

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES**

**For the six months ended June 30, 2022 and 2021
(With Independent Auditors' Review Report Thereon)**

**Address: No. 5, Central 1st Rd., Qianzhen Dist., Kaohsiung, Taiwan, R.O.C.
Telephone: 886-7-812-4832**

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Independent Auditors' Review Report

The Board of Director's
Emerging Display Technologies Corp

Introduction

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2022 and 2021, and changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$332,272 thousand and \$244,409 thousand, constituting 8.46% and 6.77% of consolidated total assets as of June 30, 2022 and 2021, respectively, total liabilities amounting to \$109,449 thousand and \$103,173 thousand, constituting 5.89% and 6.08% of consolidated total liabilities as of June 30, 2022 and 2021, respectively, and total comprehensive income amounting to gain \$5,853 thousand, loss \$15,232 thousand, gain \$23,766 thousand and loss \$18,500 thousand, constituting 8.68%, 49.20%, 12.75% and 15.13% of consolidated total comprehensive income for the three months and the six months ended June 30, 2022 and 2021, respectively.

Qualified Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022 and 2021, and its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)

August 2, 2022

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

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets		June 30 2022		December 31,2021		June 30, 2021		Liabilities and Equity		June 30, 2022		December 31,2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%		
Current assets :								Current liabilities :							
1100	Cash and cash equivalents (Note 6(a))	\$ 838,470	21	816,356	23	582,405	16	2100	Short-term loans (Note 6(m))	\$ -	-	-	-	107,774	3
1110	Financial assets at fair value through profit or loss, current (Note 6(b))	138	-	42	-	94,340	3	2120	Financial liability at fair value through profit or loss (Note 6(b))	9	-	-	-	153	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	345,794	9	302,101	8	523,115	15	2150	Notes payable	32	-	86	-	218	-
1170	Accounts receivable, net (Note 6(d) and (v))	785,482	20	749,530	21	809,128	22	2170	Accounts payable	711,776	18	559,800	16	523,666	15
1200	Other receivables (Notes 6(e))	10,297	-	2,823	-	8,409	-	2200	Other payables (Note 6(n))	486,666	13	290,708	8	427,890	12
1220	Income tax assets	116	-	104	-	11	-	2230	Income tax liabilities	43,361	1	29,744	1	18,232	1
130X	Inventories (Note 6(f))	1,247,966	32	1,056,165	29	911,940	25	2280	Lease liabilities, current (Notes 6(p))	10,538	-	11,644	-	11,620	-
1470	Other current assets (Notes 6(g) and 8)	58,544	1	51,997	2	82,029	2	2300	Other current liabilities (Notes 6(v))	53,404	1	55,718	2	52,323	1
Total current assets		3,286,807	83	2,979,118	83	3,011,377	83	Total current liabilities		1,305,786	33	947,700	27	1,141,876	32
Non-current assets:								Non-current liabilities :							
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	140,397	4	113,460	3	93,144	3	2540	Long-term loans (Notes 6(o) and 8)	398,442	10	398,349	11	398,116	11
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)	340,020	9	332,762	9	324,425	9	2570	Deferred income tax liabilities	8	-	240	-	213	-
1755	Right-of-use assets (Notes 6(j))	66,467	2	77,475	2	82,297	2	2580	Lease liabilities, non-current (Notes 6(p))	59,270	2	68,730	2	73,036	2
1760	Investment property (Notes 6(k) and (q))	56,526	1	52,967	2	53,634	2	2640	Net defined benefit liabilities, non-current	92,893	2	100,977	3	83,651	2
1780	Intangible assets (Note 6(l))	5,850	-	3,685	-	3,674	-	2645	Guarantee deposits received	582	-	544	-	547	-
1840	Deferred income tax assets	21,714	1	21,737	1	31,887	1	2670	Other non-current liabilities—other	416	-	520	-	624	-
1980	Other non-current financial assets (Notes 6(g) and 8)	9,524	-	8,239	-	11,562	-	Total non-current liabilities		551,611	14	569,360	16	556,187	15
Total non-current assets		640,498	17	610,325	17	600,623	17	Total liabilities		1,857,397	47	1,517,060	43	1,698,063	47
Total assets		\$ 3,927,305	100	3,589,443	100	3,612,000	100	Equity attributable to owners of parent (Note 6(t)) :							
								3100	Capital stock	1,574,076	40	1,624,076	45	1,624,076	45
								3200	Capital surplus	25,282	1	25,980	1	15,423	1
								3300	Retained earnings	668,661	17	654,787	18	513,288	14
								3400	Other equity interest	(132,915)	(3)	(104,491)	(3)	(103,097)	(3)
								3500	Treasury stock	(122,282)	(3)	(173,021)	(5)	(173,021)	(5)
									Total equity attributable to shareholders of the parent	2,012,822	52	2,027,331	56	1,876,669	52
								36XX	Non-controlling interests (Note 6(h))	57,086	1	45,052	1	37,268	1
								Total equity		2,069,908	53	2,072,383	57	1,913,937	53
								Total liabilities and equity		\$ 3,927,305	100	3,589,443	100	3,612,000	100

