(43,169)
Repayment of the principal portion of lease liabilities	(70,458)	(75,899)
Increase (decrease) in other non-current liabilities	1,224	(788)
Cash dividends	(2,268,726)	(2,373,438)
Proceeds from treasury shares transferred to employees	-	74,630
Interest paid	(108,603)	(79,203)
Proceeds from unclaimed dividends extinguished by prescription	-	26
Net cash generated from (used in) financing activities	(1,256,185)	608,360
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	369,171	(255,049)

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 5,907,041	$ (648,000)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,047,106	7,695,106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 12,954,147	$ 7,047,106

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

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 16, 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 2021

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

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)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 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 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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.

As of the date the consolidated financial statements were issued, 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 8 and 9 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 group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

For the purposes of presenting 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.

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.

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 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 28.

      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 is 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 expected to vest. 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	
	2020	2019
Cash on hand	$ 535	$ 579
Checking accounts and demand deposits	11,177,373	1,570,259
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,377,311	5,086,317
Repurchase agreements collateralized by notes	398,928	389,951
	$ 12,954,147	$ 7,047,106

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	
	2020	2019
Demand deposits	0.01-1.15%	0.01-1.15%
Time deposits	0.35-1.76%	0.45-2.9%
Repurchase agreements collateralized by notes	0.23%	2.2%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 291,853	$ -
Non-derivative financial assets		
Mutual funds	292,266	2,455,299
Hybrid financial assets		
Structured deposits	1,415,089	-
	$ 1,999,208	$ 2,455,299

(Continued)

	December 31	
	2020	**2019**
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 292,913	$ -
Perpetual bonds	1,006,183	-
Hybrid financial assets		
Convertible preferred shares	58,188	60,285
Convertible bonds	231,727	-
	$ 1,589,011	$ 60,285

(Concluded)

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, 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	
	2020	**2019**
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	$ 6,426,148	$ 4,474,517
Investments in debt instruments at FVTOCI	503,499	-
	$ 6,929,647	$ 4,474,517

a. Investments in equity instruments at FVTOCI

	December 31	
	2020	**2019**
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 4,992,750	$ 3,577,384
Unlisted shares	37,050	34,014
	5,029,800	3,611,398

(Continued)

	December 31	
	2020	2019
Foreign investments		
Listed shares	$ 1,330,569	$ 845,286
Unlisted shares	65,779	17,833
	1,396,348	863,119
	$ 6,426,148	$ 4,474,517

(Concluded)

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

The Group bought 5-year and 10-year straight corporate bonds issued by foreign companies with coupon rates of 3.10%-4.63%, and the effective interest rates were 2.14%-4.03% for the three months ended December 31, 2020.

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	
	2020	2019
Current		
Time deposits with original maturities of more than 3 months and not exceeding 1 year (a)	$ 775,515	$ 5,117,128
Pledged time deposits (b)	1,913,300	1,616,260
Principal guaranteed wealth management products (c)	392,836	792,858
	$ 3,081,651	$ 7,526,246
Non-current		
Time deposits with original maturities of more than 1 year (d)	$ 226,972	$ -
Pledged time deposits (b)	148,928	146,847
Foreign straight corporate bonds (e)	185,675	-
	$ 561,575	$ 146,847

a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 1.27%-1.40% and 0.82%-4.57% per annum as of December 31, 2020 and 2019, respectively.

b. Refer to Note 30 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% and 3.55%-4% per annum as of December 31, 2020 and 2019, respectively.

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

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

f. The credit risk of financial instruments such as bank 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	
	2020	**2019**
Accounts receivable	$ 1,406,322	$ 1,949,539
Less: Loss allowance	(25,466)	(26,504)
	1,380,856	1,923,035
Accounts receivable from related parties (Note 29)	26,722	136,794
Less: Loss allowance	(17,673)	-
	9,049	136,794
	$ 1,389,905	$ 2,059,829

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, 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

December 31, 2019

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	31%	
Gross carrying amount	$ 1,837,423	$ 162,353	$ 86,557	$ 2,086,333
Less: Loss allowance	-	-	(26,504)	(26,504)
Amortized cost	$ 1,837,423	$ 162,353	$ 60,053	$ 2,059,829

The movements of the loss allowance were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 26,504	$ 41,888
Add: Expected credit losses recognized (reversed)	17,642	(6,401)
Less: Amounts written off	-	(8,124)
Foreign exchange translation gains and losses	(1,007)	(859)
Balance at December 31	$ 43,139	$ 26,504

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, 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Customer A	$ 672,851	$ 427,363
Customer B	185,060	244,374
Customer C	177,781	174,190
Customer D	73,961	330,287
Customer E	230	215,435
	$ 1,109,883	$ 1,391,649

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 556,685	$ 584,583
Semi-finished goods	316,051	264,023
Work in progress	106,362	67,271
Raw materials	1,061,331	1,025,825
	$ 2,040,429	$ 1,941,702

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 included write-downs of inventories of $204,198 thousand and $134,739 thousand, respectively.

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2020	2019
Land use rights, plant and equipment held for sale	$ 9,342	$ 109,745
Liabilities directly associated with equipment held for sale	$ 17,919	$ 17,642

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).

   In addition, the Yangzhou Economic and Technological Development Zone’s Demolition Placement Management Office had completed the expropriation of 19.8 mus of land use rights of the subsidiary, Yangzhou Huaxia Integrated O/E System Co., Ltd., with an amount of RMB35,640 thousand. Therefore, the Group recognized a gain on the disposal of land use rights of NT$153,500 thousand (RMB35,557 thousand) for the year ended December 31, 2019.

b. The subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., is expected to dispose of a batch of equipment to a non-related party within the following 12 months. Transcend Optronics (Yangzhou) Co., Ltd. has received partial contract price of NT$17,919 thousand (RMB4,105 thousand, included in other current liabilities) as of December 31, 2019 and 2020 due to 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.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

			Proportion of Ownership (%)		
			December 31		
Investor	Investee	Main Business	2020	2019	Remark
E Ink Holdings Inc.	PVI Global Corp.	Investment	100.00	100.00	f.
	E Ink Corporation	Manufacture and sale of electronic ink	45.31	45.31	
	YuanHan Materials Inc. (originally named Yuen Yu Investment Co., Ltd.)	Research, development and sale of electronic parts and electronic ink	100.00	100.00	a.
	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	-	100.00	i.
	Linfiny Corporation	Research, development and sale of electronic ink	4.00	4.00	c.
	E Ink Japan Inc.	Development of electronics ink products	100.00	-	h.
New Field e-Paper Co., Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	12.88	12.88	
	Tech Smart Logistics Ltd.	Trading	99.91	99.91	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2020	2019	Remark
YuanHan Materials Inc. (originally named Yuen Yu Investment Co., Ltd.)	Lucky Joy Holdings Ltd.	Investment	-	100.00	e.
	Linfiny Corporation	Research, development and sale 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	
	E Ink Japan Inc.	Development of electronics ink products	-	100.00	h.
	E Ink Systems, LLC	Research and development of application software	-	-	d.
PVI Global Corp.	PVI International Corp.	Trading	100.00	100.00	f.
	Ruby Lustre Ltd.	Investment	100.00	100.00	
	Dream Pacific International Corp.	Investment	100.00	100.00	
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	g.
	Transmart Electronics (Yangzhou) Ltd.	Research, development and sale of flat panels	-	66.66	j.
Tech Smart Logistics Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	41.81	41.81	
Dream Universe Ltd.	Transyang Electronics (Yangzhou) Ltd.	Assembly of LCD flat panels	-	-	b.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	f.
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	
Dream Pacific International Corp.	Hydis Technologies Co., Ltd.	Research, development and licensing of monitors	94.73	94.73	
	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Manufacture and sale of LED products	24.19	24.19	
Transcend Optronics (Yangzhou) Co., Ltd.	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Manufacture and sale of LED products	75.81	75.81	
	Transyork Technology Yanzhou Ltd.	Assembly and sale of display panels	44.39	44.39	g.
	Transmart Electronics (Yangzhou) Ltd.	Research, development and sale of flat panels	-	33.34	j.

