

**(English Translation of Financial Report Originally Issued  
in Chinese)**

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the three months ended March 31, 2020 and 2019  
(With Independent Auditors' Review Report Thereon)**

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## Table of contents

Contents	<u>Page</u>
1、Cover page	1
2、Table of contents	2
3、Independent auditors' review report	3
4、Consolidated balance sheets	4
5、Consolidated statements of comprehensive income	5
6、Consolidated statements of changes in equity	6
7、Consolidated statements of cash flows	7
8、Notes to consolidated financial statements	
(1) Organization and business scope	8
(2) Financial statements authorization date and authorization process	8
(3) Application of New and Revised International Financial Reporting Standards and Interpretations	8
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimates uncertainty	10
(6) Explanation of significant accounts	10~37
(7) Transactions with Related Parties	37
(8) Pledged assets	38
(9) Commitments and contingencies	38
(10) Losses due to major disaster	38
(11) Significant subsequent events	38
(12) Other	38
(13) Supplementary Disclosure Requirements	
(a) Information on significant transactions	38~41
(b) Information on investees	41
(c) Information on investments in Mainland China	42~43
(d) Major shareholders	43
(14) Segment information	43~44

## **Independent Auditors' Review Report**

The Board of Director's  
Emerging Display Technologies Corp

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of March 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$248,892 thousand and \$234,717 thousand, constituting 7.51% and 7.00% of consolidated total assets as of March 31, 2020 and 2019, respectively, total liabilities amounting to \$58,643 thousand and \$79,705 thousand, constituting 4.40% and 5.20% of consolidated total liabilities as of March 31, 2020 and 2019, respectively, and total comprehensive gain (loss) amounting to gain \$2,759 thousand and loss \$1,618 thousand, constituting 9.36% and 2.5% of consolidated total comprehensive loss for the three months ended March 31, 2020 and 2019, respectively.

## **Qualified Conclusion**

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Emerging Display Technologies Corp. and subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' review report are Po Jen, Yang and Yen Ta, Su

KPMG

Taipei, Taiwan (Republic of China)

May 5, 2020

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2020, December 31, 2019, and March 31, 2019**

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets	March 31, 2020		December 31, 2019		March 31, 2019		Liabilities and Equity	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets :</b>							<b>Current liabilities :</b>						
Cash and cash equivalents (Note 6(a))	\$ 966,115	29	1,368,252	38	980,028	29	Short-term loans (Note 6(m))	\$ 233,000	7	400,000	11	300,000	9
Financial assets at fair value through profit or loss, current (Note 6(b))	104,330	3	54,094	1	75,962	2	Financial liability at fair value through profit and loss (Note 6(b))	-	-	994	-	-	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	186,922	6	109,554	3	187,963	6	Notes payable	1,772	-	307	-	1,568	-
Accounts receivable, net (Note 6(d) and (u))	540,521	17	537,591	15	531,053	16	Accounts payable	394,093	12	431,437	12	418,340	12
Other receivables (Notes 6(e) and 6 (y))	10,804	-	18,684	-	15,342	-	Other payables	203,243	6	283,605	8	195,535	6
Income tax assets	45	-	95	-	87	-	Income tax liabilities	63,339	2	57,038	2	21,889	1
Inventories (Note 6(f))	790,506	24	803,035	22	798,167	24	Lease liabilities, current (Notes 6(o))	10,687	-	11,907	-	11,919	-
Other current assets (Notes 6(g) and 8)	38,660	1	59,389	2	51,234	1	Long-term loans, current portion (Notes 6(n) and 8)	239,722	7	319,555	9	-	-
<b>Total current assets</b>	<b>2,637,903</b>	<b>80</b>	<b>2,950,694</b>	<b>81</b>	<b>2,639,836</b>	<b>78</b>	Other current liabilities (Notes 6(u))	33,953	1	23,398	-	18,242	1
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<b>1,179,809</b>	<b>35</b>	<b>1,528,241</b>	<b>42</b>	<b>967,493</b>	<b>29</b>
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	146,480	4	140,762	4	147,750	5	<b>Non-current liabilities :</b>						
Property, plant and equipment (Notes 6(i) ,8 and 9)	352,515	11	365,955	10	442,080	13	Long-term loans (Notes 6(n) and 8)	-	-	-	-	399,054	12
Right-of-use assets (Notes 6(j))	72,887	2	77,207	2	86,915	3	Deferred income tax liabilities	225	-	-	-	932	-
Investment property (Notes 6(k))	59,063	2	57,834	2	-	-	Lease liabilities, non-current (Notes 6(o))	63,691	2	66,575	2	75,375	2
Intangible assets (Note 6(l))	4,834	-	3,777	-	2,295	-	Net defined benefit liabilities, non-current	87,896	3	88,546	2	87,587	3
Deferred income tax assets	32,988	1	33,003	1	28,157	1	Guarantee deposits received	591	-	587	-	264	-
Prepayments for business facilities	268	-	-	-	-	-	Other non-current liabilities—other	884	-	936	-	1,039	-
Other non-current financial assets (Notes 6(g) and 8)	7,622	-	7,634	-	7,851	-	<b>Total non-current liabilities</b>	<b>153,287</b>	<b>5</b>	<b>156,644</b>	<b>4</b>	<b>564,251</b>	<b>17</b>
<b>Total non-current assets</b>	<b>676,657</b>	<b>20</b>	<b>686,172</b>	<b>19</b>	<b>715,048</b>	<b>22</b>	<b>Total liabilities</b>	<b>1,333,096</b>	<b>40</b>	<b>1,684,885</b>	<b>46</b>	<b>1,531,744</b>	<b>46</b>
<b>Total assets</b>	<b>\$ 3,314,560</b>	<b>100</b>	<b>3,636,866</b>	<b>100</b>	<b>3,354,884</b>	<b>100</b>	<b>Equity attributable to owners of parent (Note 6(c) and (s)) :</b>						
							Capital stock	1,624,076	49	1,624,076	45	1,744,076	52
							Capital surplus	4,397	-	4,397	-	28,226	1
							Retained earnings	583,144	18	539,266	15	410,643	12
							Other equity interest	(119,901)	(4)	(102,612)	(3)	(99,849)	(3)
							Treasury stock	(173,021)	(5)	(173,021)	(5)	(323,947)	(10)
							Total equity attributable to shareholders of the parent	1,918,695	58	1,892,106	52	1,759,149	52
							<b>Non-controlling interests (Note 6(h))</b>	<b>62,769</b>	<b>2</b>	<b>59,875</b>	<b>2</b>	<b>63,991</b>	<b>2</b>
							<b>Total equity</b>	<b>1,981,464</b>	<b>60</b>	<b>1,951,981</b>	<b>54</b>	<b>1,823,140</b>	<b>54</b>
							<b>Total liabilities and equity</b>	<b>\$ 3,314,560</b>	<b>100</b>	<b>3,636,866</b>	<b>100</b>	<b>3,354,884</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2020 and 2019**

(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)  
(Reviewed, not audited)

	For the three months ended March 31			
	2020		2019	
	Amount	%	Amount	%
<b>Operating revenue (Note 6(u))</b>	\$ 814,964	100	890,981	100
<b>Operating cost (Notes 6(f, q and v) and 12 )</b>	<u>674,227</u>	<u>83</u>	<u>733,124</u>	<u>82</u>
<b>Gross profit</b>	<u>140,737</u>	<u>17</u>	<u>157,857</u>	<u>18</u>
<b>Operating expenses (Notes 6(d, q and v) and 12) :</b>				
Selling expenses	48,379	6	54,861	6
General and administrative expenses	31,628	4	29,886	3
Research and development expenses	24,687	3	25,079	3
Expected credit impairment gain	541	-	(1,121)	-
<b>Total operating expenses</b>	<u>105,235</u>	<u>13</u>	<u>108,705</u>	<u>12</u>
<b>Net other income (Note 6(w))</b>	<u>1,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net operating income</b>	<u>36,560</u>	<u>4</u>	<u>49,152</u>	<u>6</u>
<b>Non-operating income and expenses(Notes 6(x)) :</b>				
Other income	8,963	1	4,677	1
Other gains and losses	8,502	1	12,348	1
Finance costs	(3,203)	-	(3,687)	-
<b>Total Non-operating income and expenses</b>	<u>14,262</u>	<u>2</u>	<u>13,338</u>	<u>2</u>
<b>Profit (loss) before income tax</b>	50,822	6	62,490	8
<b>Less:Income tax expense (Note 6(r))</b>	<u>6,969</u>	<u>1</u>	<u>9,874</u>	<u>1</u>
<b>Profit(Loss)</b>	<u>43,853</u>	<u>5</u>	<u>52,616</u>	<u>7</u>
<b>Other comprehensive income :</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income(Note 6(s))	(13,539)	(2)	8,870	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(r))	<u>225</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(13,764)</u>	<u>(2)</u>	<u>8,870</u>	<u>1</u>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign financialstatements (Note 6(s))	(606)	-	3,233	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(r))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(606)</u>	<u>-</u>	<u>3,233</u>	<u>-</u>
<b>Other comprehensive income, net</b>	<u>(14,370)</u>	<u>(2)</u>	<u>12,103</u>	<u>1</u>
<b>Comprehensive income</b>	<u>\$ 29,483</u>	<u>3</u>	<u>64,719</u>	<u>8</u>
<b>Profit (loss) attributable to</b>				
Shareholders of the parent	\$ 43,878	5	52,621	7
Non-controlling interests	(25)	-	(5)	-
<b>Net Profit (loss)</b>	<u>\$ 43,853</u>	<u>5</u>	<u>52,616</u>	<u>7</u>
<b>Comprehensive income attributable to :</b>				
Shareholders of the parent	\$ 26,589	3	67,657	8
Non-controlling interests	2,894	-	(2,938)	-
<b>Total comprehensive income</b>	<u>\$ 29,483</u>	<u>3</u>	<u>64,719</u>	<u>8</u>
<b>Earnings per share (Note 6(t))(expressed in New Taiwan dollars) :</b>				
<b>Basic earnings per share</b>	<u>\$ 0.30</u>		<u>0.35</u>	
<b>Diluted earnings per share</b>	<u>\$ 0.29</u>		<u>0.35</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
For the three months ended March 31, 2020 and 2019  
**(Expressed in thousands of New Taiwan dollars)**  
(Reviewed, not audited)

