

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP.**

**Parent-Company-Only Financial Statements**

**With Independent Auditors' Report**

**For the Years Ended December 31, 2021 and 2020**

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The independent auditors' report and the accompanying parent-company-only 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' report and parent-company-only financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

### Opinion

We have audited the financial statements of Emerging Display Technologies Corp. (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

#### 1. Valuation of accounts receivable

Please refer to Note 4(f) for accounting policy of accounts receivable valuation and Note 5(a) for accounting assumption and estimation uncertainty of impairment of accounts receivable. Information regarding accounts receivable is shown in Note 6 (d) of the parent-company-only financial statements.

Description of key audit matters:

The Company's customers are the manufacturers of industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The customers' delayed payments were due to the need to clarify the responsibility of problematic products resulted from failure of process or usage of end products, and global economic turmoil. Because of the inherent credit risk of receivables, the financial statements users value the collection results. Since the accounts receivable is significant to the financial statements, they are one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection with customers; analyzing the receivable aging report; reviewing the historical receipt and bad debt records; and understanding the forward-looking industrial economy status and concentration of credit risk of the customers. In addition, we also evaluated the appropriateness of related disclosures in the parent-company-only financial statements.

## 2. Valuation of obsolete inventory

Please refer to Note 4(g) for accounting policy of obsolete inventory and Note 5(b) for accounting assumption and estimation uncertainty of obsolete inventory valuation. Information regarding obsolete inventory valuation is shown in Note 6(f) of the parent-company-only financial statements.

Description of key audit matters:

Obsolete inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. It focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The development strategy of the Company is diversifying and customizing its products which may result in having an impact on its obsolete inventory cost. As a consequence, there is a risk that the net realizable value of obsolete inventory may turn out to be lower than its carrying value. Therefore, the valuation of obsolete inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging, and examining the provision of inventory by reviewing the historical accuracy on provision. We assessed the changes of obsolescence inventory in the subsequent events and the basis of net realizable value to evaluate the accuracy of the Company's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

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

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate the Company or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or the Supervisors) are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
March 10, 2022

#### **Notes to Readers**

The accompanying parent-company-only 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only 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' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
EMERGING DISPLAY TECHNOLOGIES CORP.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 711,866	21	1,159,414	32	2100	Short-term borrowings (note 6(m))	\$ -	-	700,000	20
1110	Financial assets at fair value through profit or loss, current (note 6(b))	42	-	58,817	2	2120	Financial liabilities at fair value through profit or loss, current (note 6(b))	-	-	195	-
1120	Financial assets at fair value through other comprehensive income, current (note 6(c))	281,311	8	138,432	4	2150	Notes payable	86	-	1,234	-
1170	Accounts receivable, net (notes 6(d) and (v))	492,468	14	457,575	13	2170	Accounts payable	505,207	15	355,622	10
1180	Accounts receivable—related parties, net (notes 6(d), (v), and 7)	310,944	9	202,276	6	2180	Accounts payable—related parties (note 7)	27,082	1	90,862	3
1200	Other receivables (note 6(e))	1,621	-	5,510	-	2220	Other payables (note 6(n))	240,693	7	238,554	7
130X	Inventories (note 6(f))	968,367	28	794,173	22	2220	Other payables—related parties (note 7)	11,420	-	9,784	-
1470	Other current assets (notes 6(g) and 8)	25,363	1	75,060	2	2230	Income tax liabilities	28,647	1	49,083	1
	<b>Total current assets</b>	<u>2,791,982</u>	<u>81</u>	<u>2,891,257</u>	<u>81</u>	2280	Lease liabilities, current (note 6(p))	2,031	-	1,966	-
							Other current liabilities (note 6(v))	53,437	2	41,974	1
							<b>Total current liabilities</b>	<u>868,603</u>	<u>26</u>	<u>1,489,274</u>	<u>42</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(c))	35,280	1	31,611	1	2540	Long-term borrowings (notes 6(o) and 8)	398,349	12	-	-
1550	Investments accounted for using equity method (note 6(h))	274,653	8	273,765	7	2570	Deferred income tax liabilities (note 6(r))	240	-	354	-
1600	Property, plant and equipment (notes 6(j), 8 and 9)	266,891	8	278,747	8	2580	Lease liabilities, non-current (note 6(p))	58,640	1	60,671	2
1755	Rights-of-use assets (note 6(k))	58,205	1	60,927	2	2640	Net defined benefit liability, non-current (note 6(q))	100,977	3	87,048	2
1780	Intangible assets (note 6(l))	3,666	-	4,091	-	2645	Guarantee deposits received	34	-	34	-
1840	Deferred income tax assets (note 6(r))	21,451	1	31,634	1	2670	Other non-current liabilities	520	-	728	-
1980	Other non-current financial assets (note 6(g))	2,566	-	5,834	-		<b>Total non-current liabilities</b>	<u>558,760</u>	<u>16</u>	<u>148,835</u>	<u>4</u>
	<b>Total non-current assets</b>	<u>662,712</u>	<u>19</u>	<u>686,609</u>	<u>19</u>		<b>Total liabilities</b>	<u>1,427,363</u>	<u>42</u>	<u>1,638,109</u>	<u>46</u>
							<b>Equity attributable to owners of parent (notes 6(s) and 11):</b>				
						3100	Ordinary shares	1,624,076	47	1,624,076	45
						3200	Capital surplus	25,980	1	15,423	-
						3300	Retained earnings	654,787	19	591,094	17
						3400	Other equity interest	(104,491)	(3)	(117,815)	(3)
						3500	Treasury shares	(173,021)	(6)	(173,021)	(5)
							<b>Total equity</b>	<u>2,027,331</u>	<u>58</u>	<u>1,939,757</u>	<u>54</u>
	<b>Total assets</b>	<u>\$ 3,454,694</u>	<u>100</u>	<u>3,577,866</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 3,454,694</u>	<u>100</u>	<u>3,577,866</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(v) and 7)</b>	\$ 4,085,202	100	3,642,433	100
5000	<b>Operating costs (notes 6(f), (l), (q), (w), 7 and 12)</b>	<u>3,471,600</u>	<u>85</u>	<u>2,959,499</u>	<u>81</u>
	<b>Gross profit</b>	613,602	15	682,934	19
5910	Less: Unrealized profit (loss) from sales (note 7)	9,804	-	15,309	-
5920	Add: Realized profit (loss) from sales (note 7)	<u>15,309</u>	<u>-</u>	<u>13,567</u>	<u>-</u>
	<b>Gross profit</b>	<u>619,107</u>	<u>15</u>	<u>681,192</u>	<u>19</u>
	<b>Operating expenses (notes 6(l), (q), (w), 7 and 12):</b>				
6100	Selling expenses	143,369	4	137,735	4
6200	Administrative expenses	94,943	2	99,698	3
6300	Research and development expenses	116,966	3	115,565	3
6450	Expected credit impairment loss (gain) (note 6(d))	<u>33</u>	<u>-</u>	<u>5,481</u>	<u>-</u>
	<b>Net operating income</b>	<u>355,311</u>	<u>9</u>	<u>358,479</u>	<u>10</u>
6500	<b>Net other income (expenses) (note 6(x))</b>	<u>512</u>	<u>-</u>	<u>528</u>	<u>-</u>
	<b>Net operating income</b>	<u>264,308</u>	<u>6</u>	<u>323,241</u>	<u>9</u>
	<b>Non-operating income and expenses (notes 6(c), (p), (y) and 7):</b>				
7100	Interest income	1,159	-	9,663	-
7010	Other income	27,294	1	11,190	-
7020	Other gains and losses	(20,498)	(1)	(68,680)	(2)
7050	Finance costs	(7,984)	-	(10,853)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>2,256</u>	<u>-</u>	<u>5,608</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>2,227</u>	<u>-</u>	<u>(53,072)</u>	<u>(2)</u>
7900	<b>Profit from continuing operations before tax</b>	266,535	6	270,169	7
7950	Less: Income tax expenses (note 6(r))	<u>29,255</u>	<u>1</u>	<u>36,703</u>	<u>1</u>
	<b>Profit</b>	<u>237,280</u>	<u>5</u>	<u>233,466</u>	<u>6</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(18,937)	-	(1,286)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(s))	52,573	1	19,932	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (note 6(s))	6,626	-	(22,115)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(r))	<u>(66)</u>	<u>-</u>	<u>298</u>	<u>-</u>
		<u>40,328</u>	<u>1</u>	<u>(3,767)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements (note 6(s))	(10,533)	-	(4,355)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(s))	(1,169)	-	170	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(11,702)</u>	<u>-</u>	<u>(4,185)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>28,626</u>	<u>1</u>	<u>(7,952)</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 265,906</u>	<u>6</u>	<u>225,514</u>	<u>6</u>
	<b>Earnings per share (New Taiwan Dollars) (note 6(u)):</b>				
9750	<b>Basic net income per share (New Taiwan Dollars)</b>	<u>\$ 1.60</u>		<u>1.57</u>	
9850	<b>Diluted net income per share (New Taiwan Dollars)</b>	<u>\$ 1.59</u>		<u>1.56</u>	