(Concluded)

a. To simplify the Group’s organization management, integrate the utilization of resources and increase operational efficiency, the board of directors of the subsidiary, Yuen Yu Investment Co., Ltd., approved on April 19, 2019 to merge its subsidiary YuanHan Materials Inc. by absorption. The reference date of the merger was on June 1, 2019, with Yuen Yu Investment Co., Ltd. as the surviving company, which was renamed as YuanHan Materials Inc. after the merger. In addition, the board of directors of YuanHan Materials Inc. approved the issuance of new shares on August 16, 2019 to merge the subsidiary, SiPix Technology Inc. The reference date of the merger is set on October 1, 2019, with YuanHan Materials Inc. as the surviving company.

b. Transyang Electronics (Yangzhou) Ltd. has completed its liquidation process in May 2019.

c. To adjust the investment structure, the Company purchased 4% ownership of Linfiny Corporation from YuanHan Material Inc. in October 2019.

d. E Ink Systems, LLC has completed its liquidation process in December 2019.

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

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

g. 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 Corp. and Transcend Optronics (Yangzhou) Co., Ltd., and the capital reduction has been completed.

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost					
Balance at January 1, 2019	$ 3,906,019	$ 7,163,257	$ 4,999,769	$ 439,597	$ 16,508,642
Additions	78,902	178,000	117,066	171,981	545,949
Disposals	(2,908)	(138,975)	(134,156)	-	(276,039)
Reclassifications	(229,924)	(55,324)	(130,864)	(125,543)	(541,655)
Effects of foreign currency exchange differences	(65,483)	(71,648)	(110,428)	(8,933)	(256,492)
Balance at December 31, 2019	$ 3,686,606	$ 7,075,310	$ 4,741,387	$ 477,102	$ 15,980,405
Accumulated depreciation and impairment					
Balance at January 1, 2019	$ 2,163,142	$ 6,304,365	$ 3,519,694	$ -	$ 11,987,201
Depreciation expenses	140,436	311,760	248,380	-	700,576
Impairment losses recognized	-	34,334	29,320	-	63,654
Disposals	(1,346)	(138,250)	(132,909)	-	(272,505)
Reclassifications	(126,002)	(121,127)	(187,458)	-	(434,587)
Effects of foreign currency exchange differences	(33,523)	(51,673)	(83,055)	-	(168,251)
Balance at December 31, 2019	$ 2,142,707	$ 6,339,409	$ 3,393,972	$ -	$ 11,876,088
Carrying amount at December 31, 2019	$ 1,543,899	$ 735,901	$ 1,347,415	$ 477,102	$ 4,104,317
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

(Continued)

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
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
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

(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 $17,859 thousand and $63,654 thousand for the years ended December 31, 2020 and 2019, 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	
	2020	2019
Capitalized interest	$ 1,274	$ 1,164
Capitalization rate intervals	0.83%-0.98%	0.95%-1.23%

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	2-16 years
Machinery	1-10 years
Other equipment	1-26 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2020	December 31 2019
Carrying amounts		
Land	$ 813,459	$ 838,338
Buildings	831,441	925,449
Other equipment	1,809	2,247
	$ 1,646,709	$ 1,766,034

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Additions to right-of-use assets	$ 11,158	$ 22,354
Depreciation of right-of-use assets		
Land	$ 24,880	$ 24,880
Buildings	56,360	57,355
Other equipment	1,758	1,957
	$ 82,998	$ 84,192

b. Lease liabilities

	December 31 2020	December 31 2019
Carrying amounts		
Current (included in other current liabilities)	$ 62,045	$ 72,608
Non-current	$ 1,617,605	$ 1,721,654

Discount rate intervals for lease liabilities are as follows:

	December 31 2020	December 31 2019
Land	1.56%	1.56%
Buildings	0.65-3.84%	0.8-3.84%
Other equipment	0.61-2.89%	0.8-3.84%

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	
	2020	**2019**
Expenses relating to short-term leases	$ 50,852	$ 62,604
Expenses relating to low-value asset leases	$ 587	$ 783
Total cash outflow for leases	$ 155,671	$ 175,113

The Group leases other equipment which qualifies 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.

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	**Patents**	**Others**	**Total**
Balance at January 1, 2019	$ 6,781,244	$ 1,619,156	$ 125,653	$ 8,526,053
Additions	-	50,546	73,257	123,803
Amortization expenses	-	(408,050)	(55,345)	(463,395)
Reclassifications	-	-	1,317	1,317
Effects of foreign currency exchange differences	(60,499)	(19,046)	(392)	(79,937)
Balance at December 31, 2019	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

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 12.20%-12.41% and 12.67%-13.12% per annum for the years ended December 31, 2020 and 2019, 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	3-5 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	$ 3,769,200	$ 3,214,696
Secured borrowings (Note 30)	1,625,045	1,343,136
	$ 5,394,245	$ 4,557,832
Foreign currency included		
US$ (in thousands)	$ 83,014	$ 44,802
JPY (in thousands)	$ -	$ 40,000
Interest rate intervals	0.45%-1.20%	0.95%-2.59%

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	$ 806,000	$ 580,000
Less: Discounts on bills payable	388	113
	$ 805,612	$ 579,887
Interest rate intervals	0.31%-0.65%	0.61%-0.79%

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	$ 63,000	$ -
Interest rate intervals	0.65%-0.80%	-

Long-term unsecured borrowings will expire in December 2025, 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 banks on December 15, 2020, and the total credit facility is $6,800,000 thousand. The duration period is within 5 years from the first drawdown date. As of December 31, 2020, the lines of credit has not been used.