	Equity attributable to shareholders of parent										
						Other equity interest					
						Exchangedifferenc es on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
	Retained earnings										
Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings							
<b>Balance at January 1, 2019</b>	<b>\$ 1,744,076</b>	<b>28,226</b>	<b>45,822</b>	<b>109,212</b>	<b>200,673</b>	<b>(8,271)</b>	<b>(104,299)</b>	<b>(273,209)</b>	<b>1,742,230</b>	<b>66,929</b>	<b>1,809,159</b>
Profit	-	-	-	-	52,621	-	-	-	52,621	(5)	52,616
Other comprehensive income	-	-	-	-	-	3,116	11,920	-	15,036	(2,933)	12,103
Total comprehensive income	-	-	-	-	52,621	3,116	11,920	-	67,657	(2,938)	64,719
Purchase of treasury stock	-	-	-	-	-	-	-	(50,738)	(50,738)	-	(50,738)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,315	-	(2,315)	-	-	-	-
<b>Balance as of March 31, 2019</b>	<b>\$ 1,744,076</b>	<b>28,226</b>	<b>45,822</b>	<b>109,212</b>	<b>255,609</b>	<b>(5,155)</b>	<b>(94,694)</b>	<b>(323,947)</b>	<b>1,759,149</b>	<b>63,991</b>	<b>1,823,140</b>
<b>Balance at January 1, 2020</b>	<b>\$ 1,624,076</b>	<b>4,397</b>	<b>57,015</b>	<b>151,307</b>	<b>330,944</b>	<b>(14,111)</b>	<b>(88,501)</b>	<b>(173,021)</b>	<b>1,892,106</b>	<b>59,875</b>	<b>1,951,981</b>
Profit	-	-	-	-	43,878	-	-	-	43,878	(25)	43,853
Other comprehensive income	-	-	-	-	-	(562)	(16,727)	-	(17,289)	2,919	(14,370)
Total comprehensive income	-	-	-	-	43,878	(562)	(16,727)	-	26,589	2,894	29,483
<b>Balance as of March 31, 2020</b>	<b>\$ 1,624,076</b>	<b>4,397</b>	<b>57,015</b>	<b>151,307</b>	<b>374,822</b>	<b>(14,673)</b>	<b>(105,228)</b>	<b>(173,021)</b>	<b>1,918,695</b>	<b>62,769</b>	<b>1,981,464</b>

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended March 31, 2020 and 2019**

(expressed in thousands of New Taiwan Dollars)  
(Reviewed, not audited)

	For the three months ended March 31	
	2020	2019
<b>Cash flows from (used in) operating activities :</b>		
<b>Profit(Loss) before tax</b>	\$ 50,822	62,490
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit (loss) :</b>		
Depreciation expense	20,344	21,291
Amortization expense	381	264
Expected credit impairment loss (gain)	541	(1,121)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	9,121	(6,060)
Interest expense	3,203	3,687
Interest income	(4,195)	(4,465)
Unrealized foreign exchange loss (gain)	1,654	(6,454)
<b>Total adjustments to reconcile profit</b>	<u>31,049</u>	<u>7,142</u>
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
Decrease (increase) in accounts receivable	190	(59,709)
Decrease in other accounts receivable	152	120
Decrease in inventories	12,766	47,389
Decrease in other current assets	21,984	4,347
<b>Total net changes in operating assets</b>	<u>35,092</u>	<u>(7,853)</u>
Changes in operating liabilities :		
Increase in notes payable	1,465	848
Decrease in accounts payable	(37,675)	(41,440)
Decrease in other payable	(83,170)	(38,843)
Increase in other current liabilities	9,429	3,285
Decrease in net defined benefit liability	(650)	(639)
Increase (decrease) in other non-current liabilities	(52)	1,039
<b>Total changes in operating liabilities</b>	<u>(110,653)</u>	<u>(75,750)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(75,561)</u>	<u>(83,603)</u>
<b>Total adjustments</b>	<u>(44,512)</u>	<u>(76,461)</u>
Cash inflow generated from operations	6,310	(13,971)
Interest received	4,715	4,842
Dividends received	(3,117)	(3,484)
Interest paid	(608)	(1,689)
<b>Net cash flows(used in) from operating activities</b>	<u>7,300</u>	<u>(14,302)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(88,953)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,218	32,289
Acquisition of financial assets at fair value through profit or loss	(60,350)	(32,870)
Proceeds from disposal of financial assets at fair value through profit or loss	-	89,427
Acquisition of property, plant and equipment	(7,819)	(6,611)
Acquisition of intangible assets	(1,439)	(87)
Acquisition of Investment property	(903)	-
Increase in other financial assets	(45)	(6)
Increase in prepayments on purchase of equipment	(268)	-
<b>Net cash flows from (used in) investing activities</b>	<u>(152,559)</u>	<u>82,142</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	(167,000)	(70,000)
Repayments of long-term loans	(80,000)	-
Payments to acquire treasury stock	-	(50,738)
Repayments of lease liabilities	(3,218)	(3,178)
<b>Net cash flows used in financing activities</b>	<u>(250,218)</u>	<u>(123,916)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(6,660)	6,991
<b>Net decrease in cash and cash equivalents</b>	(402,137)	(49,085)
<b>Cash and cash equivalents at beginning of period</b>	1,368,252	1,029,113
<b>Cash and cash equivalents at end of period</b>	<u>\$ 966,115</u>	<u>980,028</u>

See accompanying notes to financial statements.



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the three months ended March 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)

(Reviewed, not audited)

## (1) Organization and Business Scope

Emerging Display Technologies Corp. (the Company) and its subsidiaries was incorporated as a limited liability Group under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd, Kaohsiung Economic Processing Zone, Kaohsiung City, Taiwan. The Consolidated financial statements comprise Emerging Display Technologies Corp. and its subsidiaries (jointly referred to as the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

## (2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 5, 2020.

## (3) Application of New and Revised International Financial Reporting Standards and Interpretations

(a) The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform "	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

## (b) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but have yet to be endorsed by the FSC :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Group is evaluating the impact on its financial position and financial performance upon its initial adoption of the above mentioned standards or interpretations. The results, thereof, will be disclosed when the Group completes its evaluation.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (4) Summary of Significant Accounting Policies

#### (a) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed by FSC. These consolidated financial statements do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for full annual consolidated financial statements.

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 4 of 2019 consolidated financial statement for detail information.

#### (b) Basis of consolidation

(i) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			March 31,2020	December 31,2019	March 31,2019	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiar
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Tremendous Explore Corp.	Trading	100.00%	100.00%	100.00%	Note
The Company	Emerging Display Technologies Korea	Business support	100.00%	100.00%	100.00%	Note
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	Note
YingDar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note

Note: Quarterly financial reports are unaudited for non-major subsidiaries.

(ii) Subsidiaries which are not included in the consolidated financial statements: None.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (c) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is calculated based on an interim period’s pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

#### (d) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

#### (5) Critical Accounting Judgement and Key Sources of Estimation and Uncertainty

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, “Interim Financial Reporting,” and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might be different from the estimation.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2019.

#### (6) Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6 of 2019 consolidated financial statements.

#### (a) Cash and cash equivalents

	<u>March 31,2020</u>	<u>December 31,2019</u>	<u>March 31,2019</u>
Cash and cash equivalents	\$ 380	366	216
Demand deposits	316,796	272,823	280,651
Check deposits	249	15	3,311
Time deposits	496,245	1,063,943	664,583
Repurchase agreement	<u>152,445</u>	<u>31,105</u>	<u>31,267</u>
Total	<u>\$ 966,115</u>	<u>1,368,252</u>	<u>980,028</u>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(b) Financial assets at fair value through profit or loss**

	<u>March 31,2020</u>	<u>December 31,2019</u>	<u>March 31,2019</u>
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 103,962	54,018	75,176
Swap Contract	<u>368</u>	<u>76</u>	<u>786</u>
Total	<u>\$ 104,330</u>	<u>54,094</u>	<u>75,962</u>
Current financial liabilities measured at fair value through profit or loss :			
Swap Contract	<u>\$ -</u>	<u>994</u>	<u>-</u>

Please refer to Note 6(x) for the recognition of gain or loss at fair value.