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	
<b>Balance on January 1, 2020</b>	<u>\$ 1,624,076</u>	<u>4,397</u>	<u>57,015</u>	<u>151,307</u>	<u>330,944</u>	<u>(14,111)</u>	<u>(88,501)</u>	<u>(173,021)</u>	<u>1,892,106</u>
Profit	-	-	-	-	233,466	-	-	-	233,466
Other comprehensive income	-	-	-	-	(1,286)	(4,185)	(2,481)	-	(7,952)
Total comprehensive income	-	-	-	-	232,180	(4,185)	(2,481)	-	225,514
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	25,733	-	(25,733)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)
Reversal of special reserve	-	-	-	(48,695)	48,695	-	-	-	-
Exercise of disgorgement	-	473	-	-	-	-	-	-	473
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	8,537	-	(8,537)	-	-
<b>Balance on December 31, 2020</b>	<u>1,624,076</u>	<u>15,423</u>	<u>82,748</u>	<u>102,612</u>	<u>405,734</u>	<u>(18,296)</u>	<u>(99,519)</u>	<u>(173,021)</u>	<u>1,939,757</u>
Profit	-	-	-	-	237,280	-	-	-	237,280
Other comprehensive income	-	-	-	-	(18,937)	(11,702)	59,265	-	28,626
Total comprehensive income	-	-	-	-	218,343	(11,702)	59,265	-	265,906
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	24,072	-	(24,072)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)
Special reserve	-	-	-	15,203	(15,203)	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	34,101	-	(34,101)	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income in subsidiaries	-	-	-	-	138	-	(138)	-	-
Return of employee stock ownership trust	-	4	-	-	-	-	-	-	4
<b>Balance on December 31, 2021</b>	<u>\$ 1,624,076</u>	<u>25,980</u>	<u>106,820</u>	<u>117,815</u>	<u>430,152</u>	<u>(29,998)</u>	<u>(74,493)</u>	<u>(173,021)</u>	<u>2,027,331</u>

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)  
EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 266,535	270,169
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	46,660	60,103
Amortization expense	1,194	1,365
Expected credit impairment loss	33	5,481
Net gain on financial assets or liabilities at fair value through profit or loss	(5,736)	(7,336)
Interest expense	7,984	10,853
Interest income	(1,133)	(9,575)
Dividend income	(26,502)	(7,646)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,256)	(5,608)
Gain on disposal of property, plant and equipment	(436)	-
Unrealized profit from sales	9,804	15,309
Realized profit from sales	(15,309)	(13,567)
Unrealized foreign exchange loss	3,058	31,606
Others	4	-
<b>Total adjustments to reconcile profit</b>	<u>17,365</u>	<u>80,985</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in accounts receivable	(36,807)	(145,315)
(Increase) decrease in accounts receivable—related parties	(110,471)	82,869
Decrease in other receivable	3,582	3,679
Increase in inventories	(174,194)	(81,879)
Decrease (increase) in other current assets	50,510	(24,543)
<b>Total changes in operating assets</b>	<u>(267,380)</u>	<u>(165,189)</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in notes payable	(1,148)	927
Increase (decrease) in accounts payable	151,707	(25,713)
Decrease in accounts payable—related parties	(63,143)	(3,020)
Increase (decrease) in other payable	1,772	(11,403)
Increase in other payable—related parties	1,796	2,618
Increase in other current liabilities	11,462	19,675
Decrease in net defined benefit liability	(5,008)	(2,784)
Decrease in other non-current liabilities	(208)	(208)
<b>Total changes in operating liabilities</b>	<u>97,230</u>	<u>(19,908)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(170,150)</u>	<u>(185,097)</u>
<b>Total adjustments</b>	<u>(152,785)</u>	<u>(104,112)</u>
Cash inflow generated from operations	113,750	166,057
Interest received	1,441	11,266
Dividends received	26,501	7,613
Interest paid	(9,598)	(10,398)
Income taxes paid	(39,556)	(42,218)
<b>Net cash flows from operating activities</b>	<u>92,538</u>	<u>132,320</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(339,254)	(101,460)
Proceeds from disposal of financial assets at fair value through other comprehensive income	245,279	80,033
Acquisition of financial assets at fair value through profit or loss	(30,135)	(60,350)
Proceeds from disposal of financial assets at fair value through profit or loss	94,451	62,165
Proceeds from residuals of long-term investments under equity method	-	194
Acquisition of property, plant and equipment	(33,998)	(30,825)
Proceeds from disposal of property, plant and equipment	2,942	-
Acquisition of intangible assets	(769)	(1,696)
Decrease in other receivables due from related parties	-	20,951
Decrease (increase) in other financial assets	2,255	(2,950)
Dividends received	12,351	3,006
<b>Net cash flows used in investing activities</b>	<u>(46,878)</u>	<u>(30,932)</u>
<b>Cash flows from (used in) financing activities:</b>		
(Decrease) increase in short-term borrowings	(700,000)	300,000
Increase in long-term borrowings	400,000	-
Repayments of long-term borrowings	-	(320,000)
Disbursement received	-	591
Cash dividends paid	(188,895)	(188,883)
Repayments of lease liabilities	(1,966)	(1,558)
<b>Net cash flows used in financing activities</b>	<u>(490,861)</u>	<u>(209,850)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(2,347)</u>	<u>(30,659)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(447,548)</u>	<u>(139,121)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,159,414</u>	<u>1,298,535</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 711,866</u>	<u>1,159,414</u>

See accompanying notes to financial statements.

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

**Notes to the Parent-Company-Only Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Emerging Display Technologies Corp. (the “Company”) was incorporated as a limited liability company under the laws of the Republic of China (R.O.C.) on September 23, 1994. The address of its registered office and principal place of business is No. 5, Central 1st Rd, Qianzhen District, Kaohsiung City, Taiwan. The Company is engaged in the manufacture and sale of capacity touch panels and liquid crystal displays (LCDs).

**(2) Approval date and procedures of the financial statements**

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

The aforementioned assessment about the adoption of the new amendments would be modified as the environments or conditions change.

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**(4) Summary of significant accounting policies:**

The accompanying parent-company-only 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 parent-company-only financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. Except for those specifically indicated in note 3, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These annual parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at the present value of the defined benefit obligation less fair value of the plan assets, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the definition above and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date on which the Company's right to receive payment is established, which in the case of quoted securities, is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on its financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets) and debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Company's historical experience, informed credit assessment, and forward-looking information.

If there is a low risk of default on financial asset, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and the adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations, the financial asset would be considered low credit risk.

When the contract amount is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being overdue ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average costing principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The Company evaluates a controlled investee company under the equity method when preparing its parent-company-only financial statements. Under the equity method, the profit and other comprehensive income in the parent-company-only financial statements are the same as the profit and other comprehensive income belonging to the parent company in the consolidated financial statements. Also, the equity in the parent-company-only financial statements is the same as equity belonging to parent company in the financial statements on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for current and comparative years are as follows:

Buildings and construction	2~50 years
Machinery and equipment	2~10 years
Office equipment	3~5 years
Other equipment	1~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether property, plant and equipment rents that meets all the following conditions are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- 4) there is no substantive change in other terms and conditions of the lease.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patent and computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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The estimated useful lives for current and comparative periods are as follows:

1)	Patents	9~20 years
2)	Computer software cost	3 months~4 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, except when the recognition of finance cost for a short-term provision is insignificant.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

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1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognized when products are delivered to customers.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(o) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any,

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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(s) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(t) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statement.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing the parent-company-only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(d) for relevant assumptions and input values.

(b) Valuation of obsolete inventories

As obsolete inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the obsolete inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of obsolete inventories. Please refer to note 6(f) for further description of the valuation of inventories.

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**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash	\$ 245	231
Demand deposits	624,655	491,843
Checking accounts	31	82
Time deposits	86,935	264,923
Notes under repurchase agreement	<u>-</u>	<u>402,335</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ 711,866</u>	<u>1,159,414</u>

Please refer to note 6(z) for the exchange rate risk and sensitivity analysis of the financial assets of the Company.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss – current:		
Open-end mutual funds	\$ -	58,817
Forward exchange contracts	<u>42</u>	<u>-</u>
	<u>\$ 42</u>	<u>58,817</u>
Financial liabilities measured at fair value through profit or loss – current:		
Swap contract	<u>\$ -</u>	<u>195</u>

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

The aforementioned financial assets were not pledged as collaterals.