18. OTHER PAYABLES

	December 31 2020	December 31 2019
Payables for salaries or bonuses	$ 835,158	$ 787,812
Payables for construction and equipment	191,397	123,125
Payable for professional service fees	63,877	49,921
Payables for utilities	27,699	40,367
Payables for labors and health insurances	23,625	19,990
Payables for pensions	14,954	12,987
Others	254,027	229,553
	$ 1,410,737	$ 1,263,755

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary, YuanHan Materials Inc., adopted a pension plan under the Labor Pension Act (the "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 2020	December 31 2019
Present value of defined benefit obligation	$ 168,440	$ 153,393
Fair value of plan assets	(67,827)	(65,793)
Net defined benefit liabilities	$ 100,613	$ 87,600

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, 2019	$ 145,075	$ (64,305)	$ 80,770
Current service cost	6,571	-	6,571
Net interest expense (income)	1,942	(747)	1,195
Recognized in profit or loss	8,513	(747)	7,766
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,101)	(2,101)
Actuarial (gain) loss			
Changes in demographic assumptions	4,755	-	4,755
Changes in financial assumptions	6,339	-	6,339
Experience adjustments	4,583	-	4,583
Recognized in other comprehensive income or loss	15,677	(2,101)	13,576
Contributions from the employer	-	(4,215)	(4,215)
Benefits paid	(15,108)	5,575	(9,533)
Exchange differences on foreign plans	(764)	-	(764)
Balance at December 31, 2019	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

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	
	2020	**2019**
Discount rates	0.5%-3.0%	0.8%-3.1%
Expected rates of salary increase	2.8%-3.4%	2.8%-3.3%

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	
	2020	**2019**
Discount rates		
0.25-1% increase	$ (5,460)	$ (4,992)
0.25-1% decrease	$ 5,785	$ 5,284
Expected rates of salary increase		
0.25-1% increase	$ 5,610	$ 5,124
0.25-1% decrease	$ (5,336)	$ (4,876)

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	
	2020	**2019**
Expected contributions to the plans for the next year	$ 3,718	$ 4,541
Average duration of the defined benefit obligation	5-11.8 years	4.5-12.1 years

20. EQUITY

a. Ordinary shares

	December 31	
	2020	**2019**
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)	1,140,468	1,140,468
Amount of shares issued	$ 11,404,677	$ 11,404,677

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)		
Issuance of shares	$ 9,494,322	$ 9,494,322
Conversion of bonds	525,200	525,200
Treasury share transactions	151,920	151,920
May only be used to offset a deficit		
Expired employee share options	50,346	50,346
Changes in percentage of ownership interests in associates (2)	4,195	105
Unclaimed dividends extinguished by prescription	40	40
May not be used for any purpose		
Employee share options	84,513	85,060
	$ 10,310,536	$ 10,306,993

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 22.

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 2019 and 2018, which were approved in the shareholders' meetings on June 18, 2020 and 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	$ 308,077	$ 261,367		
Reversal of special reserve	154,916	-		
Appropriations of special reserve	-	184,797		
Cash dividends	2,268,726	2,373,438	$ 2.00	$ 2.10

The appropriations of earnings for 2020 were proposed by the Company's board of directors on March 16, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 360,122	
Reversal of special reserve	29,881	
Cash dividends	3,062,779	$2.7

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, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 255,475	$ 70,678
Appropriations in respect of		
Debits to other equity items	-	184,797
Reversals		
Reversal of the debits to other equity items	(154,916)	-
Balance at December 31	$ 100,559	$ 255,475

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	
	2020	2019
Balance at January 1	$ (937,787)	$ (181,328)
Exchange differences on translating the financial statements of foreign operations	(84,300)	(750,298)
Share of associates and join ventures accounted for using the equity method	(2,356)	(6,161)
Disposal of subsidiaries	1,541	-
Balance at December 31	$ (1,022,902)	$ (937,787)

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 907,906	$ (74,147)
Unrealized gain (loss) on equity instruments	265,419	989,731
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(7,864)	(7,678)
Balance at December 31	$ 1,165,461	$ 907,906

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 452,645	$ 385,799
Share of profit for the year	71,099	89,808
Remeasurement on defined benefit plans	(41)	59
Unrealized gain (loss) on financial assets at FVTOCI	2,355	(113)
Exchange difference on translating the financial statements of foreign operations	9,878	(22,908)
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	227	-
Balance at December 31	$ 536,163	$ 452,645

g. Treasury shares

	For the Year Ended December 31	
	2020	2019
Number of shares (in thousands) at January 1	6,105	10,259
Transferred to employees	-	(4,154)
Number of shares (in thousands) at December 31	6,105	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' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
Type of Revenue/Category by Product	**2020**	**2019**
Revenue from sale of goods		
Monitors	$ 10,905,140	$ 10,742,725
Electronic shelf labels	4,446,559	2,849,298
Others	11,156	9,653
	$ 15,362,855	$ 13,601,676
Royalty income	$ 1,891,237	$ 2,240,251

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable (Note 10)	$ 1,389,905	$ 2,059,829	$ 2,243,412
Contract assets - current			
Royalty	$ 46,900	$ 60,088	$ 187,329
Contract liabilities - current			
Royalty	$ 1,187,673	$ 1,215,378	$ 1,423,203
Sale of goods	267,997	83,230	149,799
	1,455,670	1,298,608	1,573,002
Contract liabilities - non-current			
Royalty	351,361	1,024,259	1,761,719
	$ 1,807,031	$ 2,322,867	$ 3,334,721

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:

	For the Year Ended December 31	
Type of Revenue	**2020**	**2019**
Royalty income	$ 1,183,960	$ 1,386,944
Revenue from sale of goods	81,250	148,726
	$ 1,265,210	$ 1,535,670

22. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 75,164	$ 224,176
Financial assets at amortized cost	129,395	111,267
Others	35,214	1,930
	$ 239,773	$ 337,373

b. Other expenses

	For the Year Ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ 56,700	$ -
Share of loss of associates and joint ventures accounted for using the equity method	26,205	8,460
Impairment loss	17,859	63,654
Others	21,984	25,882
	$ 122,748	$ 97,996

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 610,360	$ 700,576
Other intangible assets	479,774	463,395
Rights-of-use assets	82,998	84,192
	$ 1,173,132	$ 1,248,163
An analysis of depreciation by function		
Operating costs	$ 281,593	$ 332,070
Operating expenses	411,765	452,698
	$ 693,358	$ 784,768
An analysis of amortization by function		
Operating costs	$ 7,815	$ 3,673
Operating expenses	471,959	459,722
	$ 479,774	$ 463,395

d. Employee benefits expense

	For the Year Ended December 31	
	2020	**2019**
Post-employment benefits (Note 19)		
Defined contribution plans	$ 72,259	$ 74,082
Defined benefit plans	5,404	7,766
	77,663	81,848
Share-based payments		
Equity-settled	(547)	63,912
Other employee benefits	3,538,588	3,608,196
Total employee benefits expense	$ 3,615,704	$ 3,753,956
An analysis of employee benefits expense by function		
Operating costs	$ 857,008	$ 957,772
Operating expenses	2,758,696	2,796,184
	$ 3,615,704	$ 3,753,956

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, 2020 and 2019, which were approved by the Company’s board of directors on March 16, 2021 and March 18, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	**2019**
Employees’ compensation	$ 38,650	$ 31,900
Remuneration of directors	$ 20,000	$ 15,579

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, 2019 and 2018.

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.

23. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 752,409	$ 458,781
Income tax on unappropriated earnings	34,438	6,682
Adjustments for the prior years	(13,819)	5,654
	773,028	471,117
Deferred tax		
In respect of the current year	(206,763)	76,753
Income tax expense recognized in profit or loss	$ 566,265	$ 547,870

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

	For the Year Ended December 31	
	2020	2019
Income before income tax	$ 4,239,953	$ 3,721,467
Income tax expense calculated at the statutory rate (20%)	$ 847,991	$ 744,293
Nondeductible expenses in determining taxable income	158,608	125,807
Tax-exempt income	(69,723)	(54,920)
Income tax on unappropriated earnings	34,438	6,682
Unrecognized loss carryforwards, deductible temporary differences and investment credits	(565,292)	(429,856)
Effect of different tax rates of group entities operating in other jurisdictions	68,319	62,591
Adjustments for the prior years	(13,819)	5,654
Others	105,743	87,619
Income tax expense recognized in profit or loss	$ 566,265	$ 547,870

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	$ 11,635	$ -
Remeasurement of defined benefits plans	(2,099)	(2,938)
	$ 9,536	$ (2,938)

c. Current tax assets and liabilities

	December 31 2020	December 31 2019
Current tax assets		
Prepaid income tax	$ 2,720	$ 20,230
Tax refund receivable	11,323	1,781
	$ 14,043	$ 22,011
Current tax liabilities		
Income tax payable	$ 685,710	$ 146,121

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, 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

For the year ended December 31, 2019

	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	$ 217,587	$ (104,361)	$ -	$ (2,273)	$ 110,953
Other payables	87,034	(22,093)	-	(1,567)	63,374
Inventories	198,805	7,636	-	(914)	205,527
Accounts receivable	17,973	4,889	-	(143)	22,719
Deferred revenue	33,924	(7,183)	-	(292)	26,449
Defined benefit plans	15,639	-	2,938	-	18,577

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Prepayments	$ 17,639	$ -	$ -	$ -	$ 17,639
Others	14,963	3,107	-	(165)	17,905
	603,564	(118,005)	2,938	(5,354)	483,143
Loss carryforwards	266,049	(181,904)	-	(9,831)	74,314
Investment credits	202,275	239,615	-	(12,065)	429,825
	$ 1,071,888	$ (60,294)	$ 2,938	$ (27,250)	$ 987,282
Deferred tax liabilities					
Temporary differences					
Contract liabilities	$ 88,456	$ (10)	$ -	$ (4,995)	$ 83,451
Others	21,843	16,469	-	(909)	37,403
	$ 110,299	$ 16,459	$ -	$ (5,904)	$ 120,854

(Concluded)

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

	December 31 2020	December 31 2019
Loss carryforwards		
Expire in 2020	$ -	$ 1,017,102
Expire in 2021	591	50,191
Expire in 2022	351,033	1,011,974
Expire in 2023	370	343,647
Expire in 2024	290	290
Expire in 2025	316	316
Expire in 2026	14,332	17,263
Expire in 2027	156,218	156,218
Expire in 2028	94,453	94,453
Expire in 2029	109,255	109,495
Expire in 2030	78,438	26,338
	$ 805,296	$ 2,827,287
Deductible temporary differences	$ 237,075	$ 887,029

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	Expiry Year
$ 41,155	2021
391,597	2022
40,934	2023
40,854	2024
40,880	2025
39,352	2026
181,239	2027

(Continued)

Unused Amount	Expiry Year
$ 119,473	2028
133,849	2029
78,438	2030
$ 1,107,771	

(Concluded)

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

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $13,674,683 thousand and $10,744,914 thousand, respectively.

h. Income tax assessments

Income tax assessments of the Group were as follows:

Company	Latest Assessment Year
The Company	2018
YuanHan Materials Inc. (originally named Yuen Yu Investment Co., Ltd.)	2018
New Field e-Paper Co., Ltd.	2018
Linfiny Corporation	2018

24. EARNINGS PER SHARE

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share (NT$)	$ 3.18	$ 2.72
Diluted earnings per share (NT$)	$ 3.17	$ 2.71

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	
	2020	**2019**
Net income attributable to owners of the Company	$ 3,602,589	$ 3,083,789

Number of Shares

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,134,363	1,132,286
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	1,149	1,178
Share-based payment arrangements	2,464	3,464
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	1,137,976	1,136,928

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.

25. SHARE-BASED PAYMENT ARRANGEMENTS

The board of directors resolved on May 8, 2019, August 14, 2018, May 8, 2018 and March 22, 2017 to transfer treasury shares of 25 thousand shares, 5,885 thousand shares, 8,097 thousand shares and 7,289 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 arrangements 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, 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
May 8, 2019	25	-	25	-	-
August 14, 2018	5,885	-	40	599	5,246
May 8, 2018	8,097	-	7,913	184	-
March 22, 2017	7,289	-	5,917	1,372	-

For the year ended December 31, 2019

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 8, 2019	25	25	25	-	-
August 14, 2018	5,885	40	40	509	5,336
May 8, 2018	8,097	3,889	7,913	184	-
March 22, 2017	7,289	200	5,917	1,372	-

Treasury shares transferred to employees in 2018 and 2017 were priced using a Black-Scholes pricing model, while treasury shares transferred to employees in 2019 were measured using the difference between the grant date share price of $36.6 and the exercise price of $18.02, in which fair value of the share options was calculated as $18.58. Compensation cost of $547 thousand and the same amount of capital surplus - employee share options were reversed for the year ended December 31, 2020. Compensation cost recognized was $63,912 thousand for the year ended December 31, 2019. The inputs to the models are as follows:

	August 2018	**May 2018**	**March 2017**
Grant date share price (NT$)	$36.85	$31.55	$25.20
Exercise price (NT$)	$18.02	$18.02	$18.02
Expected volatility	53.23%	48.31%-49.82%	30.53%-40.29%
Expected life	0-1 year	0-1 year	0-2 years
Expected dividend yield	2.46%	2.46%	2.34%
Risk-free interest rate	0.91%	0.6%-1.04%	0.63%-1.08%
Weighted-average fair value of options granted (NT$)	$18.80	$13.55	$7.48

26. NON-CASH TRANSACTIONS

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2020	**2019**
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 828,301	$ 545,949
Decrease (increase) in payables for construction and equipment (included in other payables)	(72,396)	4,543
Net cash paid	$ 755,905	$ 550,492

27. 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.

28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	$ 2,455,299	$ -	$ -	$ 2,455,299
Hybrid financial assets				
Convertible preferred shares	-	-	60,285	60,285
	$ 2,455,299	$ -	$ 60,285	$ 2,515,584
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and overseas listed shares	$ 3,639,927	$ -	$ 782,743	$ 4,422,670
Domestic and overseas unlisted shares	-	-	51,847	51,847
	$ 3,639,927	$ -	$ 834,590	$ 4,474,517

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	
	2020	2019
Balance at January 1	$ 894,875	$ 508,004
Recognized in profit or loss	(20,640)	(17,715)
Recognized in other comprehensive income (loss)		
Unrealized gain (loss) on equity instruments	(66,294)	328,187
Exchange differences on translating the financial statements of foreign operations	280	(1,601)
	(66,014)	326,586
Purchases	264,718	78,000
Transfer out (Note)	(680,195)	-
Balance at December 31	$ 392,744	$ 894,875

Note: The transfer restrictions on the overseas listed private shares held by the Group had been lifted since the end of June 2020 and the original unlisted shares had started trading on the Emerging Stock Board; 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 20% and 20%-30% as of December 31, 2020 and 2019, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased $822 thousand and $1,084 thousand, respectively.

b) Overseas listed private shares were evaluated by the market approach, referring to the closing prices at the end of the reporting years with consideration of discount for lack of marketability. Unobservable input used by the Group was discount for lack of marketability, which was 15.18% as of December 31, 2019. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased $$9,228 thousand.

c) The fair value of convertible bonds and 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 47.47% and 60.07% as of December 31, 2020, respectively.

b. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
FVTPL	$ 3,588,219	$ 2,515,584
Amortized cost (Note 1)	18,128,323	16,996,281
Equity instruments at FVTOCI	6,929,647	4,474,517
<u>Financial liabilities</u>		
Amortized cost (Note 2)	9,239,662	7,557,513

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 33.