The abovementioned financial assets were not pledged as collateral.

The Group entered into derivative instruments to manage exposure to currency risk arising from operating activities and doesn't applicable to hedge accounting. The Group's derivative instruments were as follows presented under financial assets mandatorily measured at FVTPL and financial liabilities measured at FVTPL; presented under financial assets held for trading:

Forward exchange contract :

	<u>March 31,2020</u>		
	<b>Contract amount</b>		
	<b><u>(in thousand)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
Swap contract	USD2,000	TWD to USD	2020.06.05~2020.06.29
	<u>December 31,2019</u>		
	<b>Contract amount</b>		
	<b><u>(in thousand)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
Swap contract	USD 5,000	TWD to USD	2020.01.17~2020.03.31
	<u>March 31,2019</u>		
	<b>Contract amount</b>		
	<b><u>(in thousand)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
Swap contract	USD 3,000	TWD to USD	2019.04.08~2019.06.24

Please refer to Note 6(y) for credit risk and market risk.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (c) Financial assets at fair value through other comprehensive income

	March 31,2020	December 31,2019	March 31,2019
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 5,999	9,555	11,471
Fubon Financial Holding Co., Ltd	11,265	13,920	13,800
Radiant Opto Electronics Corp.	-	-	24,650
Taiwan Cement Corp., Ltd.	7,900	-	13,612
Synnex Technology International Co. , Ltd.	24,445	17,175	16,946
King Yuan Electronics Co., Ltd.	-	-	28,061
Nan Ya Plastics Corporation	11,487	15,288	16,569
Pegatron Co., Ltd.	12,528	14,775	11,513
Mega Financial Holding Co., Ltd	-	-	15,568
Coasia Microelectronics Corp.	3,744	5,055	4,300
E.SUN Financial Holding Co., Ltd.	16,975	-	-
Far Eastern New Century Corp.	18,040	-	-
Quanta Computer Inc.	29,498	-	-
Shian Yih Electronic Co., Ltd.	30,456	33,064	30,738
AGV Products Corporation	695	722	735
Total	173,032	109,554	187,963
Common stocks listed on foreign markets-current:			
Becton, Dickinson and Company	13,890	-	-
Total	\$ 186,922	109,554	187,963
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets -non current:			
Ascendax Venture Capital Corp.	\$ 14,318	15,832	14,088
Chenfeng Optronics Corp.	131,320	124,040	132,790
Total	145,638	139,872	146,878
Preference stocks listed on domestic markets-non current:			
Fubon Financial Holding Co., Ltd	842	890	872
Total	\$ 146,480	140,762	147,750

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

With the objective of investment and financial management, the Group has sold partial of equity instruments designated as FVOCI totaled \$32,289 from January 1 to March 31, 2019, and accumulated gain on disposal of investments was \$2,315, which had been reclassified from other equity interest to retained earnings. The Group did not disposal any long term strategies investments from January 1 to March 31, 2020. During the time, the accumulated gain and losses were not transferred within the equity

Please refer to Note 6(y) for market risk.

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they are had not been derecognized. As of March 31,2020, December 31, 2019 and March 31, 2019, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$5,999,\$9,555and \$36,121, respectively.

#### (d) Accounts receivable

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Accounts receivables-measured at amortized cost	\$ 559,833	556,362	550,261
Allowance for impairment	(19,312)	(18,771)	(19,208)
	<b>\$ 540,521</b>	<b>537,591</b>	<b>531,053</b>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows :

	<b>March 31,2020</b>		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Not over due	\$ 372,577	0.10%	372
Overdue less than 90 days	168,435	0.10%	169
Overdue 91~180 days	50	0.10%	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	18,771	100.00%	18,771
	<b>\$ 559,833</b>		<b>19,312</b>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

	<b>December 31, 2019</b>		
	<u>Carrying amount of Accounts Receivable</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Not over due	\$ 392,384	-	-
Overdue less than 90 days	144,425	-	-
Overdue 91~180 days	782	-	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	<u>18,771</u>	100.00%	<u>18,771</u>
	<u><b>\$ 556,362</b></u>		<u><b>18,771</b></u>

  

	<b>March 31, 2020</b>		
	<u>Carrying amount of Accounts Receivable</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Not over due	\$ 454,974	0.03%	154
Overdue less than 90 days	67,199	0.41%	274
Overdue 91~180 days	9,308	-	-
Overdue 181~270 days	8	100.00%	8
Overdue 271~365 days	1	100.00%	1
Overdue over 365 days	<u>18,771</u>	100.00%	<u>18,771</u>
	<u><b>\$ 550,261</b></u>		<u><b>19,208</b></u>

The movement in the provision for impairment loss with respect to trade receivables was as follows :

	<b>For the three months ended March 31</b>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 18,771	20,327
Reversal of impairment loss	541	(1,121)
Effect of changes in foreign currency exchange rates	-	2
Ending balance	<u><b>\$ 19,312</b></u>	<u><b>19,208</b></u>

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(y) for credit risk.

**(e) Other receivables**

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Loans to employee	\$ 8,664	8,834	14,295
Receivable resulting from selling equity investments at fair value through other comprehensive income	-	7,218	-
Others	2,140	2,632	1,047
Allowance for impairment	-	-	-
	<u><b>\$ 10,804</b></u>	<u><b>18,684</b></u>	<u><b>15,342</b></u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Please refer to Note 6(y) for credit risk.

#### (f) Inventories

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Raw materials and supplies	\$ 255,215	246,804	272,390
Work in process	300,460	293,737	264,326
Finished goods	233,166	251,522	253,656
Inventories in transit	1,665	10,972	7,795
	<b><u>\$ 790,506</u></b>	<b><u>803,035</u></b>	<b><u>798,167</u></b>

The details of the cost of sales were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Reclassification to cost of sales and expenses	\$ 651,278	702,457
Loss on valuation (gain on reversal) of inventories	1,088	(2,589)
Unallocated production overheads	6,335	6,325
Loss on scrap	15,563	27,123
Others	(37)	(192)
	<b><u>\$ 674,227</u></b>	<b><u>733,124</u></b>

The above gain from price recovery of inventory was due to the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal was recorded as operating costs.

Inventories were not pledged as collaterals.

#### (g) Other current assets

The details of other current assets are as follows:

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Income tax refund receivable	\$ 2,002	-	2,366
Prepayment for purchases	17,981	39,259	26,855
Prepaid expense	6,818	5,374	6,628
Prepaid sales tax	6,939	6,438	10,150
Restricted time deposits	2,107	2,096	2,110
Refundable deposits	7,064	7,080	7,283
Others	3,371	6,776	3,693
	<b><u>\$ 46,282</u></b>	<b><u>67,023</u></b>	<b><u>59,085</u></b>
Book as :			
Other current assets	\$ 38,660	59,389	51,234
Other financial assets — non-current	7,622	7,634	7,851
	<b><u>\$ 46,282</u></b>	<b><u>67,023</u></b>	<b><u>59,085</u></b>



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The abovementioned other financial assets pledged were restricted time deposits as collateral for loans were disclosed in Note 8.

**(h) Non-controlling interests' share of subsidiaries**

Significant to the Group of the non-controlling interest subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		March 31,2020	December 31,2019	March 31,2019
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with the Group.

Summarized financial information for Ying Cheng Investment Corp. is as follows:

	March 31,2020	December 31,2019	March 31,2019
Current asset	\$ 10,090	10,102	10,200
Non-current asset	112,560	106,320	113,820
Current liability	(50)	(50)	(50)
Net asset	<u>\$ 122,600</u>	<u>116,372</u>	<u>123,970</u>
Non-controlling equity closing book amount	<u>\$ 58,235</u>	<u>55,277</u>	<u>58,885</u>

	For the three months ended March 31	
	2020	2019
Operating revenue	\$ -	-
Net profit(loss)	\$ (12)	(6)
Other comprehensive income	6,240	(6,420)
Comprehensive income	<u>\$ 6,228</u>	<u>(6,426)</u>
Profit attributable to non-controlling interest	<u>\$ (6)</u>	<u>(3)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 2,958</u>	<u>(3,052)</u>

	For the three months ended March 31	
	2020	2019
Cash flow from operating activities	\$ (12)	(12)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	<u>\$ (12)</u>	<u>(12)</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Summarized financial information for Emerging Display International (Samoa) Corp. is as follows:

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Current asset	\$ 133,338	149,362	130,970
Non-current asset	20,865	22,731	25,227
Current liability	(46,243)	(61,550)	(28,540)
Net asset	-	(1,068)	(6,101)
Non-controlling equity closing book amount	<b>\$ 107,960</b>	<b>109,475</b>	<b>121,556</b>
Current asset	<b>\$ 4,534</b>	<b>4,598</b>	<b>5,106</b>

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<b>\$ 33,782</b>	<b>44,452</b>
Net profit(loss)	\$ (456)	(50)
Other comprehensive income	(1,059)	2,788
Comprehensive income	<b>\$ (1,515)</b>	<b>2,738</b>
Profit attributable to non-controlling interest	<b>\$ (19)</b>	<b>(2)</b>
Comprehensive income attributable to non-controlling interest	<b>\$ (64)</b>	<b>114</b>