The Company uses the derivative instruments to hedge the certain currency the Company is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	<u>December 31, 2021</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Date</u>
Forward exchange contracts			
Sell	USD 800	USD to CNY	2022.01.14
	<u>December 31, 2020</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Date</u>
Swap contract	USD 1,000	NTD to USD	2021.01.07

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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Please refer to note (z) for the market risk and credit risk.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income – current :		
Common stocks listed on domestic markets – current		
Innolux Corp.	\$ 22,483	16,174
Fubon Financial Holding Co., Ltd.	-	14,025
Nan Ya Plastics Corp.	-	15,099
Pegatron Co., Ltd.	14,925	14,537
CoAsia Electronics Corp.	7,120	5,764
E.SUN Financial Holding Co., Ltd.	-	19,310
Far Eastern New Century Corp.	-	28,950
Quanta Computer Inc.	66,195	-
Shian Yih Electronic Co., Ltd.	10,560	10,320
Chicony Electronics Co., Ltd.	24,690	-
Lite-On Technology Corp.	39,556	-
Mega Financial Holding Co., Ltd.	43,940	-
Taiwan Cement Corp., Ltd.	37,920	-
<b>Total</b>	<b>\$ 267,389</b>	<b>124,179</b>
Common stocks listed on foreign markets – current :		
Becton, Dickinson and Company	13,922	14,253
<b>Total</b>	<b>\$ 281,311</b>	<b>138,432</b>
Equity investments at fair value through other comprehensive income – noncurrent :		
Common stocks unlisted on domestic markets – noncurrent		
Ascendax Venture Capital Corp.	\$ 21,376	19,566
Chenfeng Optronics Corp.	13,030	11,180
<b>Total</b>	<b>34,406</b>	<b>30,746</b>
Preference stocks listed on domestic markets – noncurrent :		
Fubon Financial Holding Co., Ltd.	874	865
<b>Total</b>	<b>\$ 35,280</b>	<b>31,611</b>

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The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for strategic purposes.

During the years ended December 31, 2021 and 2020, the dividends of \$26,502 and \$7,646, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

During the years ended December 31, 2021 and 2020, the Company has sold part of equity investments at fair value through other comprehensive income as a result of financial management purpose. The shares were sold at fair value of \$245,279 and \$72,815, respectively; and the Company realized a gain of \$34,101 and \$8,537, respectively. The gain has been transferred from other equity interest to retained earnings.

Please refer to note 6(z) for the market risk.

The aforementioned financial assets were not pledged as collaterals.

For the purpose of increasing investment benefits, the Company entrusted part of the listed stocks to banks. In accordance with the contract, the Company did not lose control of those financial assets. Therefore, those financial assets had not been derecognized. As of December 31, 2021 and 2020, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$22,483 and \$16,174, respectively.

(d) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable—measured as amortized cost	\$ 498,052	463,056
Accounts receivable—subsidiaries—measured as amortized cost	310,944	202,276
Loss allowance	(5,584)	(5,481)
	<u>\$ 803,412</u>	<u>659,851</u>
Recognized in:		
Accounts receivable, net	\$ 492,468	457,575
Accounts receivable—related parties	310,944	202,276
	<u>\$ 803,412</u>	<u>659,851</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 697,071	0.07 %	473
Overdue 1~90 days	107,103	0.27 %	289
Overdue 91~180 days	-	-	-
Overdue 181~270 days	-	-	-
Overdue 271 days	4,822	100 %	4,822
	<u>\$ 808,996</u>		<u>5,584</u>

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	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 521,255	0.09 %	452
Overdue 1~90 days	139,946	0.64 %	898
Overdue 91~180 days	4,131	100 %	4,131
Overdue 181 days	-	-	-
	<u>\$ 665,332</u>		<u>5,481</u>

The movement in the allowance for accounts receivable was as follows:

	2021	2020
Balance on January 1	\$ 5,481	18,771
Impairment losses recognized (reversed)	33	5,481
Amounts written off	-	(18,771)
Collection of previously written off accounts	70	-
Balance on December 31	<u>\$ 5,584</u>	<u>5,481</u>

The aforementioned financial assets were not pledged as collaterals.

Please refer to note 6(z) for other credit risk information.

(e) Other receivables

	December 31, 2021	December 31, 2020
Loans to employee	\$ 1,475	5,154
Others	146	356
Loss allowance	-	-
	<u>\$ 1,621</u>	<u>5,510</u>

Please refer to note 6(z) for other credit risk information.

(f) Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	\$ 512,874	340,560
Work in process	293,133	293,269
Finished goods	155,742	151,044
Inventories in transit	6,618	9,300
	<u>\$ 968,367</u>	<u>794,173</u>

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The details of the cost of sales were as follows:

	<u>2021</u>	<u>2020</u>
Inventory that has been sold	\$ 3,420,010	2,887,905
Reversal of write-downs	(7,480)	(8,781)
Unallocated production overheads	8,707	13,792
Scrap loss	50,557	66,725
Others	<u>(194)</u>	<u>(142)</u>
	<u>\$ 3,471,600</u>	<u>2,959,499</u>

The previous write-down inventories were sold, therefore, the net realizable value of inventories lowered than cost no longer existed. The reversal of write-down was recognized as a reduction of operating costs.

The inventories of the Company were not pledged as collaterals.

(g) Other assets

The details of other assets were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax refund receivables	\$ 1,904	1,562
Prepayment for purchases	12,968	63,424
Prepaid expenses	3,604	5,198
Restricted time deposits	2,538	1,525
Refundable deposits	2,566	5,834
Others	<u>4,349</u>	<u>3,351</u>
	<u>\$ 27,929</u>	<u>80,894</u>
Recognized in:		
Other current assets	\$ 25,363	75,060
Other non-current financial assets	<u>2,566</u>	<u>5,834</u>
	<u>\$ 27,929</u>	<u>80,894</u>

The above-mentioned restricted time deposits had been pledged as collateral. Please refer to note 8.

(h) Investments accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Subsidiaries	<b>\$ 274,653</b>	<b>273,765</b>

During the years ended December 31, 2021 and 2020, cash dividends from above-mentioned subsidiaries were \$12,351 and \$3,006, respectively.

For the related information, please refer to the consolidated financial statements for the year ended December 31, 2021.

The investments accounted for using equity method of the Company were not pledged as collaterals.

(i) Non-controlling interests' share of subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2021.

(j) Property, plant and equipment

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

	<b>Buildings and construction</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Other</b>	<b>Total</b>
Cost or deemed cost:					
Balance on January 1, 2021	\$ 978,660	2,225,110	19,667	140,049	3,363,486
Additions	1,689	7,986	-	24,913	34,588
Reclassification	-	7,602	-	(7,602)	-
Disposals	-	(41,871)	-	(7,712)	(49,583)
Balance on December 31, 2021	<b>\$ 980,349</b>	<b>2,198,827</b>	<b>19,667</b>	<b>149,648</b>	<b>3,348,491</b>
Balance on January 1, 2020	\$ 978,660	2,210,574	19,727	127,163	3,336,124
Additions	-	5,097	-	22,325	27,422
Reclassification	-	9,439	-	(9,439)	-
Disposals	-	-	(60)	-	(60)
Balance on December 31, 2020	<b>\$ 978,660</b>	<b>2,225,110</b>	<b>19,667</b>	<b>140,049</b>	<b>3,363,486</b>
Depreciation:					
Balance on January 1, 2021	\$ 768,676	2,184,084	19,399	112,580	3,084,739
Depreciation	12,036	16,692	106	15,104	43,938
Disposals	-	(41,871)	-	(5,206)	(47,077)
Balance on December 31, 2021	<b>\$ 780,712</b>	<b>2,158,905</b>	<b>19,505</b>	<b>122,478</b>	<b>3,081,600</b>
Balance on January 1, 2020	\$ 753,186	2,163,941	19,154	90,792	3,027,073
Depreciation	15,490	20,143	305	21,788	57,726
Disposals	-	-	(60)	-	(60)
Balance on December 31, 2020	<b>\$ 768,676</b>	<b>2,184,084</b>	<b>19,399</b>	<b>112,580</b>	<b>3,084,739</b>
Carrying amounts:					
Balance on December 31, 2021	<b>\$ 199,637</b>	<b>39,922</b>	<b>162</b>	<b>27,170</b>	<b>266,891</b>
Balance on January 1, 2020	<b>\$ 225,474</b>	<b>46,633</b>	<b>573</b>	<b>36,371</b>	<b>309,051</b>
Balance on December 31, 2020	<b>\$ 209,984</b>	<b>41,026</b>	<b>268</b>	<b>27,469</b>	<b>278,747</b>

Please refer to note 6(y) for gain (loss) on disposal of property, plant and equipment.

Property, plant and equipment pledged as collateral for long-term borrowings and finance as of December 31, 2021 and 2020, are disclosed in note 8.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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(k) Right-of-use assets

The Company leases land. Information about leases for which the Company as a lessee was presented below :

	<b>Amount</b>
Cost :	
Balance on January 1, 2021	\$ <u>66,409</u>
Balance on December 31, 2021	\$ <u><b>66,409</b></u>
Balance on January 1, 2020	\$ 67,226
Other reduction	<u>(817)</u>
Balance on December 31, 2020	\$ <u><b>66,409</b></u>
Accumulated depreciation:	
Balance on January 1, 2021	\$ 5,482
Depreciation	<u>2,722</u>
Balance on December 31, 2021	\$ <u><b>8,204</b></u>
Balance on January 1, 2020	\$ 2,757
Depreciation	<u>2,725</u>
Balance on December 31, 2020	\$ <u><b>5,482</b></u>
Carrying amounts:	
Balance on December 31, 2021	\$ <u><b>58,205</b></u>
Balance on January 1, 2020	\$ <u><b>64,469</b></u>
Balance on December 31, 2020	\$ <u><b>60,927</b></u>