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**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Profit or loss	$ 11,004	$ (20,042)	$ (5,147)	$ (10,448)	$ (49,686)	$ (60,924)

b) Interest rate risk

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 5,419,465	$ 13,149,361
Financial liabilities	$ 6,262,857	$ 5,137,719
Lease liabilities	$ 1,679,650	$ 1,794,262
Cash flow interest rate risk		
Financial assets	$ 11,177,373	$ 1,570,259

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 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, 2020 and 2019, would increase $55,887 thousand and $7,851 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, 2020 and 2019, would have increased/decreased by $164,818 thousand and $125,779 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, 2020 and 2019, would have increased/decreased by $346,482 thousand and $223,726 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group's sensitivity to investments in equity securities mainly resulted from the redemption of mutual funds and 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, 2020 and 2019, the Group's unutilized bank borrowing facilities were $13,052,337 thousand and $3,019,934 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, 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

December 31, 2019

	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	$ 9,651	$ 19,303	$ 85,428	$ 368,373	$ 1,800,200
Fixed interest rate liabilities	3,941,755	1,206,956	-	-	-
	$ 3,951,406	$ 1,226,259	$ 85,428	$ 368,373	$ 1,800,200

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	$ 114,382	$ 368,373	$ 407,519	$ 388,659	$ 388,659	$ 615,363

29. 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
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investor with significant influence over the Group
YFY Investment Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Arizon RFID Technology Co., Ltd. (Originally named as Arizon RFID Technologies (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
YFY Packaging Inc.	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

(Continued)

Related Party Name	Related Party Category
Yuen Foong Yu Blue Economy Natural Resources (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
China Color Printing 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
Livebricks Inc.	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. (originally named as YFY Capital Co., Ltd.)	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	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
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
S.C. Ho	Key management personnel
Johnson Lee	Key management personnel
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
YFY Green Food (Shanghai) Co., Ltd.	Substantive related party
Yuen Foong Paper 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
Hsin Fan Precision Electronics (Yangzhou) Co., Ltd.	Substantive related party
Foongtone Technology Co., Ltd.	Substantive related party
Shen’s Art Printing Co., Ltd.	Substantive related party

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31 2020	2019
Associate	$ 20,625	$ 40,277

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	
	2020	2019
Associate	$ 776,424	$ 575,555
Investor and its subsidiaries with significant influence over the Group	10,279	8,002
Substantive related party	17	31
	$ 786,720	$ 583,588

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	
	2020	2019
Substantive related party	$ 46,898	$ 52,989
Others	156	513
	$ 47,054	$ 53,502

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2020	2019
Associate	$ 23,438	$ 9,379
Substantive related party	23,059	24,384
Investor and its subsidiaries with significant influence over the Group	5,572	6,509
	$ 52,069	$ 40,272

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31	
	2020	2019
Associate	$ 5,875	$ 6,023
Subsidiary of investor with significant influence over the Group	825	3,430
Substantive related party	52	82
	$ 6,752	$ 9,535

g. Non-operating expense - other expenses

Related Party Category	For the Year Ended December 31	
	2020	2019
Key management personnel	$ 4,771	$ -

h. Receivable from related parties (included in accounts receivable)

Related Party Category	December 31 2020	December 31 2019
Associate	$ 19,268	$ 128,863
Less: Loss allowance	(17,673)	-
	1,595	128,863
Subsidiary of investor with significant influence over the Group	7,454	7,931
	$ 9,049	$ 136,794

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 2020	December 31 2019
Associate	$ 16,722	$ 27,219
Subsidiary of investor with significant influence over the Group	10,891	3,871
Substantive related party	7,734	4,682
	$ 35,347	$ 35,772

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 2020	December 31 2019
Substantive related party		
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	$ 49,235	$ 48,474
Others	-	22
	$ 49,235	$ 48,496

k. Acquisition of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2020	Proceeds For the Year Ended December 31 2019
Associate	$ 11,803	$ -

l. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2020	Proceeds For the Year Ended December 31 2019	Gain (Loss) on Disposal For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2019
Associate	$ 31	$ 17	$ 31	$ 12

m. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group, with the lease term for 4 years. The related amounts were as follows:

Line Item	December 31	
	2020	2019
Lease liabilities		
Current (included in other current liabilities)	$ 235	$ 3,001
Non-current	-	812
	$ 235	$ 3,813

Line Item	For the Year Ended December 31	
	2020	2019
Interest expenses	$ 26	$ 73

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	
	2020	2019
Key management personnel	$ 1,050	$ 1,050
Others	66	65
	$ 1,116	$ 1,115

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
Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income	337	Shares	$ 11,447
Associate	Investments accounted for using the equity method	224	Equity	6,597
				$ 18,044

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), which increased the Group's shareholding ratio in Plastic Logic HK Limited to 32.42%; furthermore, in August 2020, the Group acquired 0.14% of ownership in Yuen Foong Yu Consumer Products Co., Ltd. from YFY Inc. (included in financial assets at fair value through other comprehensive income).

p. Acquisitions of intangible assets

Related Party Category	Purchase Price For the Year Ended December 31 2020	2019
Associate	$ -	$ 18,609

q. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 128,052	$ 128,004
Post-employment benefits	1,235	1,566
Share-based payments	-	38,495
	$ 129,287	$ 168,065

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

30. 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 2020	2019
Current	$ 1,913,300	$ 1,616,260
Non-current	148,928	146,847
	$ 2,062,228	$ 1,763,107

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $9,040,000 thousand and $6,220,000 thousand as of December 31, 2020 and 2019, respectively.

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

Letters of bank’s guarantee issued for tariff of imported inventories were $257,848 thousand as of December 31, 2019.

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.

32. 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. Although the domestic epidemic situation has slowed and the government's policies have been loosened, many countries are still under lockdown. There was no significant impact on the Group’s operating revenue in 2020; however, part of the operating activities are still affected. As the global economic situation continues to tighten, 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.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

December 31, 2019

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items			
USD	$ 203,216	1,145.587 (USD:KRW)	$ 6,092,416
USD	199,524	29.98 (USD:NTD)	5,981,730
USD	170,686	6.976 (USD:RMB)	5,117,166
Non-monetary items			
Mutual funds			
USD	81,897	1,145.587 (USD:KRW)	2,455,299
Foreign currency liabilities			
Monetary items			
USD	132,673	29.98 (USD:NTD)	3,977,537
USD	135,836	6.976 (USD:RMB)	4,072,363

The Group's net realized and unrealized gains (losses) on foreign currency exchange were $(361,237) thousand and $223,994 thousand for the years ended December 31, 2020 and 2019, 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.