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Cash flow from operating activities	\$ 9,317	6,916
Cash flow from investing activities	(488)	(169)
Cash flow from financing activities	(1,509)	-
Effects of changes in foreign exchange rates	(219)	179
Net increase(decrease) in cash and cash equivalents	<b>\$ 7,101</b>	<b>6,926</b>

#### (i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Other</b>	<b>Total</b>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2020	\$ 25,201	1,047,550	2,384,197	28,331	133,476	3,618,755
Additions	-	65	486	-	2,564	3,115
Reclassification	-	275	64	-	(339)	-
Effect of movements in exchange rates	206	(400)	(2,258)	(10)	(66)	(2,528)
Balance at March 31, 2020	<b>\$ 25,407</b>	<b>1,047,490</b>	<b>2,382,489</b>	<b>28,321</b>	<b>135,635</b>	<b>3,619,342</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Balance at January 1, 2019	\$ 74,709	1,026,177	2,398,090	28,164	148,931	3,676,071
Additions	-	152	573	92	2,552	3,369
Reclassification	-	10,034	-	-	(10,034)	-
Disposals	-	-	(19,969)	(248)	(383)	(20,600)
Effect of movements in exchange rates	256	1,314	5,172	107	130	6,979
Balance at March 31, 2019	<u>\$ 74,965</u>	<u>1,037,677</u>	<u>2,383,866</u>	<u>28,115</u>	<u>141,196</u>	<u>3,665,819</u>
<b>Depreciation:</b>						
Balance at January 1, 2020	\$ -	800,136	2,330,684	26,927	95,053	3,252,800
Depreciation for the year	-	4,477	5,540	198	6,544	16,759
Effect of movements in exchange rates	-	(481)	(2,182)	(17)	(52)	(2,732)
Balance at March 31, 2020	<u>\$ -</u>	<u>804,132</u>	<u>2,334,042</u>	<u>27,108</u>	<u>101,545</u>	<u>3,266,827</u>
Balance at January 1, 2019	\$ -	790,562	2,332,102	26,642	70,927	3,220,233
Depreciation for the year	-	3,868	6,643	179	7,044	17,734
Disposals	-	-	(19,969)	(248)	(383)	(20,600)
Effect of movements in exchange rates	-	1,102	5,078	106	86	6,372
Balance at March 31, 2019	<u>\$ -</u>	<u>795,532</u>	<u>2,323,854</u>	<u>26,679</u>	<u>77,674</u>	<u>3,223,739</u>
<b>Carrying amounts:</b>						
Balance at January 1, 2020	<u>\$ 25,201</u>	<u>247,414</u>	<u>53,513</u>	<u>1,404</u>	<u>38,423</u>	<u>365,955</u>
Balance at March 31, 2020	<u>\$ 25,407</u>	<u>243,358</u>	<u>48,447</u>	<u>1,213</u>	<u>34,090</u>	<u>352,515</u>
Balance at January 1, 2019	<u>\$ 74,709</u>	<u>235,615</u>	<u>65,988</u>	<u>1,522</u>	<u>78,004</u>	<u>455,838</u>
Balance at March 31, 2019	<u>\$ 74,965</u>	<u>242,145</u>	<u>60,012</u>	<u>1,436</u>	<u>63,522</u>	<u>442,080</u>

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in note 8.

### (j) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, transportation equipment were as follows :

	Land	Building and construction	Transportation equipment	Total
<b>Right-of-use assets cost :</b>				
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Reduction	(817)	-	-	(817)
Effect of movements in exchange rates	-	(131)	2	(129)
Balance at March 31, 2020	<u>\$ 66,409</u>	<u>23,378</u>	<u>216</u>	<u>90,003</u>
Balance at January 1, 2019	\$ 67,226	23,065	219	90,510
Effect of movements in exchange rates	-	(37)	1	(36)
Balance at March 31, 2019	<u>\$ 67,226</u>	<u>23,028</u>	<u>220</u>	<u>90,474</u>
<b>Depreciation :</b>				
Balance at January 1, 2020	\$ 2,757	10,857	128	13,742
Depreciation for the year	683	2,720	33	3,436
Effect of movements in exchange rates	-	(63)	1	(62)
Balance at March 31, 2020	<u>\$ 3,440</u>	<u>13,514</u>	<u>162</u>	<u>17,116</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	Land	Building and construction	Transportation equipment	Total
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	689	2,835	33	3,557
Effect of movements in exchange rates	-	2	-	2
Balance at March 31, 2019	<u>\$ 689</u>	<u>2,837</u>	<u>33</u>	<u>3,559</u>
<b>Carrying amounts:</b>				
Balance at January 1, 2020	<u>\$ 64,469</u>	<u>12,652</u>	<u>86</u>	<u>77,207</u>
Balance at March 31, 2020	<u>\$ 62,969</u>	<u>9,864</u>	<u>54</u>	<u>72,887</u>
Balance at January 1, 2019	<u>\$ 67,226</u>	<u>23,065</u>	<u>219</u>	<u>90,510</u>
Balance at March 31, 2019	<u>\$ 66,537</u>	<u>20,191</u>	<u>187</u>	<u>86,915</u>

#### (k) Investment property

Investment property includes assets owned by the Group and operating leasing such as office buildings leased to third party. Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(w) for information of the rental income.

Rental income of leased investment property has a fixed amount.

Investment property cost and depreciation of the Group were as follows:

	Land	Building and construction	Total
<b>Cost or deemed cost:</b>			
Balance at January 1, 2020	\$ 47,720	15,418	63,138
Additions	-	903	903
Effect of changes in foreign exchange rates	390	129	519
Balance at March 31, 2020	<u>\$ 48,110</u>	<u>16,450</u>	<u>64,560</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Depreciation:</b>			
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation for the year	-	149	149
Effect of changes in foreign exchange rates	-	44	44
Balance at March 31, 2020	<u>\$ -</u>	<u>5,497</u>	<u>5,497</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2020	<u>\$ 47,720</u>	<u>10,114</u>	<u>57,834</u>
Balance at March 31, 2020	<u>\$ 48,110</u>	<u>10,953</u>	<u>59,063</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group signed a lease contract in August 2019 to lease original office building of the USA subsidiary to a third party since October 2019.

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31, 2019.

The investment property was not pledged as collateral.

#### (l) Intangible assets

Initial cost and accumulated amortization for intangible assets were as follows :

	<b>Patent</b>	<b>Computer software cost</b>	<b>Total</b>
Balance at January 1, 2020	\$ <u>1,420</u>	<u>2,357</u>	<u>3,777</u>
Balance at March 31, 2020	\$ <u>1,420</u>	<u>3,414</u>	<u>4,834</u>
Balance at January 1, 2019	\$ <u>1,703</u>	<u>768</u>	<u>2,471</u>
Balance at March 31, 2019	\$ <u>1,695</u>	<u>600</u>	<u>2,295</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the three months ended March, 2020 and 2019. Please refer Note 12(a) for amortization amount. Other related information, please refer to Note 6(l) of 2019 consolidated financial statements.

Intangible assets were not pledged as collateral.

#### (m) Short-term loans

The details of short-term loans were as follows:

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Unsecured bank loans	\$ <u>233,000</u>	<u>400,000</u>	<u>300,000</u>
Unused lines of credit	\$ <u>1,492,698</u>	<u>1,272,106</u>	<u>1,389,292</u>
Range of interest rates	<u>0.98%~1.03%</u>	<u>0.95%~1.04%</u>	<u>0.95%~1.05%</u>

Short-term loans were not pledged as collateral.

As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's acceptance credit for purchases of raw materials amounted to \$2,008, \$1,659 and \$3,034, respectively.

Please refer to note 6(y) for the interest rate risk and sensitivity analysis of the financial liabilities of the Group.

#### (n) Long-term loans

The details of long-term loans were as follows:

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Secured bank loans	\$ 240,000	320,000	400,000
Less: discount on long-term loans	<u>(278)</u>	<u>(445)</u>	<u>(946)</u>
Total	<u>\$ 239,722</u>	<u>319,555</u>	<u>399,054</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	March 31,2020	December 31,2019	March 31,2019
Recognized in:			
Long-term loans, current portion	\$ 239,722	319,555	-
Long-term loans	-	-	399,054
Total	<b>\$ 239,722</b>	<b>319,555</b>	<b>399,054</b>
Unused long-term credit lines	<b>\$ 240,000</b>	<b>320,000</b>	<b>400,000</b>
Range of interest rates	<b>1.8083%</b>	<b>1.8085%</b>	<b>1.8044%</b>

On November 17, 2016, the Group entered into a syndicated loan agreement with eight banks led by Tai Shin Bank for the period from the date of first borrowing to the three-year term with cycle use lines of credit. The credit line will decrease every 6 months since two years after the first appropriation date. The first and second phase will decrease by 20% of the effective credit line, and the third phase will decrease by 60%. The Company will repay the total borrowing upon maturity. The Company borrowed \$400,000 thousand at August 15, 2017. For the related information and concerned restricted terms, please refer to Note 6(n) of 2019 consolidated financial statements.

For working capital management purpose, the Group repaid \$80,000 in February 2020, which is earlier than the maturity date.

Assets pledged as collateral for long-term loans are disclosed in Note 8.

#### (o) Lease liabilities

The details of lease liabilities were as follows :

	March 31,2020	December 31,2019	March 31,2019
Current	<b>\$ 10,687</b>	<b>11,907</b>	<b>11,919</b>
Non-Current	<b>\$ 63,691</b>	<b>66,575</b>	<b>75,375</b>

For maturity analysis, please refer to Note 6 (y) Financial Instruments.