(l) Intangible assets

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

	<b>Patent</b>	<b>Computer software cost</b>	<b>Total amount</b>
Cost:			
Balance on January 1, 2021	\$ 2,888	8,582	11,470
Individual acquisition	339	430	769
Disposals	<u>(198)</u>	<u>(953)</u>	<u>(1,151)</u>
Balance on December 31, 2021	\$ <u><b>3,029</b></u>	<u><b>8,059</b></u>	<u><b>11,088</b></u>
Balance on January 1, 2020	\$ 3,557	7,182	10,739
Individual acquisition	296	1,400	1,696
Disposals	<u>(965)</u>	<u>-</u>	<u>(965)</u>
Balance on December 31, 2020	\$ <u><b>2,888</b></u>	<u><b>8,582</b></u>	<u><b>11,470</b></u>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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	<u>Patent</u>	<u>Computer software cost</u>	<u>Total amount</u>
Amortization:			
Balance on January 1, 2021	\$ 1,433	5,946	7,379
Amortization	259	935	1,194
Disposals	(198)	(953)	(1,151)
Balance on December 31, 2021	<u>\$ 1,494</u>	<u>5,928</u>	<u>7,422</u>
Balance on January 1, 2020	\$ 2,137	4,842	6,979
Amortization	261	1,104	1,365
Disposals	(965)	-	(965)
Balance on December 31, 2020	<u>\$ 1,433</u>	<u>5,946</u>	<u>7,379</u>
Carrying amounts:			
Balance on December 31, 2021	<u>\$ 1,535</u>	<u>2,131</u>	<u>3,666</u>
Balance on January 1, 2020	<u>\$ 1,420</u>	<u>2,340</u>	<u>3,760</u>
Balance on December 31, 2020	<u>\$ 1,455</u>	<u>2,636</u>	<u>4,091</u>

The amortization expenses of intangible assets included in the statement of comprehensive income were as follows:

	<u>2021</u>	<u>2020</u>
Operating costs	\$ 284	308
Operating expenses	910	1,057
Total	<u>\$ 1,194</u>	<u>1,365</u>

The intangible assets of the Company were not pledged as collaterals.

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	\$ -	700,000
Unused short-term credit lines	<u>\$ 1,979,365</u>	<u>1,173,097</u>
Range of interest rates	-	<u>0.80%~0.85%</u>

There were no collaterals for the short-term borrowings of the Company.

Please refer to note 6(z) for the interest rate risk, currency risk and sensitivity analysis of the financial liabilities of the Company.

(n) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and wages payables	\$ 34,736	34,458
Year-end bonus payables	67,000	68,000
Employee remuneration payables	14,486	14,683
Directors' and supervisors' remuneration payables	6,727	7,010
Employee benefits liabilities	25,733	23,409
Others	92,011	90,994
	<u>\$ 240,693</u>	<u>238,554</u>

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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(o) Long-term borrowings

The long-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 400,000	-
Less: discount on long-term borrowings	1,651	-
Total	<u>\$ 398,349</u>	<u>-</u>
Unused long-term credit lines	<u>\$ 400,000</u>	<u>800,000</u>
Range of interest rates	<u>1.1610%</u>	<u>-</u>

The Company signed a 5-year syndicated loan contract with E-SUN bank and six other banks on May 15, 2020, with a revolving credit line of \$800,000 from the first appropriation date to maturity date, wherein \$800,000 can be appropriated by using the banks' own fund and \$600,000 by using company-issued commercial paper guaranteed by the banks, and the combined credit line should not exceed \$800,000. According to the loan contract, 9 months after the date the contract was signed will be considered as the first appropriation date to calculate the revolving credit even if the credit line is unused after 9 months. The credit line, with a total of five phases, decreases every 6 months, beginning the 36<sup>th</sup> month after the first appropriation date. The first to fourth phases of the total credit line amounting to \$800,000 will decrease by 12.5%, and the fifth phase will decrease by 50%. As the credit line decreases, the residual of the excess credit line will be repaid upon maturity. The Company issued a total of \$400,000 commercial paper on February 5, 2021, with restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan, the Company must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Company should improve within nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. However, during the said period, the interest rate and the commercial paper guaranteed rate would increase to 1.25% unless the majority of the consortium agreed the exemption. Before the final agreement is made by the majority of the consortium, the violation of financial ratios would not be viewed as breach. The financial covenants were as follows:

- (i) A minimum current ratio of 100% should be maintained.
- (ii) A maximum debt ratio of 150% should be maintained.
- (iii) A minimum times interest earned ratio of 2.5 should be maintained.
- (iv) Minimum net tangible assets of 140,000 should be maintained.

Assets pledged as collateral for long-term borrowings are disclosed in note 8.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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## (p) Lease liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 2,031</u>	<u>1,966</u>
Non-current	<u>\$ 58,640</u>	<u>60,671</u>

For the maturity analysis, please refer to note 6(z).

The amounts recognized in profit or loss were as follows:

	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 2,007</u>	<u>2,071</u>
Expenses relating to short-term leases	<u>\$ 300</u>	<u>300</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 144</u>	<u>144</u>
COVID-19-related rent concessions (recognized as deduction of depreciation expenses of right-of-use assets)	<u>\$ -</u>	<u>348</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 4,417</u>	<u>4,073</u>

## 1. Lease of land

The Company leases land for its office space and factory. The leases of land typically run for a period of 10 years.

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

The lease agreements of the Company include the options to extend the lease or terminate the lease. These options are only for the Company to have enforceable rights and the lessor does not have these rights. 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.

## 2. Other leases

The Company leases office supplies and other equipment with lease terms of one to three years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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## (q) Employee benefits

## (i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan asset at fair value are as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ 228,880	209,209
Fair value of plan assets	(127,903)	(122,161)
Net defined benefit liabilities	<u>\$ 100,977</u>	<u>87,048</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on the years of service and average salary for the six months prior to retirement.

## 1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$127,903 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

## 2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<b>2021</b>	<b>2020</b>
Defined benefit obligations at January 1	\$ 209,209	202,792
Current service and interest cost	2,148	2,834
Remeasurement of the net defined benefit liabilities (assets)		
— Actuarial gain on financial assumptions change	(1,957)	(3,486)
— Experience adjustment	22,126	8,013
Employee benefits paid	(2,646)	(944)
Defined benefit obligations at December 31	<u>\$ 228,880</u>	<u>209,209</u>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 122,161	114,246
Interest income	929	1,305
Remeasurement of the net defined benefit liabilities (assets)		
— Return on plan assets (excluding current interest cost)	1,232	3,241
Contributions made by employer	4,462	4,313
Employee pensions paid	<u>(881)</u>	<u>(944)</u>
Fair value of plan assets at December 31	<u>\$ 127,903</u>	<u>122,161</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 582	556
Net interest costs on net defined benefit liabilities (assets)	<u>637</u>	<u>973</u>
	<u>\$ 1,219</u>	<u>1,529</u>
Operating costs	\$ 912	1,156
Selling expenses	50	58
General and administrative expenses	148	180
Research and development expenses	<u>109</u>	<u>135</u>
	<u>\$ 1,219</u>	<u>1,529</u>
Actual return on assets	<u>\$ 2,161</u>	<u>4,546</u>

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.750 %	0.750 %
Future salary increases	1.750 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$4,326.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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The weighted-average lifetime of the defined benefits plans is 16.54 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased</b>	<b>Decreased</b>
As of December 31, 2021		
Discount rate (changed 0.25%)	\$ (7,763)	8,144
Future salary increasing rate (changed 0.25%)	\$ 7,901	(7,578)
As of December 31, 2020		
Discount rate (changed 0.25%)	\$ (7,562)	7,907
Future salary increasing rate (changed 0.25%)	\$ 7,692	(7,388)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Details of the Company's pension costs under the defined contribution method were as follows:

	<b>2021</b>	<b>2020</b>
Operating cost	\$ 20,173	19,215
Selling expenses	1,386	1,350
General and administrative expenses	1,357	1,471
Research and development expenses	2,772	2,784
	<b>\$ 25,688</b>	<b>24,820</b>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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## (r) Income taxes

## (i) Income tax expenses

The amount of income tax expenses was as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense (benefit)		
Current period	\$ 25,998	39,130
Adjustment for prior periods	<u>(6,878)</u>	<u>(3,578)</u>
	<u>19,120</u>	<u>35,552</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	11,947	2,149
Change in unrecognized deductible temporary differences	<u>(1,812)</u>	<u>(998)</u>
	<u>10,135</u>	<u>1,151</u>
Income tax expenses	<u><u>\$ 29,255</u></u>	<u><u>36,703</u></u>

No income tax was recognized directly in equity in 2021. The amount of income tax recognized directly in equity for 2020 was as follows:

	<u>Amount</u>
Capital surplus — disgorgement	<u><u>\$ 118</u></u>

The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	<u><u>\$ (66)</u></u>	<u><u>298</u></u>

Reconciliation of income tax and profit before tax was as follows:

	<u>2021</u>	<u>2020</u>
Income before income tax	<u><u>\$ 266,535</u></u>	<u><u>270,169</u></u>
Income tax calculated based on the Company's domestic tax rate	\$ 53,307	54,034
Domestic investment gain under the equity method	156	(641)
Tax-exempt income — dividend income	(5,263)	(1,501)
Tax-exempt income — gains derived from the securities transactions	(340)	(1,295)
Change in unrecognized temporary differences	(1,812)	(998)
Investment tax credit	(10,475)	(10,900)
Additional tax on undistributed earnings	-	1,894
Adjustment for prior periods	(6,878)	(3,578)
Others	560	(312)
Income tax expenses	<u><u>\$ 29,255</u></u>	<u><u>36,703</u></u>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Pension expense	\$ 84,764	73,130
Temporary differences related to investment in subsidiaries	164,835	157,380
	<b>\$ 249,599</b>	<b>230,510</b>