34. 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 (Table 5)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 10)

b. Information on investees (Table 8)

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

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 11)

35. 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		Segment Profit (Loss)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
ROC	$ 17,117,539	$ 14,557,163	$ 2,243,270	$ 1,098,283
Asia	9,496,029	9,313,938	118,194	132,762
America	3,927,016	3,900,444	(163,149)	(310,162)
Adjustment and eliminations	(15,177,729)	(14,169,869)	-	-
	$ 15,362,855	$ 13,601,676	2,198,315	920,883
Administration cost and remunerations to directors			(351,063)	(361,072)
Royalty income			1,891,237	2,240,251
Gain on disposal of land use right			-	153,500
Gain on disposal of non-current assets held for sale			367,945	-
Net gain (loss) on foreign currency exchange			(361,237)	223,994
Net gain on fair value changes of financial assets and liabilities at FVTPL			98,169	83,444
Other non-operating income and expenses, net			396,587	460,467
Income before tax			$ 4,239,953	$ 3,721,467

Segment profit (loss) represented the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, royalty income, gain on disposal of land use rights, gain on disposal of non-current assets held for sale, net gain (loss) on foreign currency exchange, net gain on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, and income tax expense, etc.

b. Revenue from major products

Category by Product	For the Year Ended December 31	
	2020	2019
Monitors	$ 10,905,140	$ 10,742,725
Electronic shelf labels	4,446,559	2,849,298
Others	11,156	9,653
	$ 15,362,855	$ 13,601,676

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 is detailed below.

	December 31	
	2020	2019
ROC	$ 3,326,249	$ 3,356,754
Asia	1,280,207	1,275,481
America	8,937,884	9,538,029
	$ 13,544,340	$ 14,170,264

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	
	2020	2019
Customer A	$ 3,272,851	$ 3,211,841
Customer B	2,338,399	2,052,854
Customer C	2,041,121	2,513,417
	$ 7,652,371	$ 7,778,112

TABLE 1

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	Transcend Optronics (Yangzhou) Co., Ltd.	Yangzhou Huaxia Integrated O/E System Co., Ltd.	Other receivables	Yes	$ 903,921 (RMB 206,222 thousand)	$ 889,647 (RMB 203,822 thousand)	$ -	3.915	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 3,930,660 (RMB 900,532 thousand)	$ 3,930,660 (RMB 900,532 thousand)
2	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	1,300,050 (US$ 45,000 thousand)	1,281,600 (US$ 45,000 thousand)	1,281,600 (US$ 45,000 thousand)	1.23	Short-term financing	-	Working capital	-	-	-	4,028,452 (KRW 152,362,038 thousand)	4,028,452 (KRW 152,362,038 thousand)
3	YuanHan Materials Inc.	New Field e-Paper Co., Ltd.	Other receivables	Yes	380,000	380,000	380,000	1.2	Short-term financing	-	Working capital	-	-	-	545,557	2,182,227
4	PVI Global Corp.	New Field e-Paper Co., Ltd.	Other receivables	Yes	442,350 (US$ 15,000 thousand)	427,200 (US$ 15,000 thousand)	427,200 (US$ 15,000 thousand)	1	Short-term financing	-	Working capital	-	-	-	1,538,803 (US$ 54,031 thousand)	6,155,183 (US$ 216,123 thousand)

Note 1: The amounts are translated at the exchange rate of US$1=NT$28.48, RMB1=NT$4.36482 and KRW1=NT$0.02644 on December 31, 2020, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: Transcend Optronics (Yangzhou) Co., Ltd. provides financing to the foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, and the aggregate and individual financing limits to these subsidiaries shall not exceed 100% of the financing company's net equity per its latest financial statements. 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. and PVI Global Corp. 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, 2020
(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	$ 7,627,153	$ 1,268,070 (US$ 43,000 thousand)	$ 1,196,160 (US$ 42,000 thousand)	$ -	$ -	3.92	$ 30,508,610	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	7,627,153	1,850,000	1,850,000	284,800 (US$ 10,000 thousand)	-	6.06	30,508,610	Yes	No	No
		Linfiny Corporation	Subsidiary	7,627,153	410,000	350,000	141,000	-	1.15	30,508,610	Yes	No	No
1	Hydis Technologies Co., Ltd.	E Ink Holdings Inc.	Parent company	2,517,783 (KRW 95,226,274 thousand)	453,750 (US$ 15,000 thousand)	427,200 (US$ 15,000 thousand)	400,000	-	4.24	10,071,131 (KRW 380,905,096 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$28.48, and KRW1=NT$0.02644 on December 31, 2020, 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, 2020
(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, 2020				Note
				Shares/Units (In Thousands)	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	112,701	$ 1,290,431	1.00	$ 1,290,431	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814	230,123	0.47	230,123	
	Ultra Chip, Inc.	-	Financial assets at FVTOCI	2,704	112,338	4.14	112,338	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336	15,540	0.14	15,540	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	388	-	0.19	-	
	New Medical Imaging Co., Ltd.	-	Financial assets at FVTPL - non-current	109	-	2.37	-	
	Convertible preferred shares							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000	-	14.69	-	
New Field e-Paper Co., Ltd.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	22,028	252,221	0.20	252,221	
	Jetbest Corporation	-	Financial assets at FVTOCI	278	7,589	0.85	7,589	
	Ventec International Group Co., Ltd.	-	Financial assets at FVTOCI	1,242	84,456	1.74	84,456	
YuanHan Materials Inc.	Ordinary shares							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	214,864	2,460,197	1.90	2,460,197	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16	471	-	471	
	Netronix Inc.	One of its director	Financial assets at FVTOCI	5,309	208,651	6.40	208,651	
	SES-imagotag	-	Financial assets at FVTOCI	867	1,124,491	5.50	1,124,491	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	2,689	330,701	1.61	330,701	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,228	15,728	10.93	15,728	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	743	13,149	0.99	13,149	
	eCrowd Media Inc.	-	Financial assets at FVTOCI	1,310	8,173	6.46	8,173	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	1	32	-	32	
	Convertible preferred shares							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	73	58,188	2.05	58,188	
	Convertible bonds							
	Nuclera Nucleics Ltd.	-	Financial assets at FVTPL - non-current	-	231,727	-	231,727	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Straight corporate bonds							
	FS KKR CAPITAL CORP	-	Financial assets at FVTOCI	2,000	$ 60,230	-	$ 60,230	
	NOMURA HOLDINGS INC.	-	Financial assets at FVTOCI	1,950	60,694	-	60,694	
Transcend Optronics (Yangzhou) Co., Ltd.	Ordinary shares							
	Dalian DKE LCD Co., Ltd.	-	Financial assets at FVTOCI	837	RMB 15,070 thousand	3.11	RMB 15,070 thousand	
	Structured deposits							
	Bank of Nanjing - principal guaranteed with floating profit structured deposits	-	Financial assets at FVTPL - current	-	RMB 241,658 thousand	-	RMB 241,658 thousand	
Yangzhou Huaxia Integrated O/E System Co., Ltd.	Structured deposits							
	Bank of China - linked structured deposits	-	Financial assets at FVTPL - current	-	RMB 60,419 thousand	-	RMB 60,419 thousand	
Rich Optronics (Yangzhou) Co., Ltd.	Structured deposits							
	Bank of Jiangsu - principal guaranteed with floating profit structured deposits	-	Financial assets at FVTPL - current	-	RMB 22,125 thousand	-	RMB 22,125 thousand	
Hydis Technologies Co., Ltd.	Ordinary shares							
	Sangyong Cement Industrial Co., Ltd.	-	Financial assets at FVTOCI	926	KRW 6,183,469 thousand	0.18	KRW 6,183,469 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	46	KRW 1,597,040 thousand	0.02	KRW 1,597,040 thousand	
	Mutual funds							
	Term Liquidity Fund	-	Financial assets at FVTPL - current	97	KRW 11,034,563 thousand	-	KRW 11,034,563 thousand	
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95	KRW 11,059,000 thousand	-	KRW 11,059,000 thousand	
	Perpetual bonds							
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	29,800	KRW 32,415,916 thousand	-	KRW 32,415,916 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	5,000	KRW 5,572,736 thousand	-	KRW 5,572,736 thousand	
	Straight corporate bonds							
	NOMURA HOLDINGS, INC.	-	Financial assets at FVTOCI	9,100	KRW 10,813,654 thousand	-	KRW 10,813,654 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	3,000	KRW 3,630,547 thousand	-	KRW 3,630,547 thousand	

Note: Refer to Tables 8 and 9 for information on investments in subsidiaries and associates.