The amounts recognized in profit or loss were as follows :

	For the three months ended March 31	
	2020	2019
Interest on lease liabilities	<b>\$ 687</b>	<b>853</b>
Expenses relating to short-term leases	<b>\$ 562</b>	<b>321</b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>\$ 58</b>	<b>79</b>

The amounts recognized in the statement of cash flows for the Group were as follow :

	For the three months ended March 31	
	2020	2019
Total cash outflow for leases	<b>\$ 4,835</b>	<b>4,431</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(i) Lease of land, building and construction

As of March 31, 2020, the Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years. Part of the lease includes an option to extend the same period of the original contract at the end of the lease term.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

The lease agreements for some of the equipment include the option to extend the lease or terminate the lease, which are managed separately by each region, and therefore the individual terms and conditions agreed upon are different within the Group. These options are only for the Group to have enforceable rights and the lessor does not have this right. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The lease period for the Group leased transportation equipment is one to two years.

In addition, the lease term of the Group leased machinery and equipment is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

**(p) Operating lease**

There was no increase for operating lease for the three months ended March 31, 2020. Please refer to Note 6(p) of the 2019 consolidated financial statements.

**(q) Employee benefits**

(i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2019 and 2018.

Cost recognized in expense was as below :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating cost	\$ 287	332
Selling expenses	14	14
General and administrative expenses	47	47
Research and development expenses	34	38
	<b>\$ 382</b>	<b>431</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating cost	\$ 5,442	5,555
Selling expenses	1,300	1,247
General and administrative expenses	488	517
Research and development expenses	683	608
	<b>\$ 7,913</b>	<b>7,927</b>

(r) **Income tax**

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management.

The amounts of income tax expense (benefit) were as follows :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax expense		
Current	\$ 6,952	9,899
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	17	(25)
Income tax expense	<b>\$ 6,969</b>	<b>9,874</b>

For the three months ended March 31, 2020 and 2019, no income tax was recognized directly in equity.

The amount of income tax benefit recognized in other comprehensive income (loss) were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains or losses from investments in equity instruments measured at FVOCI	<b>\$ 225</b>	<b>-</b>

Approval of income tax

The Company's income tax returns for all fiscal years up to 2018 have been examined and approved by the R.O.C. tax authority.

(s) **Share capital and other equity**

The Group had no share capital change for the three months ended March 31, 2020 and 2019 except below statement. Please refer to Note 6(s) of 2019 consolidated financial statements for detail information.

(i) Capital Stock

As of March 31, 2020, December 31 and March 31, 2019, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock are 162,408, 162,408 and 174,408 thousand shares, respectively. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 148,613 thousand shares.



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Capital surplus

Capital surplus was as follows :

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Treasury stock	\$ <b>4,397</b>	<b>4,397</b>	<b>28,226</b>

(iii) Earnings distribution

The appropriations of earnings for 2019 have been approved in the meeting of the board of directors held on March 10, 2020. And the appropriations of earnings for 2018 had been approved in the shareholders' meeting held on June 4, 2019. The appropriation and dividend per share were as follows :

	<b>2019(Estimated)</b>	<b>2018(Actual)</b>
Cash dividend to shareholders (TWD)		
Cash	\$ <b>1.2</b>	<b>0.5</b>

(iv) Other equity

	<b>Foreign exchange differences arising from foreign operation</b>	<b>Unrealized gains (losses) on financial assets measured at FVOCI</b>	<b>Total</b>
Balance at January 1, 2020	\$ (14,111)	(88,501)	(102,612)
— Changes of the Group	(562)	(16,727)	(17,289)
Balance at March 31, 2020	\$ <b>(14,673)</b>	<b>(105,228)</b>	<b>(119,901)</b>
	<b>Foreign exchange differences arising from foreign operation</b>	<b>Unrealized gains (losses) on financial assets measured at FVOCI</b>	<b>Total</b>
Balance at January 1, 2019	\$ (8,271)	(104,299)	(112,570)
— Changes of the Group	3,116	11,920	15,036
— Disposal of investments in equity instrument at FVOCI	-	(2,315)	(2,315)
Balance at March 31, 2019	\$ <b>(5,155)</b>	<b>(94,694)</b>	<b>(99,849)</b>

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousand of shares)

<b>Reason to buy back</b>	<b>Beginning Shares</b>	<b>Increase shares</b>	<b>Decrease shares</b>	<b>Ending share</b>
<b>January to March, 2020</b>				
Transfer to employees	5,000	-	-	5,000
<b>January to March, 2019</b>				
Transfer to employees	12,000	5,000	-	17,000

The Board of Directors has resolved during the board meeting held on January 8, 2019, for the Company to repurchase its share as treasury stocks.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Company's board of directors had resolved during the board meeting held on March 24, 2020, for the Company was scheduled to repurchase its own common stocks as treasury stocks and transferred to employees, of which number was 7,000 thousand stocks, in order to motivate its employees morale and improve the operating performance. As of March 31, 2020, the Company has not been executed yet.

As of March 31, 2020, December 31 and March 31, 2019, the cost of treasury stocks amounted to \$50,739, \$50,739 and \$201,665, respectively.

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the number of shares repurchased should not exceed 10 percent of all common stocks issued. Also, the value of repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The above amount did not exceed the statutory limit.

In accordance with Securities and Exchange Act requirements, treasury stocks held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the three months ended March 31, 2020 and 2019, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of March 31, 2020, December 31, 2019 and March 31, 2019, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of March 31, 2020, December 31 and March 31, 2019, their market values amounted to \$140,710, \$154,781 and \$132,356, respectively.

#### (t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Basic earnings per share</b>		
Profit attributable to owners of parent	<b>\$ 43,878</b>	<b>52,621</b>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<b>148,613</b>	<b>149,566</b>
Expressed in New Taiwan dollars	<b>\$ 0.30</b>	<b>0.35</b>
<b>Diluted earnings per share</b>		
Profit attributable to owners of parent	<b>\$ 43,878</b>	<b>52,621</b>
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,613	149,566
Effect of potentially dilutive ordinary stock:		
— Employee bonus (expressed in thousands of shares)	987	604
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<b>149,600</b>	<b>150,170</b>
Expressed in New Taiwan dollars	<b>\$ 0.29</b>	<b>0.35</b>

In computing above basic earnings (loss) per share of ordinary stock for the three months ended March 31, 2020 and 2019, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

**(u) Revenue from Contracts with Customers**

**(i) Disaggregation of revenue**

	<b>For the three months ended March 31</b>			
	<b>2020</b>			
	<b>Domestic</b>	<b>North America</b>	<b>Other operating department</b>	<b>Total</b>
<b>Primary geographical markets:</b>				
Europe	\$ 470,350	36	90	470,476
USA	-	156,322	-	156,322
Others	140,835	47,032	299	188,166
<b>Total</b>	<b>\$ 611,185</b>	<b>203,390</b>	<b>389</b>	<b>814,964</b>
<b>Major products:</b>				
Liquid crystal display modules	\$ 172,995	105,671	-	278,666
Capacitive touch panel and capacitive touch panel module	433,337	89,818	-	523,155
Others	4,853	7,901	389	13,143
<b>Total</b>	<b>\$ 611,185</b>	<b>203,390</b>	<b>389</b>	<b>814,964</b>

	<b>For the three months ended March 31</b>			
	<b>2019</b>			
	<b>Domestic</b>	<b>North America</b>	<b>Other operating department</b>	<b>Total</b>
<b>Primary geographical markets:</b>				
Europe	\$ 428,933	2,146	146	431,225
USA	-	254,342	-	254,342
Others	128,309	77,064	41	205,414
<b>Total</b>	<b>\$ 557,242</b>	<b>333,552</b>	<b>187</b>	<b>890,981</b>
<b>Major products:</b>				
Liquid crystal display modules	\$ 322,605	130,399	-	453,004
Capacitive touch panel and capacitive touch panel module	227,583	201,734	-	429,317
Others	7,054	1,419	187	8,660
<b>Total</b>	<b>\$ 557,242</b>	<b>333,552</b>	<b>187</b>	<b>890,981</b>

**(ii) Contract balance**

	<b>March 31,2020</b>	<b>December 31,2019</b>	<b>March 31,2019</b>
Accounts receivable (including related parties)	\$ 559,833	556,362	550,261
Less: allowance for impairment	(19,312)	(18,771)	(19,208)
<b>Total</b>	<b>\$ 540,521</b>	<b>537,591</b>	<b>531,053</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	March 31,2020	December 31,2019	March 31,2019
Contract liability—Unearned revenue (recognized in other current liabilities)	\$ 24,225	13,031	7,833

Please refer to Note 6(d) for accounts receivables and impairment.

The amount of revenue recognized for the three months ended March 31, 2020 and 2019, that was included in the contract liability balance at the beginning of the period were \$1,676 and \$1,561 respectively.

#### (v) Employee's remuneration, and directors' and supervisors' remuneration

According to the Company's articles of association, the Company should contribute no less than 5% of the profit as employee remuneration and a maximum of 3% as directors' and supervisors' remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Group and its affiliates.