As of December 31, 2021 and 2020, deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Others</b>	<b>Total</b>
<b>Balance on January 1, 2021</b>	\$ 298	56	354
Recognized in profit or loss	-	(48)	(48)
Recognized in other comprehensive income	(66)	-	(66)
<b>Balance on December 31, 2021</b>	<b>\$ 232</b>	<b>8</b>	<b>240</b>
<b>Balance on January 1, 2020</b>	\$ -	-	-
Recognized in profit or loss	-	56	56
Recognized in other comprehensive income	298	-	298
<b>Balance on December 31, 2020</b>	<b>\$ 298</b>	<b>56</b>	<b>354</b>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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Deferred tax assets:

	Inventory valuation loss	Unrealized sales profit	Unrealized exchange loss	Employee benefits liabilities	Others	Total
<b>Balance on January 1, 2021</b>	\$ 9,290	3,062	6,314	4,682	8,286	31,634
Recognized in profit or loss	(1,496)	(1,101)	(5,702)	465	(2,349)	(10,183)
<b>Balance on December 31, 2021</b>	<u>\$ 7,794</u>	<u>1,961</u>	<u>612</u>	<u>5,147</u>	<u>5,937</u>	<u>21,451</u>
<b>Balance on January 1, 2020</b>	\$ 11,046	2,713	6,076	4,346	8,548	32,729
Recognized in profit or loss	(1,756)	349	238	336	(262)	(1,095)
<b>Balance on December 31, 2020</b>	<u>\$ 9,290</u>	<u>3,062</u>	<u>6,314</u>	<u>4,682</u>	<u>8,286</u>	<u>31,634</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the R.O.C tax authority.

(s) Capital and other equities

(i) Ordinary shares

As of December 31, 2021 and 2020, the authorized share capital of the Company amounted to \$3,500,000, comprising 350,000 thousand shares with a par value of New Taiwan dollars (TWD) 10 per share. Issued shares were both 162,408 thousand shares. The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Company's subsidiaries were both 148,613 thousand shares.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Treasury share transactions	\$ 25,503	14,950
Disgorgement	473	473
Return of employee stock ownership trust	4	-
<b>Total</b>	<u>\$ 25,980</u>	<u>15,423</u>

According to the Company Act, any realized capital surplus is initially used to cover any deficit, and the balance, if any, could be transferred to common stock as stock dividend or distributed as cash based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and endowments received by the Company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the combined amount of any portions capitalized in any one year may not exceed 10% of paid-in capital.

(iii) Retained Earning

The Company's article of incorporation stipulate that Company's net earnings, after paying any taxes, should first be used to offset the prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve. Only if the legal reserve has attained to the

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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paid-in capital could be the exception, besides, special reserves are supposed to set aside or reversed in accordance with the needs of the Company's operations or the relevant regulations of the government. And then any remaining profit together with any undistributed retained earnings will be distributable earnings. No more than 80% of current year's distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. But cash-based dividends, including cash distribution from legal reserve and capital surplus, will first have to be approved by the Board of Directors and be reported at the shareholders' meeting.

The Company's industry is currently in a steady growth phase. The Company's dividend policy is to pay dividends from surplus considering the future capital budget requirement and cash requirements, and taking into the account of dilution on earnings per share and influence upon returns on equity. Therefore, the future distribution of earnings shall be distributed in cash dividends and/or stock dividends. The ratio of cash dividends shall not be less than 50% of the Company's total dividends for the year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulation of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period net reduction of other shareholders' equity. (For 2020, current-period net income after tax and undistributed prior-period earnings were reclassified as a special earnings reserve during the earnings distribution. For 2021, current-period net income after tax, including those other items directly charged or credited to current-period earnings and undistributed prior-period earnings, were reclassified as a special earnings reserve during the earnings distribution.) Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative reduction to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance reclassified as a special earnings reserve through the resolutions passed by the shareholders' meeting were \$117,815 and \$102,612, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 had been approved during the board meeting on March 10, 2021. The amounts of cash dividends on the appropriations of earnings for 2019 had been approved during the shareholders' meeting on June 12, 2020. The relevant dividend distributions to shareholders were as follows:

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	<b>2020</b>	<b>2019</b>
Dividends distributed to ordinary shareholders (New Taiwan Dollar)		
Cash	\$ <b>1.2</b>	<b>1.2</b>

The amount of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on March 10, 2022. The relevant dividend distributions to shareholders is \$1.2 per share.

(iv) Other equity (net of tax)

	<b>Foreign exchange differences arising from foreign operation</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2021	\$ (18,296)	(99,519)	(117,815)
The Company	(10,533)	52,639	42,106
Subsidiaries	(1,169)	6,626	5,457
The company — disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(34,101)	(34,101)
Subsidiaries — disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(138)	(138)
Balance on December 31, 2021	\$ <b>(29,998)</b>	<b>(74,493)</b>	<b>(104,491)</b>
Balance on January 1, 2020	\$ (14,111)	(88,501)	(102,612)
The Company	(4,355)	19,634	15,279
Subsidiaries	170	(22,115)	(21,945)
The company — disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(8,537)	(8,537)
Balance on December 31, 2020	\$ <b>(18,296)</b>	<b>(99,519)</b>	<b>(117,815)</b>

(t) Treasury shares

The movements of treasury shares of the Company were as follows:

(Unit: thousand shares)

<b>Reason to repurchase</b>	<b>January 1</b>	<b>Shares repurchase</b>	<b>Shares retired</b>	<b>December 31</b>
<b>2021</b>				
To transfer shares to the Company's employee	<b>5,000</b>	-	-	<b>5,000</b>
<b>2020</b>				
To transfer shares to the Company's employee	<b>5,000</b>	-	-	<b>5,000</b>

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In accordance with Article 28-2 of the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The aforementioned repurchased shares and amount did not exceed statutory limit.

As of December 31, 2021 and 2020, the costs of treasury shares both amounted to \$50,739.

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

Ying Dar Corp. and Bae Haw Corp., subsidiaries of the Company, held the Company's common stock. In 2021 and 2020, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2021 and 2020, 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 shares. As of December 31, 2021 and 2020, their market values amounted to \$171,051 and \$169,292, respectively.

(u) Earnings per share

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

	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>237,280</u>	<u>233,466</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	<u>148,613</u>	<u>148,613</u>
Expressed in New Taiwan dollars	\$ <u>1.60</u>	<u>1.57</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>237,280</u>	<u>233,466</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,613	148,613
Effect of potentially dilutive ordinary stock – Employee share bonus (expressed in thousands of shares)	<u>886</u>	<u>962</u>
Weighted-average number of ordinary shares – diluted (expressed in thousands of shares)	<u>149,499</u>	<u>149,575</u>
Expressed in New Taiwan dollars	\$ <u>1.59</u>	<u>1.56</u>

In computing above earnings per share of ordinary shares, the weighted-average numbers of shares of ordinary shares outstanding excluded 8,794 thousand shares of ordinary shares held by the Company's subsidiaries as treasury shares.

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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## (v) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Europe	\$ 2,357,723	2,092,088
America	1,037,966	1,067,849
Others	<u>689,513</u>	<u>482,496</u>
Total	<u>\$ 4,085,202</u>	<u>3,642,433</u>
Major products:		
Liquid crystal display modules	\$ 1,141,419	1,189,224
Capacitive touch panel and capacitive touch panel module	2,824,588	2,379,730
Others	<u>119,195</u>	<u>73,479</u>
Total	<u>\$ 4,085,202</u>	<u>3,642,433</u>

## (ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Accounts receivable (including related parties)	\$ 808,996	665,332	629,633
Less: allowance for impairment	<u>(5,584)</u>	<u>(5,481)</u>	<u>(18,771)</u>
Total	<u>\$ 803,412</u>	<u>659,851</u>	<u>610,862</u>
Contract liabilities – unearned revenue (recognized in other current liabilities)	<u>\$ 40,390</u>	<u>33,286</u>	<u>12,942</u>

For details on accounts receivable and allowance for impairment, please refer to note 6 (d).

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$10,784 and \$4,942, respectively.

## (w) Employee remuneration and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,486 and \$14,683, and directors' and supervisors' remuneration amounting to \$8,691 and \$8,810, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The aforementioned amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions approved by Board of Directors for 2021 and 2020. Related information would be available at the Market Observation Post System website.