(Concluded)

TABLE 4

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 3)		Units (In Thousands)	Amount
Hydis Technologies Co., Ltd.	<u>Perpetual bonds</u>														
	JP Morgan Chase & Co.	Financial assets at FVTPL - non-current	-	-	-	$ -	29,800	KRW 35,362,837 thousand	-	$ -	$ -	$ -	KRW (2,946,921) thousand (Note 1)	29,800	KRW 32,415,916 thousand
	<u>Mutual funds</u>														
	Term Liquidity Fund	Financial assets at FVTPL - current	Citibank	-	771	KRW 94,135,529 thousand	-	-	579	KRW 69,468,847 thousand	KRW 66,185,981 thousand	KRW 3,282,866 thousand (Note 1)	KRW (16,914,985) thousand (Notes 1 and 4)	97	KRW 11,034,563 thousand
YuanHan Materials Inc.	<u>Ordinary shares</u>														
	SinoPac Financial Holding Company Limited	Financial assets at FVTOCI	-	-	146,432	1,903,620	68,432	885,000	-	-	-	-	(328,423) (Note 2)	214,864	2,460,197
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Principal guaranteed wealth investment products</u>														
	Principal guaranteed with floating profit structured deposits	Financial assets at amortized cost	Bank of Nanjing	-	-	-	-	RMB 200,000 thousand	-	RMB 110,875 thousand	RMB 110,000 thousand	RMB 875 thousand	-	-	RMB 90,000 thousand
	Principal guaranteed with floating profit structured deposits	Financial assets at FVTPL - current	Bank of Nanjing	-	-	-	-	RMB 240,000 thousand	-	-	-	-	RMB 1,658 thousand (Note 1)	-	RMB 241,658 thousand
Rich Optronics (Yangzhou) Co., Ltd.	<u>Principal guaranteed wealth investment products</u>														
	Su-Yin-Xi structured	Financial assets at amortized cost	Bank of Jiangsu	-	-	RMB 50,500 thousand	-	RMB 81,800 thousand	-	RMB 134,317 thousand	RMB 132,300 thousand	RMB 2,017 thousand	-	-	-
	China CITIC Bank Structured	Financial assets at amortized cost	China CITIC Bank	-	-	RMB 50,000 thousand	-	RMB 183,000 thousand	-	RMB 234,843 thousand	RMB 233,000 thousand	RMB 1,843 thousand	-	-	-
Yangzhou Huaxia Integrated O/E System Co., Ltd.	<u>Principal guaranteed wealth investment products</u>														
	Win-to-fortune structured deposits	Financial assets at amortized cost	Bank of Communications	-	-	RMB 25,000 thousand	-	RMB 71,000 thousand	-	RMB 96,588 thousand	RMB 96,000 thousand	RMB 588 thousand	-	-	-
Transyork Technology Yangzhou Ltd.	<u>Principal guaranteed wealth investment products</u>														
	Interest rate linked structured deposits	Financial assets at amortized cost	Bank of Nanjing	-	-	RMB 50,000 thousand	-	RMB 110,000 thousand	-	RMB 161,080 thousand	RMB 160,000 thousand	RMB 1,080 thousand	-	-	-

Note 1: Included in net gain on financial assets and liabilities at FVTPL.

Note 2: Included in unrealized gain (loss) on financial assets at FVTOCI.

Note 3: Included in interest income.

Note 4: Included the carrying amount which was reclassified to FVTPL - non-current.

E INK HOLDINGS INC. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of RMB)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Yangzhou Huaxia Integrated O/E System Co., Ltd.	Land use rights, building and its accessories	November 27, 2019	February 2007 Acquisition of land use rights	RMB 23,150 thousand	RMB 328,986 thousand	All payments had been received.	RMB 85,436 thousand (Note)	Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office	Non-related party	Cooperating with the government's regional expropriation plan of Yangzhou Economic and Technological Development Zone.	Reference to the appraisal result by Zhongzheng real estate appraisal cost Group Co., Ltd. and Jiangsu Zhong Run Assets Appraisal Co., Ltd., and the local government compensation regulations of land reserve and house demolition.	-

Note: The total transaction amount was RMB328,986 thousand. The Group had received all payments in October 2020. The Group 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).

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, 2020
(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	$ (3,272,851)	(23)	By agreements	$ -	-	$ 869,096	24	
	PVI International Corp.	Subsidiary	Sale	(402,714)	(3)	By agreements	-	-	-	-	
	E Ink Corporation	Subsidiary	Purchase	3,426,707	33	By agreements	-	-	(697,400)	(25)	
	YuanHan Materials Inc.	Subsidiary	Sale	(1,193,439)	(8)	By agreements	-	-	88,067	2	
	YuanHan Materials Inc.	Subsidiary	Purchase	401,248	4	By agreements	-	-	(42,159)	(2)	
	Linfiny Corporation	Subsidiary	Purchase	146,547	1	By agreements	-	-	(32,138)	(1)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,594,323	16	By agreements	-	-	(1,887,771)	(68)	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	740,720	7	By agreements	-	-	(14,428)	(1)	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(401,248)	(16)	By agreements	-	-	42,159	100	
	E Ink Holdings Inc.	Parent company	Purchase	1,193,439	80	By agreements	-	-	(88,067)	(100)	
Linfiny Corporation	Linfiny Japan Inc.	Subsidiary	Purchase	105,319	76	By agreements	-	-	(23,896)	(100)	
	E Ink Holdings Inc.	Parent company	Sale	(146,547)	(68)	By agreements	-	-	32,138	100	
Linfiny Japan Inc.	Linfiny Corporation	Parent company	Sale	(105,319)	(94)	By agreements	-	-	23,896	100	
Prime View Communications Ltd.	E Ink Holdings Inc.	Parent company	Purchase	3,272,851	100	By agreements	-	-	(869,096)	(100)	
PVI International Corp.	E Ink Holdings Inc.	Parent company	Purchase	402,714	100	By agreements	-	-	-	-	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,594,323)	(100)	By agreements	-	-	1,887,771	100	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(3,426,707)	(100)	By agreements	-	-	697,400	96	
	E Ink California, LLC	Subsidiary	Purchase	503,332	20	By agreements	-	-	(448,586)	(98)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(503,332)	(100)	By agreements	-	-	448,586	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 7

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, 2020
(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	$ 869,096	4.86	$ -	-	$ 776,395	$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	2,673,605	(Note 1)	642,933	Collected	1,395,740	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	1,887,771	(Note 1)	58,343	Collected	1,253,493	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	697,400	6.00	486,855	Collected	618,630	-
E Ink California, LLC	E Ink Corporation	Parent company	448,586	1.30	313,525	In the process of collection	42,904	-