The Company accrued the remuneration of employees amounted and the remuneration of directors' and supervisors' amounted were as follows :

	For the three months ended March 31	
	2020	2019
Employee's remuneration	\$ 2,810	3,371
Directors' and supervisors' remuneration	\$ 1,686	2,023

The above amount were estimated as the Company's net income before tax, excluding remuneration of employees and remuneration of directors and supervisors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses were recognized in operating costs and operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the remuneration of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

The accrued compensation of employees amounted to \$16,362 and \$6,704 for 2019 and 2018, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$9,817 and \$4,023 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website:

<http://emops.twse.com.tw>.

#### (w) Other operating income and expenses

Other operating income and expenses were rental revenue.

#### (x) Non-operating income and expenses

##### (i) Other income

Details of other income were as follows :

	For the three months ended March 31	
	2020	2019
Interest income		
Bank deposits	\$ 4,195	4,465
Other loans and receivables	30	51
Others	4,738	161
	\$ 8,963	4,677

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Other gains and losses

Details of other gains and losses were as follows :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Foreign exchange gains, net	\$ 18,257	5,602
Net gains on disposal of financial assets at fair value through profit or loss	(9,749)	6,889
Others	(6)	(143)
	<b>\$ 8,502</b>	<b>12,348</b>

(iii) Finance costs

Details of finance costs were as follows :

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest expenses		
Bank loans	\$ 2,454	2,772
Lease liability	687	853
Management fee of syndicated loan	62	62
	<b>\$ 3,203</b>	<b>3,687</b>

(y) **Financial instruments**

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(y) of 2019 consolidated financial statements.

(i) Credit risk

1) Exposure to credit risk

The Group's maximum exposure to credit risk is the carrying amount of financial assets and contract assets.

2) Concentration of credit risk

The Group has no significant concentration of its accounts receivable as of March 31, 2020, December 31, and March 31, 2019.

3) Accounts receivable of credit risk

Please refer to Note 6(d) for accounts receivable and notes receivable of credit risk exposure.

Other financial assets measured at amortized cost including other accounts receivable, refundable deposits, and certificate deposit recognized as debt instrument without active market. All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses. None of the expected credit losses that should be included in the assessment. Please refer to Note 6(e).

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12months	Due in 1-2 years	Due in 2-5 years	Due in over 5 years
<b>March 31, 2020</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 239,722	(241,617)	(241,617)	-	-	-	-
Unsecured loans (floating rate)	233,000	(233,135)	(233,135)	-	-	-	-
Accounts payable(non-interest bearing)	394,093	(394,093)	(394,093)	-	-	-	-
Notes payable (non-interest bearing)	1,772	(1,772)	(1,772)	-	-	-	-
Other payable (non-interest bearing)	203,243	(203,243)	(203,243)	-	-	-	-
Lease liability (fixed interest rate)	74,378	(109,301)	(7,298)	(5,751)	(5,536)	(11,918)	(78,798)
Guarantee deposits received (non-interest bearing )	591	(591)	-	-	(34)	(557)	-
	<b><u>\$ 1,146,799</u></b>	<b><u>(1,183,752)</u></b>	<b><u>(1,081,158)</u></b>	<b><u>(5,751)</u></b>	<b><u>(5,570)</u></b>	<b><u>(12,475)</u></b>	<b><u>(78,798)</u></b>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 319,555	(323,599)	(2,886)	(320,713)	-	-	-
Unsecured loans (floating rate)	400,000	(400,534)	(400,534)	-	-	-	-
Accounts payable(non-interest bearing)	431,437	(431,437)	(431,437)	-	-	-	-
Notes payable (non-interest bearing)	307	(307)	(307)	-	-	-	-
Other payable (non-interest bearing)	109,644	(109,644)	(109,644)	-	-	-	-
Lease liability (fixed interest rate)	78,482	(114,543)	(7,843)	(6,602)	(7,224)	(12,070)	(80,804)
Guarantee deposits received (non-interest bearing )	587	(587)	-	-	(34)	(553)	-
Derivative financial liabilities							
Swap Contract :	994	-	-	-	-	-	-
Cash in	-	89,940	89,940	-	-	-	-
Cash out	-	(91,191)	(91,191)	-	-	-	-
	<b><u>\$ 1,341,006</u></b>	<b><u>(1,381,902)</u></b>	<b><u>(953,902)</u></b>	<b><u>(327,315)</u></b>	<b><u>(7,258)</u></b>	<b><u>(12,623)</u></b>	<b><u>(80,804)</u></b>
<b>March 31, 2019</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 399,054	(409,610)	(3,302)	(3,619)	(402,689)	-	-
Unsecured loans (floating rate)	300,000	(300,130)	(300,130)	-	-	-	-
Accounts payable(non-interest bearing)	418,340	(418,340)	(418,340)	-	-	-	-
Notes payable (non-interest bearing)	1,568	(1,568)	(1,568)	-	-	-	-
Other payable (non-interest bearing)	103,730	(103,730)	(103,730)	-	-	-	-
Lease liability (fixed interest rate)	87,294	(125,696)	(7,580)	(7,357)	(13,257)	(13,681)	(83,821)
Guarantee deposits received (non-interest bearing )	264	(264)	-	-	(264)	-	-
	<b><u>\$ 1,310,250</u></b>	<b><u>(1,359,338)</u></b>	<b><u>(834,650)</u></b>	<b><u>(10,976)</u></b>	<b><u>(416,210)</u></b>	<b><u>(13,681)</u></b>	<b><u>(83,821)</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group does not expect that the cash flows could occur significantly earlier or at significantly different amount.

#### (iii) Market Risk

##### 1) Exchange rate risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows :

	March 31, 2020			December 31, 2019			March 31, 2019			
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	53,360	30.225	1,612,810	69,372	29.98	2,079,789	51,257	30.82	1,579,740
JPY		15,608	0.2788	4,351	18,491	0.276	5,104	29,559	0.2783	8,226
CNY		2,017	4.255	8,581	176	4.305	757	284	4.58	1,301
EUR		32	33.24	1,053	7	33.59	225	71	34.61	2,464
<u>Non-monetary items</u>										
USD		4,909	30.225	148,302	3,802	29.98	113,978	1,877	30.82	57,851
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		11,250	30.225	340,036	14,135	29.98	423,768	9,006	30.82	277,558
JPY		25,026	0.2788	6,977	40,745	0.276	11,246	23,115	0.2783	6,433
EUR		-	33.24	-	11	33.59	386	41	34.61	1,419
TWD		-	-	-	-	-	-	2,480	1	2,480
<u>Non-monetary items</u>										
USD		-	-	-	3,000	29.98	89,940	-	-	-

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, and other payables. As of March 31, 2020 and 2019, the exchange rate of the TWD versus the USD, CNY, JPY, and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$9,087 and \$10,738, respectively. The analysis assumes that all other variables remain constant.

The Group has variety kinds of functional currencies; hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months ended March 31, 2020 and 2019, foreign exchange gain (including realized and unrealized) amounted to gain \$18,257 and gain \$5,602, respectively.

##### 2) Interest rate analysis

Please refer to liquidity risk management for the detail of the Group's financial liabilities' interest exposure.

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year.

When internal report to the Group's top management regarding the interest rate change, they use 1% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly. The impact on the Group will be as follows :

#### For the three months ended March 31

2020		2019	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax profit	After-tax profit	After-tax loss	After-tax loss
<b>\$ 946</b>	<b>946</b>	<b>1,400</b>	<b>1,400</b>

The above-mentioned variables attribute to the Group's change of interest rate on loan.

#### 3) Other price risk

If the prices of financial instrument change at reporting date, with all other variables held constant, the influences were as follows :

#### For the three months ended March 31

	2020		2019	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	<b>\$ 9,919</b>	<b>2,675</b>	<b>5,665</b>	<b>1,913</b>
Decrease 3%	<b>\$ (9,919)</b>	<b>(2,675)</b>	<b>(5,665)</b>	<b>(1,913)</b>

#### (iv) Fair value

##### 1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income, are measured on a recurring basis. The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and on investments in equity instruments which do not have any quoted price in an active market and lease liability.