(x) Net other income (expenses)

Net other income (expenses) consists of income from lending space.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 1,133	9,472
Interest income from loans to subsidiaries	-	103
Others	<u>26</u>	<u>88</u>
	<u>\$ 1,159</u>	<u>9,663</u>

(ii) Other income

The details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 26,502	7,646
Others	<u>792</u>	<u>3,544</u>
	<u>\$ 27,294</u>	<u>11,190</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Foreign exchange losses	\$ (24,811)	(70,170)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	6,227	1,818
Gains on disposal of property, plant and equipment	436	-
Others	<u>(2,350)</u>	<u>(328)</u>
	<u>\$ (20,498)</u>	<u>(68,680)</u>

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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## (iv) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expenses		
Bank loans	\$ 5,777	8,482
Lease liabilities	2,007	2,071
Management fee of syndicated loan	200	300
	<u>\$ 7,984</u>	<u>10,853</u>

## (z) Financial Instruments

## (i) Credit risk

## 1) Credit risk exposure

The Company's maximum amount exposed to credit risk was the carrying amount of financial assets and contract assets.

## 2) Concentration of credit risk

As of December 31, 2021 and 2020, two customers accounted for 66% and 71% of total accounts receivable, respectively.

## 3) Credit risk of accounts receivable

For credit risk exposure of accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost include other receivables, refundable deposits, and restricted time deposits. All of these financial assets are considered to have low risk, and thus, the credit loss allowance recognized during the period was limited to 12 months expected credit losses. There was no loss allowance recognized. Please refer to notes 6(e) and 6(g).

## (ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Secured long-term borrowings (floating rate)	\$ 398,349	(419,034)	(2,290)	(2,341)	(4,644)	(409,759)	-
Accounts payable (no interest)	505,207	(505,207)	(505,207)	-	-	-	-
Accounts payable—related parties	27,082	(27,082)	(27,082)	-	-	-	-
Notes payable (no interest)	86	(86)	(86)	-	-	-	-
Other payables (no interest)	240,693	(240,693)	(240,693)	-	-	-	-
Other payables—related parties (no interest)	11,420	(11,420)	(11,420)	-	-	-	-
Lease liabilities (fixed interest)	60,671	(91,710)	(1,986)	(1,986)	(3,973)	(11,919)	(71,846)
Guarantee deposits (no interest)	34	(34)	-	-	-	(34)	-
	<u>\$ 1,243,542</u>	<u>(1,295,266)</u>	<u>(788,764)</u>	<u>(4,327)</u>	<u>(8,617)</u>	<u>(421,712)</u>	<u>(71,846)</u>

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Unsecured short-term borrowings (floating rate)	\$ 700,000	(700,756)	(700,756)	-	-	-	-
Accounts payable (no interest)	355,622	(355,622)	(355,622)	-	-	-	-
Accounts payable—related parties	90,862	(90,862)	(90,862)	-	-	-	-
Notes payable (no interest)	1,234	(1,234)	(1,234)	-	-	-	-
Other payables (no interest)	238,554	(238,554)	(238,554)	-	-	-	-
Other payables—related parties (no interest)	9,784	(9,784)	(9,784)	-	-	-	-
Lease liabilities (fixed interest)	62,637	(95,682)	(1,986)	(1,986)	(3,973)	(11,919)	(75,818)
Guarantee deposits (no interest)	34	(34)	-	-	-	(34)	-
Derivative financial liabilities							
Swap Contract:							
Cash in	195	28,480	28,480	-	-	-	-
Cash out	-	(28,703)	(28,703)	-	-	-	-
	<u>\$ 1,458,922</u>	<u>(1,492,751)</u>	<u>(1,399,021)</u>	<u>(1,986)</u>	<u>(3,973)</u>	<u>(11,953)</u>	<u>(75,818)</u>

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 51,820	27.68	1,434,370	57,282	28.48	1,631,396
JPY	18,516	0.2405	4,453	52,538	0.2763	14,516
CNY	1,061	4.344	4,609	4,021	4.377	17,601
EUR	61	31.32	1,911	75	35.02	2,627
<u>Non-Monetary items</u>						
USD	503	27.68	13,922	2,566	28.48	73,070
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	13,565	27.68	375,489	11,735	28.48	334,207
JPY	15,651	0.2405	3,764	15,991	0.2763	4,418
EUR	-	31.32	-	72	35.02	2,534
<u>Non-Monetary items</u>						
USD	800	27.68	22,144	1,000	28.48	28,480

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivable, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payable, and other payables. As of December 31, 2021 and 2020, if the exchange rate of the TWD versus the USD, CNY, JPY, and EUR have increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by \$8,352 and \$10,843, and other comprehensive income after tax would have increased or decreased by \$111 and \$114, respectively. The analysis is performed on the same basis of prior year.

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3) Exchange gains and losses on monetary items

For the years 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(24,811) and \$(70,170), respectively.

(iv) Interest rate analysis

For the Company's financial liabilities exposed to interest rate risk, please refer to the attached note about liquidity risk.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If interest rates had increased or decreased by 0.25% basis points, with all other variables held constant, the Company's profit after tax for the years ended 2021 and 2020 would have been decreased or increased by \$800 and \$1,400, respectively. This is mainly as a result of liabilities bearing floating interest rates.

(v) Other price risk

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

<b>Prices of securities at reporting date</b>	<b>2021</b>		<b>2020</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income after Tax</b>	<b>Other comprehensive income after tax</b>	<b>Net income after Tax</b>
Increase 3%	\$ <u>9,415</u>	<u>-</u>	<u>5,016</u>	<u>1,412</u>
Decrease 3%	\$ <u>(9,415)</u>	<u>-</u>	<u>(5,016)</u>	<u>(1,412)</u>

(vi) Fair value

1) Fair value hierarchy

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 carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	December 31, 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Forward exchange contracts	\$ 42	-	42	-	42
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	282,185	282,185	-	-	282,185
Equity instrument at fair value without quoted market prices	<u>34,406</u>	-	-	34,406	34,406
Subtotal	<u>316,591</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	711,866	-	-	-	-
Accounts receivable (including related parties)	803,412	-	-	-	-
Other receivables	1,621	-	-	-	-
Restricted time deposits	2,538	-	-	-	-
Refundable deposits (recognized in other non-current financial assets)	<u>2,566</u>	-	-	-	-
Subtotal	<u>1,522,003</u>				
<b>Total financial assets</b>	<b><u>\$ 1,838,636</u></b>				
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 398,349	-	-	-	-
Notes payable	86	-	-	-	-
Accounts payable (including related parties)	532,289	-	-	-	-
Other payables (including related parties)	252,113	-	-	-	-
Lease liabilities	60,671	-	-	-	-
Guarantee deposits	<u>34</u>	-	-	-	-
<b>Total financial liabilities</b>	<b><u>\$ 1,243,542</u></b>				
<b>December 31, 2020</b>					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt investment with quoted market price	\$ 58,817	58,817	-	-	58,817
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	139,297	139,297	-	-	139,297
Equity instrument at fair value without quoted market prices	<u>30,746</u>	-	-	30,746	30,746
Subtotal	<u>170,043</u>				

(Continued)

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	December 31, 2020				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	\$ 1,159,414	-	-	-	-
Accounts receivable (including related parties)	659,851	-	-	-	-
Other receivables	5,510	-	-	-	-
Restricted time deposits	1,525	-	-	-	-
Refundable deposits (recognized in other non-current financial assets)	5,834				
Subtotal	<u>1,832,134</u>				
<b>Total financial assets</b>	<b><u>\$ 2,060,994</u></b>				
<b>Financial liabilities at FVTPL</b>					
Derivative financial liabilities	\$ 195	-	195	-	195
<b>Financial liabilities at amortized cost</b>					
Bank loans	700,000	-	-	-	-
Notes payable	1,234	-	-	-	-
Accounts payable (including related parties)	446,484	-	-	-	-
Other payables (including related parties)	248,338	-	-	-	-
Lease liabilities	62,637	-	-	-	-
Guarantee deposits	34	-	-	-	-
Subtotal	<u>1,458,727</u>				
<b>Total financial liabilities</b>	<b><u>\$ 1,458,922</u></b>				

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments 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 for financial instruments measured at fair value

Non-derivative financial 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.

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The fair values of the Company's listed stocks and open-end funds with standard terms and conditions traded in an active markets were determined by the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments using the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date. 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 financial instruments

The fair value of swap contracts and forward exchange contracts is based on quoted prices from the counterparty.

3) Transfer between Level 1 to Level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2021 and 2020.

4) Movement of financial assets measured at fair value through other comprehensive income categorized as Level 3.

	<b>Financial assets measured at FVOCI</b>
	<b>Unquoted equity instruments</b>
<b>Balance on January 1, 2021</b>	\$ 30,746
Recognized in other comprehensive income	3,660
<b>Balance on December 31, 2021</b>	<b>\$ 34,406</b>
<b>Balance on January 1, 2020</b>	\$ 33,552
Recognized in other comprehensive income	(2,806)
<b>Balance on December 31, 2020</b>	<b>\$ 30,746</b>

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

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income—equity investments”.