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, 2020
(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, 2020			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	PVI Global Corp.	British Virgin Islands	Investment	$ 3,360,434	$ 3,090,254	108,413	100.00	$ 15,387,931	$ 1,906,565	$ 1,906,565	(Note)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Wholesale and sale of electronics parts	6,394,455	6,394,455	671,032	100.00	5,112,044	(87,620)	(87,620)	(Note)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	4,911,303	4,911,303	1	45.31	4,036,496	84,692	(92,900)	(Note)
	YuanHan Materials Inc. (originally named Yuen Yu Investment Co., Ltd.)	Taipei, Taiwan	Research, development and sale of electronic parts and electronic ink	6,420,230	6,420,230	183,819	100.00	5,446,007	1,131,086	1,129,498	(Note)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050	100.00	359,170	5,571	5,571	(Note)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570	100.00	(3,859)	(31,402)	(31,402)	(Note)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203	47.07	-	-	-	Under liquidation
	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	49,267	49,267	1,550	0.09	3,602	(82,210)	(74)	(Note)
	Hot Tracks International Ltd.	British Virgin Islands	Trading	-	1,735	-	-	-	-	-	Liquidated
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic ink	16,800	16,800	1,680	4.00	944	(48,409)	(1,936)	(Note)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	-	224	2.66	1,888	(74,475)	(4,709)	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	-	-	100.00	14,896	1,592	177	(Note)
New Field e-Paper Co., Ltd.	Tech Smart Logistics Ltd.	British Virgin Islands	Trading	4,865,850	4,865,850	1,748,252	99.91	3,998,940	(82,210)	(82,136)	(Note)
	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	1,618,500	1,618,500	-	12.88	1,147,430	84,692	(26,408)	(Note)
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic ink	323,400	323,400	32,340	77.00	18,170	(48,409)	(37,275)	(Note)
	Lucky Joy Holdings Ltd.	Samoa	Investment	-	36,117	-	-	-	-	-	Liquidated
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600	36.00	-	(96,321)	-	
	Kyoritsu Optronics Co., Ltd.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050	25.65	-	-	-	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4	100.00	25,137	1,974	1,974	(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	100.00	US$ 31,780 thousand	US$ 3,515 thousand	US$ 1,468 thousand	(Note)
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	-	US$ 86 thousand	-	-	-	US$ 53 thousand	US$ 47 thousand	(Note)
Tech Smart Logistics Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	US$ 152,875 thousand	US$ 152,875 thousand	1	41.81	US$ 124,764 thousand	US$ 3,374 thousand	US$ (2,577) thousand	(Note)
PVI Global Corp.	PVI International Corp.	British Virgin Islands	Trading	US$ 160,300 thousand	US$ 151,300 thousand	160,300	100.00	US$ 138,240 thousand	US$ 13,073 thousand	US$ 13,073 thousand	(Note)
	Dream Pacific International Corp.	British Virgin Islands	Investment	US$ 1,000 thousand	US$ 1,000 thousand	26,000	100.00	US$ 324,962 thousand	US$ 50,554 thousand	US$ 50,554 thousand	(Note)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US$ 30,000 thousand	US$ 30,000 thousand	30,000	100.00	US$ 27,557 thousand	US$ (202) thousand	US$ (202) thousand	(Note)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US$ 1,750 thousand	US$ 1,750 thousand	1,750	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US$ 1,540 thousand	US$ 1,540 thousand	1,540	35.00	-	-	-	
Dream Pacific International Corp.	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US$ 27,612 thousand	US$ 27,612 thousand	3,783	94.73	US$ 333,336 thousand	US$ 51,338 thousand	US$ 49,751 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	29.76	KRW 1,075,862 thousand	KRW(2,975,279) thousand	KRW(1,110,361) thousand	

Note: All intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (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, 2020 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	$ 4,565,344 (US$ 160,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	$ 3,099,906 (US$ 108,845 thousand)	$ 256,320 (US$ 9,000 thousand)	$ -	$ 3,356,226 (US$ 117,845 thousand)	$ 365,019 (US$ 12,353 thousand)	100.00	$ 386,176 (US$ 13,069 thousand)	$ 3,930,696 (US$ 138,016 thousand)	$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	854,400 (US$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	854,400 (US$ 30,000 thousand)	-	-	854,400 (US$ 30,000 thousand)	(5,969) (US$ (202) thousand)	100.00	(5,969) (US$ (202) thousand)	784,823 (US$ 27,557 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,051,795 (US$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	(13,090) (US$ (443) thousand)	100.00	(13,090) (US$ (443) thousand)	828,255 (US$ 29,082 thousand)	-
Transmart Electronics (Yangzhou) Ltd. (liquidated)	Research, development and sale of flat panels	-	The Company indirectly owns the investee through an investment company registered in a third region	188,253 (US$ 6,610 thousand)	-	-	188,253 (US$ 6,610 thousand)	13,415 (US$ 454 thousand)	-	25,974 (US$ 879 thousand)	-	-
Yangzhou Huaxia Integrated O/E System Co., Ltd.	Manufacture and sale of LED products	529,728 (US$ 18,600 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	85,440 (US$ 3,000 thousand)	-	-	85,440 (US$ 3,000 thousand)	97,246 (US$ 3,291 thousand)	100.00	97,246 (US$ 3,291 thousand)	(668,312) (US$ (23,466) thousand)	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	142,400 (US$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	49,840 (US$ 1,750 thousand)	-	-	49,840 (US$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	174,593 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	13,174 (RMB 3,076 thousand)	49.00	6,291 (RMB 1,507 thousand)	99,658 (RMB 22,832 thousand)	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 4,534,159 (US$ 159,205 thousand)	$ 7,391,899 (US$ 259,547 thousand)	$ 21,578,506

Note 1: The amounts are translated at the exchange rate of US$1＝NT$28.48 and RMB1＝NT$4.36482 on December 31, 2020.

Note 2: The amounts are translated at the average exchange rate of US$1＝NT$29.549 and RMB1＝NT$4.28271 for the year ended December 31, 2020.

Note 3: The amounts were calculated based on audited financial statements of the corresponding year.

Note 4: Refer to Tables 1, 5, 6 and 7, 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)

TABLE 10

E INK HOLDINGS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	Prime View Communications Ltd.	Subsidiary	Sales	$ 3,272,851	By agreements	21.3
		Prime View Communications Ltd.	Subsidiary	Accounts receivable from related parties	869,096	By agreements	1.9
		E Ink Corporation	Subsidiary	Accounts payable to related parties	697,400	By agreements	1.5
		E Ink Corporation	Subsidiary	Cost of goods sold	3,426,707	By agreements	22.3
		YuanHan Materials Inc.	Subsidiary	Sales	1,193,439	By agreements	7.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,673,605	By agreements	5.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	1,887,771	By agreements	4.1
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,594,323	By agreements	10.4
1	Hydis Technologies Co., Ltd.	YuanHan Materials Inc.	Same ultimate parent company	Other receivables from related parties	1,285,186	By agreements	2.8
							3.3
2	E Ink California, LLC	E Ink Corporation	Parent Company	Sales	503,332	By agreements	

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 11

E INK HOLDINGS INC.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

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
Cathay Life Insurance Co., Ltd.	64,175,737	5.62

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.