	March 31, 2020				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 368	-	368	-	368
Debt instrument with quoted market prices	103,962	103,962	-	-	103,962
Subtotal	<u>104,330</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	187,764	187,764	-	-	187,764
Equity instrument at fair value without quoted market prices	145,638	-	-	145,638	145,638
Subtotal	<u>333,402</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	966,115	-	-	-	-
Account receivables	540,521	-	-	-	-
Other account receivables	10,804	-	-	-	-
Restricted deposit	2,107	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	7,064	-	-	-	-
Subtotal	<u>1,526,611</u>				
<b>Total</b>	<b>\$ 1,964,343</b>				



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

March 31, 2020					
	Carrying Amount	Level 1	Level 2	Fair value Level 3	Amount
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 472,722	-	-	-	-
Notes payable	1,772	-	-	-	-
Account payable	394,093	-	-	-	-
Other payable	203,243	-	-	-	-
Lease liability	74,378	-	-	-	-
Guarantee deposits received	<u>591</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 1,146,799</u></b>				
December 31, 2019					
	Carrying Amount	Level 1	Level 2	Fair value Level 3	Amount
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 76	-	76	-	76
Debt instrument with quoted market prices	<u>54,018</u>	54,018	-	-	54,018
Subtotal	<u>54,094</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	110,444	110,444	-	-	110,444
Equity instrument at fair value without quoted market prices	<u>139,872</u>	-	-	139,872	139,872
Subtotal	<u>250,316</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,368,252	-	-	-	-
Account receivables	537,591	-	-	-	-
Other account receivables	18,684	-	-	-	-
Restricted deposit	2,096	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,080</u>	-	-	-	-
Subtotal	<u>1,933,703</u>				
<b>Total</b>	<b><u>\$ 2,238,113</u></b>				
<b>Financial liabilities at FVTPL</b>					
Derivative financial liabilities	<u>\$ 994</u>	-	994	-	994
<b>Financial liabilities at amortized cost</b>					
Bank loans	719,555	-	-	-	-
Notes payable	307	-	-	-	-
Accounts payable	431,437	-	-	-	-
Other payable	109,644	-	-	-	-
Lease liabilities	78,482	-	-	-	-
Guarantee deposits	<u>587</u>	-	-	-	-
Subtotal	<u>1,340,012</u>				
<b>Total financial liabilities</b>	<b><u>\$ 1,341,006</u></b>				

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	March 31, 2019				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 786	-	786	-	786
Debt instrument with quoted market prices	<u>75,176</u>	75,176	-	-	75,176
Subtotal	<u>75,962</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	188,835	188,835	-	-	188,835
Equity instrument at fair value without quoted market prices	<u>146,878</u>	-	-	146,878	146,878
Subtotal	<u>335,713</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	980,028	-	-	-	-
Account receivables	531,053	-	-	-	-
Other account receivables	15,342	-	-	-	-
Restricted deposit	2,110	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,283</u>	-	-	-	-
Subtotal	<u>1,535,816</u>				
<b>Total</b>	<b><u>\$ 1,947,491</u></b>				
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 699,054	-	-	-	-
Notes payable	1,568	-	-	-	-
Account payable	418,340	-	-	-	-
Other payable	103,730	-	-	-	-
Lease liability	87,294	-	-	-	-
Guarantee deposits received	<u>264</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 1,310,250</u></b>				

The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques are as follows:

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 2) Valuation techniques and assumptions unused in fair value determination

#### A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the fair value will be estimated by valuation technique or the prices quoted by competitors.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

#### 3) Valuation techniques and assumptions used in fair value determination

##### Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Group's listed securities and open-end funds with standard terms and conditions and traded in active markets are determined by the quoted market prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee's estimated future cash flow.

##### Derivative instruments

The fair value of Swap contracts is based on quoted prices from the counterparty.

#### 4) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended March 31, 2020 and 2019.

#### 5) Movement of financial assets through other comprehensive income categorized within Level 3.

	<b>Financial assets at fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	
<b>Balance at January 1, 2020</b>	\$	139,872
Recognized in other comprehensive income		5,766
<b>Balance at March 31, 2020</b>	<b>\$</b>	<b>145,638</b>
<b>Balance at January 1, 2019</b>	\$	151,668
Prepaid investment		2,700
Recognized in other comprehensive income		(7,490)
<b>Balance at March 31, 2019</b>	<b>\$</b>	<b>146,878</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through other comprehensive income— equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable input. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them. The Group's major equity investment without active market—CHENFENG OPTRONICS CORPORATION's quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Continuing growth rate (as of March 31,2020, December 31,2019 and March 31, 2019 ranged from 2.10%、2.10% and 1.96% respectively)</li> <li>• Weighted average cost of capital (as of March 31,2020, December 31,2019 and March 31, 2019 ranged from 8.87%、9.47% and 11.76% respectively)</li> <li>• Market illiquidity discount rate (as of March 31,2020, December 31,2019 and March 31, 2019 ranged from 40.22%、37.21% and 41.92% respectively)</li> <li>• Non-controlling interests discount rate (as of March 31,2020, December 31,2019 and March 31, 2019 were 29.87%)</li> </ul>	<ul style="list-style-type: none"> <li>• If the continuing growth rate was higher, the estimated fair value would increase.</li> <li>• If WACC were higher, the estimated fair value would decrease.</li> <li>• If the market illiquidity discount rate was higher, the estimated fair value would decrease.</li> <li>• If the non-controlling interests discount rate was higher, the estimated fair value would decrease.</li> </ul>

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income :

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>March 31, 2020</b>			
Continuing growth rate 2.10%	0.1%	\$ 2,170	2,100
Weighted average cost of capital 8.87%	0.5%	2,660	2,660
Market illiquidity discount rate 40.22%	1%	2,170	2,170
Non-controlling interests discount rate 29.87%	1%	1,890	1,890

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>December 31, 2019</b>			
Continuing growth rate 2.10%	0.1%	\$ 1,890	1,750
Weighted average cost of capital 9.47%	0.5%	2,380	2,240
Market illiquidity discount rate 37.21%	1%	1,960	1,960
Non-controlling interests discount rate 29.87%	1%	1,750	1,750

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>March 31, 2019</b>			
Continuing growth rate 1.96%	0.1%	\$ 1,470	1,400
Weighted average cost of capital 11.76%	0.5%	10,430	9,310
Market illiquidity discount rate 41.92%	1%	2,310	2,310
Non-controlling interests discount rate 29.87%	1%	1,890	1,890

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships and variances with another input.

**(z) Financial risk management**

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2019 consolidated report. Please refer to Note 6(z) of 2019 consolidated financial statements.

**(aa) Capital management**

The Group's capital management objectives, policies and procedures were compliance with 2019 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2019 consolidated financial statements. Please refer to Note 6(aa) of 2019 consolidated financial statements.

**(ab) Financing activities of non-cash transaction**

The Group's investing and financing activities which did not affect the current cash flow were as

follows:

- (i) Please refer to Note 6(j) for right of use assets.
- (ii) Reconciliation of liabilities arising from financing activities were as follows :

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

	January 1, 2020	Cash flows	Non-cash changes			March 31, 2020
			Foreign exchange movement	Amortized	Other	
Short-term loans	\$ 400,000	(167,000)	-	-	-	233,000
Long-term loans (including long term loans, current portion)	319,555	(80,000)	-	167	-	239,722
Lease liabilities	78,482	(3,218)	(69)	-	(817)(Note)	74,378
Guarantee deposits	587	-	4	-	-	591
Total liabilities from financing activities	<u>\$ 798,624</u>	<u>(250,218)</u>	<u>(65)</u>	<u>167</u>	<u>(817)</u>	<u>547,691</u>

Note: Reduce the right-of-use assets

	January 1, 2019	Cash flows	Non-cash changes			March 31, 2019
			Foreign exchange movement	Amortized	Other	
Short-term loans	\$ 370,000	(70,000)	-	-	-	300,000
Long-term loans (including long term loans, current portion)	398,888	-	-	166	-	399,054
Lease liabilities	90,510	(3,178)	(38)	-	-	87,294
Total liabilities from financing activities	<u>\$ 859,398</u>	<u>(73,178)</u>	<u>(38)</u>	<u>166</u>	<u>-</u>	<u>786,348</u>

**(7) Transactions with Related Parties**

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	For the three months ended March 31	
	2020	2019
Short-term employee benefits	\$ 5,962	6,865
Post-employment benefits	174	127
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 6,136</u>	<u>6,992</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (8) Pledged Assets

The details and carrying values of pledged assets were as follows :

<u>Pledged Assets</u>	<u>Purpose</u>	<u>March 31,2020</u>	<u>December 31,2019</u>	<u>March 31,2019</u>
Restricted time deposits-current	Guarantee for customs	\$ 1,549	1,543	1,542
Restricted time deposits-non-current	Performance guarantee	558	553	568
Property, plant and equipment— buildings	Guarantee for long-term loans	221,353	225,474	208,536
		<u>\$ 223,460</u>	<u>227,570</u>	<u>210,646</u>

#### (9) Commitments and Contingencies

- (a) As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$14,093, \$16,074 and \$5,054, respectively.
- (b) As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of equipments amounted to \$595, \$806 and \$4,590, respectively.

#### (10) Losses Due to Major Disasters: None

#### (11) Significant Subsequent Events:

In order to repay bank loans and enrich the medium-term working capital, the Board of Directors has resolved during the board meeting held on April 23, 2020, to conduct a medium-term syndicated loans with credit of \$800,000 thousand (with the range 20% increase or decrease of total credit amount), and authorized the Chairman to decide and proceed the relevant matters of this loan.

#### (12) Other

- (a) The details of the Group's employee benefits, depreciation, and amortization were as follows :

By function	For the three months ended March 31					
	2020			2019		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
<b>By item</b>						
Employee benefits	108,614	60,321	168,935	116,399	56,097	172,496
Depreciation	16,974	3,370	20,344	18,055	3,236	21,291
Amortization	86	295	381	143	121	264

- (b) Seasonal operation :  
The operation of the Group hadn't been affected by either seasonal or periodical factors.

#### (13) Supplementary Disclosure Requirements

- (a) Information on significant transactions:

In accordance with the ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the required disclosures for the three months ended March 31, 2020 were as follows :

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

(i) Loans extended to other parties :

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of Financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Remr
					(Note1)	(Note1)	(Note1)						Item	Item			
0	The Company	Emerging Display Technologies Corp., U.S.A.	Other receivable-related parties	Yes	43,826 (USD 1,450,000)	-	-	3.96%	The need for short-term financing	-	Working capital	-	-	-	191,870 (Note 2)	767,478 (Note 2)	(Note 3)

Note1: It used the rate of exchange at March 31, 2020.