The Company's equity investments without active market in Level 3 have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income— equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>· Continuing growth rate (1.44% and 0.48%, respectively, as of December 31, 2021 and 2020)</li> <li>· Weighted average cost of capital (9.75% and 10.52%, respectively, as of December 31, 2021 and 2020)</li> <li>· Market illiquidity discount rate (58.64% and 60.73%, respectively, as of December 31, 2021 and 2020)</li> <li>· Non-controlling interests discount rate (29.48% and 29.87%, respectively, as of December 31, 2021 and 2020)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the continuing growth rate is, the higher the estimated fair value would be.</li> <li>· The higher the weighted average cost of capital is, the lower the estimated fair value would be.</li> <li>· The higher the market illiquidity discount rate is, the lower the estimated fair value would be.</li> <li>· The higher the non-controlling interests discount is, the lower the estimated fair value would be.</li> </ul>
Financial assets at fair value through other comprehensive income— equity investments without an active market	Net Asset Value Method	· Net Asset Value	N/A

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

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

<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Other comprehensive income</u>	
		<u>Favorable</u>	<u>Unfavorable</u>
<u>December 31, 2021</u>			
Continuing growth rate 1.44%	0.1%	\$ 150	150
Weighted average cost of capital 9.75%	0.1%	200	200
Market illiquidity discount rate 58.64%	1%	320	310
Non-controlling interests discount rate 29.48%	1%	180	180
<u>December 31, 2020</u>			
Continuing growth rate 0.48%	0.1%	\$ 100	100
Weighted average cost of capital 10.52%	0.1%	50	50
Market illiquidity discount rate 60.73%	1%	280	280
Non-controlling interests discount rate 29.87%	1%	160	160

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
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The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(aa) Financial risk management

(i) Overview

The Company has exposures to the following risks arising from its financial instruments :

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information of risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. Every department is responsible for planning and controlling the risk management of the Company's operation and reports to the Board of Directors regularly.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The supervisor of the Company oversees how the management monitors the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The supervisor is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, bank deposits, derivative financial instruments, and investment securities.

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1) Accounts receivable

The credit risk is impacted by the individual situation of each client. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and requires customers to pay in advance when the customers' credit ratings do not meet the benchmark.

2) Investment

The credit risk exposed in the bank deposits, derivative financial instruments, and other financial instruments is measured and monitored by the finance department. Since the Company's transactions were with financial institutions with good credit ratings, there were no noncompliance issues, and therefore, there is no significant credit risk. Investments in other financial instruments are measured and monitored by the finance department with the instruction from the chairman to ensure each risk of the investment target is under the Company's acceptable level.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As of December 31, 2021 and 2020, the Company had unused credit lines amounting to \$2,379,365 and \$1,973,097, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Company engages in derivative financial instrument trading in order to manage the market risk, thus generating financial liabilities or financial assets. The execution of those transactions was under the Board of Directors' instruction.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company, primarily the NTD. The currencies used in these transactions are the NTD, USD, JPY, and EUR.

At any point in time, the Company's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by

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business operations. The Company mainly hedges its currency risk using foreign exchange agreements wherein the maturity date is less than six months.

2) Interest rate risk

The Company adopts a policy to ensure the exposure to changes in interest rates on borrowings is evaluated based on the trend in market interest rates. The Company can manage its interest rate risk through maintaining an appropriate portfolio of floating interest rates and fixed interest rates.

3) Other market price risk

The company is exposed to equity price risk due to the investments in equity instruments and mutual funds that contain unsure future prices. Therefore, the Company monitors and manages the equity investments by holding a varied investment portfolio and regularly updating the information on equity instruments and mutual funds investment.

(ab) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and other equity of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company manages its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, repurchase treasury shares, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity. As in 2021, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Net debt	<u>\$ 715,497</u>	<u>478,695</u>
Total equity	<u>\$ 2,027,331</u>	<u>1,939,757</u>
Debt-to-equity ratio	35.29 %	24.68 %

(ac) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

	January 1, 2021	Cash flows	Non-Cash changes			December 31, 2021
			Amortization	Others (Note 2)	Changes in lease payments	
Short-term borrowings	\$ 700,000	(700,000)	-	-	-	-
Long-term borrowings (including current portion)	(1,600)(Note 1)	400,000	(51)	-	-	398,349
Lease liabilities	62,637	(1,966)	-	-	-	60,671
Total liabilities from financing activities	<u>\$ 761,037</u>	<u>(301,966)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>459,020</u>

  

	January 1, 2020	Cash flows	Non-Cash changes			December 31, 2020
			Amortization	Others (Note 2)	Changes in lease payments	
Short-term borrowings	\$ 400,000	300,000	-	-	-	700,000
Long-term borrowings (including current portion)	319,555	(320,000)	445	-	-	-
Lease liabilities	65,360	(1,558)	-	(817)	(348)	62,637
Total liabilities from financing activities	<u>\$ 784,915</u>	<u>(21,558)</u>	<u>445</u>	<u>(817)</u>	<u>(348)</u>	<u>762,637</u>

Note 1: Prepaid expense related to syndicated loan

Note 2: Reduction of right-of-use assets

**(7) Related-party transactions:**

- (a) Names and relationship with related parties

The followings are subsidiaries and other entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Emerging Display Technologies Corp., U.S.A. (EDTA)	Subsidiary
Emerging Display International (Samoa) Corp. (EDTS)	Subsidiary
EDT-Europe ApS (EDTE)	Subsidiary
Tremendous Explore Corp. (EDT-B.V.I) (Note)	Subsidiary
Emerging Display Technologies Korea (EDTK)	Subsidiary
EDT-Japan Corp. (EDTJ)	Subsidiary
Ying Dar Investment Development Corp. (Ying Dar Corp.)	Subsidiary
Bae Haw Investment Development Corp. (Bae Haw Corp.)	Subsidiary
Ying Cheng Investment Development Corp. (Ying Cheng Corp.)	Subsidiary
Dong Guan Emerging Display Limited (EDT-Dong Guan)	Sub-subsiary

Note: Tremendous Explore Corp. was dissolved in July, 2020. The related liquidation procedures had been completed.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries – EDTA	<u>\$ 1,038,132</u>	<u>1,066,651</u>

As of December 31, 2021 and 2020, the unrealized profit from sales to related parties amounted to \$9,804 and \$15,309, respectively, which were included in adjustment to investments accounted for using equity method in the accompanying balance sheets.

The selling prices for sales to subsidiaries were not significantly different from those for third-party customers. The collection terms were three months, which were not significantly different from those of other customers.

(ii) The receivables from related parties were as follows:

<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries – EDTA	<u>\$ 310,944</u>	<u>202,276</u>

(iii) Consigned for processing

The Company's sales of raw material (including the Company purchased on behalf of the related parties) and semi-finished products to EDT-Dong Guan were considered as contracted processing. The processing cost and material cost in 2021 and 2020 amounted to \$200,133 and \$179,986, respectively. The payables resulting from the above transactions were as follows, and were included in accounts payable – related parties in the accompanying balance sheets.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Sub-subsidiary – EDT-Dong Guan	<u>\$ 27,082</u>	<u>90,862</u>

(iv) Commission expenses

The details of commission expenses paid to subsidiaries were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
EDTE	\$ 58,210	56,204
EDTJ	13,368	14,547
Other subsidiaries	<u>3,904</u>	<u>4,122</u>
	<u>\$ 75,482</u>	<u>74,873</u>

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

The details of commission expenses payables to subsidiaries, included in accounts payable—related parties in accompanying balance sheets, were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
EDTE	\$ 9,434	7,920
EDTA	<u>21</u>	<u>64</u>
	<u>\$ 9,455</u>	<u>7,984</u>

(v) Loans to related parties

The Company made a loan to the subsidiary, EDTA. The interest is based on US dollars and floating rate. As of December 31, 2020, the loan to EDTA and related interest amounting to \$103 had been fully collected. The interest rate was 3.96% in 2020.

(vi) Others

Ying Dar Corp., Bae Haw Corp., and Ying Cheng Corp. have used the Company's address as their office addresses. In both 2021 and 2020, the Company received \$12, from each of them, with a total of \$36, which were included in other income in the accompanying statements of comprehensive income.

During the years ended December 31, 2021 and 2020, cash dividends paid to subsidiaries were both \$10,553. In addition, cash dividends received from subsidiaries were \$12,351 and \$3,006, respectively, which were recognized as the deduction of investments accounted for using equity method in the accompanying balance sheets.

Ying Dar Corp. and Bae Haw Corp. are the directors of the Company. In 2021 and 2020, the estimated directors' remuneration amounted to \$800 and \$4,417, respectively. As of December 31, 2021 and 2020, the remuneration payable amounted to \$1,965 and \$1,800, respectively, which were recognized as other payables—related parties in the accompanying balance sheets.

(c) Key management personnel compensation

(1) Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 32,313	27,401
Post-employment benefits	489	415
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 32,802</u>	<u>27,816</u>

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(2) In 2020, according to the requirement under Section 157 Short-swing Trading of the Securities and Exchange Act, the amount arising from the exercise of disgorgement after tax was \$473, which was recognized as capital surplus.

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted time deposits – current	Guarantee for customs	\$ 2,538	1,525
Property, plant and equipment – buildings	Guarantee for long-term borrowings	173,195	-
		<u>\$ 175,733</u>	<u>1,525</u>

**(9) Commitments and contingencies:**

- (a) As of December 31, 2021 and 2020, the Company's unused letters of credit for purchases of raw materials and equipment amounted to \$2,075 and \$4,422, respectively.
- (b) As of December 31, 2021 and 2020, the Company has signed contracts for the purchase of equipment. The unrecognized contingencies of those contracts amounted to \$2,539 and \$1,995, respectively.

**(10) Losses Due to Major Disasters: none**

**(11) Subsequent Events:**

The Company retired 5,000 thousand treasury shares based on a resolution approved during the board meeting held on January 12, 2022. As of March 10, 2022, the related registration procedures had been completed.

**(12) Other:**

The followings were the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	415,909	127,833	543,742	381,695	126,777	508,472
Labor and health insurance	46,205	8,770	54,975	41,252	8,383	49,635
Pension	21,085	5,822	26,907	20,371	5,978	26,349
Remuneration of directors	-	13,532	13,532	-	11,540	11,540
Others	3,936	691	4,627	3,267	618	3,885
Depreciation	41,919	4,741	46,660	55,461	4,642	60,103
Amortization	284	910	1,194	308	1,057	1,365

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

The additional information of number of employees and employee benefits was as follows:

	<u>2021</u>	<u>2020</u>
Number of employees	<u>870</u>	<u>870</u>
Number of non-employee directors	<u>7</u>	<u>6</u>
Average employee benefits	<u>\$ 730</u>	<u>681</u>
Average employee salary	<u>\$ 630</u>	<u>589</u>
Adjustment of average employee salary	<u>7.0%</u>	
Remuneration of supervisors	<u>\$ 1,413</u>	<u>2,945</u>

The Company's remuneration policy including directors, supervisors, managers, and employees is stated below:

1. Remuneration policy for directors and supervisors

Directors' and supervisors' remuneration includes salary, transportation allowance and the remuneration stipulated in the Company's articles. The transportation allowance is based on the number of attendance of the directors and supervisors, which is \$10 each time. In accordance with section 221 in the Articles of incorporation, the remuneration should be contributed no more than 3% of the profit. The amount is first proposed by the salary and remuneration committee, agreed by the Board of Directors, and then submitted during the shareholders' meeting for approval. The amount of final payment depends on the decision made at the shareholders' meeting.

2. Remuneration policy for managers

Managers' remuneration includes salary, bonus, and employee remuneration, which is calculated based on the position and responsibility of the individual. Industry level will also be taken into consideration.

(1) Salary:

The salary is based on personal experiences, performance, evaluation of work, market salary level, seniority, position, and contract.

(2) Year-end bonus:

Year-end bonus is paid based on the performance of the individual or the Company, historical experiences, and retention of professional employees.

(3) Employee remuneration:

Employee remuneration is distributed based on personal performance, overall contribution, and special achievements.

3. Remuneration policy for employees:

Considering the benefit level in same industry and personal ability, contribution, and performance, the employee's remuneration policy, which is enacted according to Salary Management Regulation of the Company, is positively correlated to business performance. The overall remuneration portfolio mainly contains basic salary, bonus, and dividends.

The standards of remuneration are the basic salary, which is decided based on the policy of the Company and the competitiveness of its position in the market, as well as bonus and dividends, which are paid according to the achievement of each employee and department goals along with business operation. The remuneration policy of the Company is in compliance with the law and regulations, taking into consideration the needs of employees and business operation goals to create a harmonious working relationship.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for 2021:

- (i) Loans to other parties: none  
(ii) Guarantees and endorsements for other parties: none  
(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31, 2021				Remarks
				Units (shares)	Carrying value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at fair value through other comprehensive income-noncurrent	1,749,300	21,376	5.25 %	21,376	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	13,030	1.37 %	13,030	-
The Company	Fubon Financial Holding Co., Ltd. preference stock	-	Financial assets at fair value through other comprehensive income-noncurrent	13,845	874	-	874	-
The Company	Innolux Corp. stock	-	Financial assets at fair value through other comprehensive income-current	1,147,089	22,483	0.01 %	22,483	-
The Company	Quanta Computer Inc. stock	-	Financial assets at fair value through other comprehensive income-current	699,000	66,195	0.02 %	66,195	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	216,000	14,925	0.01 %	14,925	-
The Company	Chicony Electronics Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	300,000	24,690	0.04 %	24,690	-
The Company	Lite-On Technology Corp. stock	-	Financial assets at fair value through other comprehensive income-current	620,000	39,556	0.03 %	39,556	-
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	1,236,000	43,940	0.01 %	43,940	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	790,000	37,920	0.01 %	37,920	-
The Company	CoAsia Electronics Corp. stock	-	Financial assets at fair value through other comprehensive income-current	459,344	7,120	0.32 %	7,120	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	480,000	10,560	0.78 %	10,560	-
The Company	Becton, Dickinson and Company stock	-	Financial assets at fair value through other comprehensive income-current	2,000	13,922	0.01 %	13,922	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	550,000	12,100	0.90 %	12,100	-
Ying Dar Investment Development Corp.	The Company's stock	Parent Company	Financial assets at fair value through other comprehensive income-noncurrent	5,346,672	103,993	3.29 %	103,993	-
Bae Haw Investment Development Corp.	Everest Technology Inc. stock	-	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	-	1.47 %	-	-
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	395,000	8,690	0.65 %	8,690	-
Bae Haw Investment Development Corp.	The Company's stock	Parent Company	Financial assets at fair value through other comprehensive income-noncurrent	3,447,716	67,058	2.12 %	67,058	-
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at fair value through other comprehensive income-noncurrent	6,000,000	78,180	8.22 %	78,180	-

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD\$300 million or 20% of the capital stock: none
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock: none
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock: none

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(vii) Related-parties transactions for purchases to and sales from with amount exceeding the lower of NTDS\$100 million or 20% of the capital stock:

Purchasing (selling) company	Related party	Nature of Relationship	Details of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	Percentage of net Purchases (sales)	Credit line	Unit price	Payment terms	Balance	Percentage of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	1,038,132	25.41 %	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. were not significantly different from those offered to other customers.	Considering the special 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.	310,944	38.44 %	-
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,038,132	100.00 %	3 months	The Company is the major supplier for Emerging Display Technologies Corp., U.S.A. There is no comparable transaction	The Company is the major supplier for Emerging Display Technologies Corp., U.S.A.	310,944	100.00 %	-
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing expense)	200,133	7.31 %	1-3 months	The Company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the sub-subsidiary provides processing service to.	27,082	5.09 %	-
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	200,133	100.00 %	1-3 months	The Company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the sub-subsidiary provides processing service to.	27,082	100.00 %	-

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**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(viii) Receivables from related parties with amounts exceeding the lower of NTD\$100 million or 20% of the capital stock:

Name of company that has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Accounts receivable of \$310,944	4.05	-	-	238,996	-	-

(ix) Trading in derivative instruments:

Please refer to note 6(b).

(b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the year 2021:

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Balance as of December 31, 2021			Net income (loss) of the investee	Investment income (loss) recognized	Remarks
				December 31, 2021	December 31, 2020	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 %	92,754 (Note 1)	12,616	12,646	Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49 %	60,475	(16,595)	(13,025)	Subsidiary
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00 %	2,715	1,333	1,333	Subsidiary
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00 %	1,524	242	242	Subsidiary
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00 %	6,299	1,842	1,842	Subsidiary
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00 %	26,100	6,577	161 (Note 2)	Subsidiary
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00 %	38,569	3,247	(890) (Note 2)	Subsidiary
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50 %	46,217	(100)	(53)	Subsidiary
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90 %	4,546	(16,595)	(979)	Subsidiary
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41 %	8,791	(16,595)	(1,893)	Subsidiary

Note 1 : Unrealized sales profit amounting to \$9,804 was deducted.

Note 2 : Cash dividends to subsidiaries, which were reclassified as capital surplus, were deducted.

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(c) Information on overseas branches and representative offices:

(i) Information on investment in Mainland China:

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January 1, 2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December 31, 2021	Net income of investee	The Company's direct or indirect investment ratio	Investment gain (loss) recognized by the Company	Book value of the investment as of December 31, 2021	Accumulated investment income repatriated to Taiwan as of December 31, 2021
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs	248,516 (USD\$7,625,300)	Investing through a third country by establishing a holding company, Emerging Display International (Samoa) Corp., in a third country.	219,225 (USD\$6,746,936) (Note 1)	-	-	219,225 (USD\$6,746,936)	(16,324)	95.80% (Note 2)	15,639	65,412 (Note 4)	-

(Continued)

**EMERGING DISPLAY TECHNOLOGIES CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Limitation on investment in Mainland China:

<b>Accumulated Investment in Mainland China as of December 31, 2021</b>	<b>Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs</b>	<b>Upper Limit on investment in Mainland China by Investment Commission of Ministry of Economic Affairs</b>
191,952 (Note 8) (USD\$6,934,668) (Note 5)	386,184 (Note 8) (USD\$13,951,732) (Note 6)	1,357,830 (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 \$963 which was recognized by Ying Dar Investment Development Corp. and a loss of \$1,863 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$4,029 which was invested by Ying Dar Investment Development Corp. and \$7,791 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. not remitted back after it had completed liquidation in 2009.

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. not remitted back after it had completed liquidation in 2009.

Note 7 : The amount includes \$78,055 for Ying Dar Investment Development Corp. and \$63,376 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2021.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China in 2021 are disclosed in "Information on significant transactions".

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Tseng, Jui-Ming		11,043,723	6.8 %

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

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

**(14) Segment information:**

Please refer to the consolidated financial statements for the year ended December 31, 2021.