Note2: Limit of financing amount for individual counter-party shall not exceed 10% of the lender's net assets value as of the period. Limit of total financing amount shall not exceed 40% of the Company's net asset value.

Note 3: It was eliminated in the consolidation.

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of March 31, 2020 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	March 31, 2020				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,470,000	14,318	5.25%	14,318	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	18,760	1.64%	18,760	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	842	-	842	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	5,999	0.01%	5,999	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	11,265	-	11,265	-
The Company	E.SUN Financial Holding Co., Ltd.	-	Financial assets at FVOCI – current	700,000	16,975	0.01%	16,975	-
The Company	Far Eastern New Century Corp.	-	Financial assets at FVOCI – current	800,000	18,040	0.01%	18,040	-
The Company	Quanta Computer Inc.	-	Financial assets at FVOCI – current	490,000	29,498	0.01%	29,498	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI – current	658,000	24,445	0.04%	24,445	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	200,000	7,800	-	7,900	-
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI – current	210,000	11,487	-	11,487	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	12,528	0.01%	12,528	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	441,508	3,744	0.32%	3,744	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	10,368	0.78%	10,368	-
The Company	Becton, Dickinson and Company	-	Financial assets at FVOCI – current	2,000	13,890	0.01%	13,890	-
The Company	Edmond de Rothschild Fund – Europe Convertibles(A)-USD	-	Financial assets at FVTPL – current	8,468.12	21,960	-	21,960	-
The Company	JPMorgan Multiple Income Fund (USD)	-	Financial assets at FVTPL – current	10,053.08	52,002	-	52,002	-
The Company	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at FVTPL – current	3,000,000	30,000	-	30,000	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	11,880	0.90%	11,880	-
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI – current	101,500	695	0.02%	695	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	85,547	3.29%	85,547	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	380,000	8,208	0.62%	8,208	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	55,163	2.12%	55,163	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	112,560	9.83%	112,560	-

Note: It was eliminated in the consolidation



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

- (iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Group's issued share capital: None
- (v) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vi) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vii) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows :

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	208,004	25.38%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers	Considering the trading practices in North American market, the company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	262,780	39.03%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	208,004	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	262,780	100.00%	(Note)

Note: It was eliminated in the consolidation.

- (viii) Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows :

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Amount			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 262,780	3.01	-	-	72,797	-	(Note)

Note: It was eliminated in the consolidation.

- (ix) Derivative financial instrument transactions :

Please refer to note 6(b).

- (x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subject	Amount	Term of trading	
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts payable	208,004 262,780	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	25.52% 7.93%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses -Commission Other payable	46 46	No non-related-party transaction to compare to.	0.01% -
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission Other payable	14,572 3,291	No non-related-party transaction to compare to.	1.79% 0.10%

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Korea	1	Selling expenses -Commission	1,030	No non-related-party transaction to compare to.	0.13%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission	3,662	No non-related-party transaction to compare to.	0.45%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Interest revenue Other receivable	103	Adjust by floating interest rate of Bank of America.	0.01%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Other payable	33,782 78,969	No non-related-party transaction to compare to.	4.15% 2.38%

Note: Relationship notes as follows :

- 1) Parent Group to subsidiary

(b) Information on investees :

Relevant information about investees for the three months ended March 31, 2020 was as follows:

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				March 31, 2020	December 31, 2019	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	73,755 (Note1)	(4,223)	(4,365)	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	84,738	(456)	(358)	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	1,498	(450)	(450)	Subsidiary (Note 2)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	262	2	2	Subsidiary (Note 2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,177	72	72	Subsidiary (Note 2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	4,903	452	452	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	21,059	(39)	(39)	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	35,015	(64)	(64)	Subsidiary (Note 2)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	64,365	(12)	(6)	Subsidiary (Note 2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,370	(456)	(27)	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	12,318	(456)	(52)	Subsidiary (Note 2)

Note 1: It was deducted unrealized profit from sales \$12,001.

Note 2: It was eliminated in the consolidation.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(c) Information on investees in Mainland China:

(i) Information on investments in Mainland China :

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2020	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March. 31, 2020	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March. 31, 2020	Accumulated investment income repatriated to Taiwan as of March. 31, 2020
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(537)	95.80% (Note2)	loss of \$515 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	94,277 (Note4)	-

(ii) Limitation on investments in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of March 31, 2020	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
209,600(Note 8) (US\$6,934,668)( Note 5)	421,691(Note 8) (US\$13,951,732)( Note 6)	1,269,288(Note 7)

Note 1: The amount includes \$13,234 which was invested by Ying Dar Investment Development Corp. and \$25,488 which was invested by Bae Haw Investment Development Corp.

Note 2: The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3: The amount includes a loss of \$32 which was recognized by Ying Dar Investment Development Corp. and a loss of \$61 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$5,806 which was invested by Ying Dar Investment Development Corp. and \$11,229 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 6: The approved amount includes US\$637,732 obtained from Ying Dar Investment Development Corp. and US\$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 7: The amount includes \$63,964 for Ying Dar Investment Development Corp. and \$54,107 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at March 31, 2020.

(iii) Significant transactions:

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, was disclosed in "information on significant transactions" for the three months ended March 31, 2020.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(d) Major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder:

Shareholder's Name	Shareholding	Shares	Percentage
Tseng, Jui-Ming		11,043,723	7%

(14) Segment Information

Reportable segment information was as follows :

For the three months ended March 31						
2020						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 611,185	203,390	-	389	-	814,964
Sales among consolidated entities	208,004	46	33,782	19,263	(261,095)	-
<b>Total revenue</b>	<b><u>\$ 819,189</u></b>	<b><u>203,436</u></b>	<b><u>33,782</u></b>	<b><u>19,652</u></b>	<b><u>(261,095)</u></b>	<b><u>814,964</u></b>
<b>Segment Income</b>	<b><u>\$ 54,878</u></b>	<b><u>(5,329)</u></b>	<b><u>(319)</u></b>	<b><u>168</u></b>	<b><u>1,424</u></b>	<b><u>50,822</u></b>
For the three months ended March 31						
2019						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 557,242	333,552	-	187	-	890,981
Sales among consolidated entities	312,167	105	44,878	17,780	(374,930)	-
<b>Total revenue</b>	<b><u>\$ 869,409</u></b>	<b><u>333,657</u></b>	<b><u>44,878</u></b>	<b><u>17,967</u></b>	<b><u>(374,930)</u></b>	<b><u>890,981</u></b>
<b>Segment Income</b>	<b><u>\$ 63,637</u></b>	<b><u>2,510</u></b>	<b><u>(492)</u></b>	<b><u>455</u></b>	<b><u>(3,620)</u></b>	<b><u>62,490</u></b>
<b>Segment Assets</b>						
March 31,2020	<b><u>\$ 3,148,932</u></b>	<b><u>358,962</u></b>	<b><u>144,903</u></b>	<b><u>19,771</u></b>	<b><u>(358,008)</u></b>	<b><u>3,314,560</u></b>
December 31,2019	<b><u>\$ 3,465,228</u></b>	<b><u>413,535</u></b>	<b><u>162,884</u></b>	<b><u>24,805</u></b>	<b><u>(429,586)</u></b>	<b><u>3,636,866</u></b>
March 31,2019	<b><u>\$ 3,170,015</u></b>	<b><u>459,438</u></b>	<b><u>159,420</u></b>	<b><u>19,357</u></b>	<b><u>(453,346)</u></b>	<b><u>3,354,884</u></b>
<b>Segment Liabilities</b>						
March 31,2020	<b><u>\$ 1,347,312</u></b>	<b><u>273,448</u></b>	<b><u>46,243</u></b>	<b><u>12,194</u></b>	<b><u>(346,101)</u></b>	<b><u>1,333,096</u></b>
December 31,2019	<b><u>\$ 1,544,022</u></b>	<b><u>324,510</u></b>	<b><u>62,618</u></b>	<b><u>17,042</u></b>	<b><u>(263,307)</u></b>	<b><u>1,684,885</u></b>
March 31,2019	<b><u>\$ 1,532,533</u></b>	<b><u>373,466</u></b>	<b><u>67,701</u></b>	<b><u>11,854</u></b>	<b><u>(453,810)</u></b>	<b><u>1,531,744</u></b>

## **EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

### **Notes to consolidated financial statements**

The following is the explanation of material reconciliation item :

- (a) For the three months ended March 31, 2020 and 2019, the operating segments revenue eliminated from the consolidated entities were \$261,096 and \$374,930, respectively.
- (b) For the three months ended March 31, 2020 and 2019, the operating segments profit and loss eliminated from the consolidated entities were \$1,424 and \$3,620, respectively.
- (c) As of March 31, 2020, December 31, 2019 and March 31, 2019, the operating segments assets eliminated from the consolidated entities were \$358,008, \$429,586 and \$453,346, respectively.
- (d) As of March 31, 2020, December 31, 2019 and March 31, 2019, the operating segments liabilities eliminated from the consolidated entities were \$346,101, \$263,307 and \$453,810, respectively.