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the three months and the six months ended June 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)

(Reviewed, not audited)

	For the three months ended June 30				For the six months ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(v))	\$ 1,197,256	100	1,041,617	100	2,225,155	100	1,986,379	100
Operating cost (Notes 6(f, r and w) and 12)	957,530	80	867,096	83	1,804,959	81	1,641,220	83
Gross profit	239,726	20	174,521	17	420,196	19	345,159	17
Operating expenses (Notes 6(d, r and w) 7 and 12) :								
Selling expenses	63,281	5	50,685	5	119,838	5	101,482	5
General and administrative expenses	40,040	3	30,450	3	77,932	4	60,792	3
Research and development expenses	31,104	3	28,044	3	59,717	3	53,418	3
Expected credit impairment loss(gain)	93	-	407	-	(5)	-	612	-
Total operating expenses	134,518	11	109,586	11	257,482	12	216,304	11
Net other income and expenses(Note 6(q and x))	1,012	-	959	-	1,967	-	1,927	-
Net operating income	106,220	9	65,894	6	164,681	7	130,782	6
Non-operating income and expenses(Note 6(c, p and y)) :								
Interest income	410	-	341	-	522	-	1,082	-
Other income	9,008	1	7,795	1	10,632	-	10,041	1
Other gains and losses	28,374	2	(13,639)	(1)	61,974	3	(18,697)	(1)
Finance costs	(2,253)	-	(2,336)	-	(4,449)	-	(4,425)	-
Total Non-operating income and expenses	35,539	3	(7,839)	-	68,679	3	(11,999)	-
Profit (loss) before income tax	141,759	12	58,055	6	233,360	10	118,783	6
Less: Income tax expense (Note 6(s))	24,752	2	(1,580)	-	38,830	2	8,304	-
Profit (Loss)	117,007	10	59,635	6	194,530	8	110,479	6
Other comprehensive income :								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6(t))	(53,494)	(4)	(23,075)	(2)	(24,173)	(1)	19,891	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	(66)	-	(232)	-	(141)	-
	(53,494)	(4)	(23,009)	(2)	(23,941)	(1)	20,032	1
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements	3,897	-	(5,667)	(1)	15,784	1	(8,250)	(1)
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	-	-
	3,897	-	(5,667)	(1)	15,784	1	(8,250)	(1)
Other comprehensive income, net	(49,597)	(4)	(28,676)	(3)	(8,157)	-	11,782	-
Comprehensive income	\$ 67,410	6	30,959	3	186,373	8	122,261	6
Profit (loss) attributable to								
Shareholders of the parent	\$ 117,174	10	59,804	6	194,968	8	110,945	6
Non-controlling interests	(167)	-	(169)	-	(438)	-	(466)	-
Net Profit (loss)	\$ 117,007	10	59,635	6	194,530	8	110,479	6

See accompanying notes to consolidated financial statements.

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EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and the six months ended June 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)

(Reviewed, not audited)

	For the three months ended June 30				For the six months ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Comprehensive income attributable to :								
Shareholders of the parent	\$ 62,784	6	36,282	3	174,339	8	125,801	6
Non-controlling interests	4,626	-	(5,323)	-	12,034	-	(3,540)	-
Total comprehensive income	\$ 67,410	6	30,959	3	186,373	8	122,261	6
Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :								
Basic earnings per share	\$	<u>0.79</u>	\$	<u>0.40</u>	\$	<u>1.31</u>	\$	<u>0.75</u>
Diluted earnings per share	\$	<u>0.79</u>	\$	<u>0.40</u>	\$	<u>1.30</u>	\$	<u>0.74</u>

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the six months ended June 30, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Equity attributable to shareholders of parent											
	Retained earnings					Other equity interest				Total equity attributable to shareholders of parent	Non- controlling interests	Total Equity
	Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock				
Balance at January 1, 2021	\$ 1,624,076	15,423	82,748	102,612	405,734	(18,296)	(99,519)	(173,021)	1,939,757	40,808	1,980,565	
Profit	-	-	-	-	110,945	-	-	-	110,945	(466)	110,479	
Other comprehensive income	-	-	-	-	-	(8,054)	22,910	-	14,856	(3,074)	11,782	
Total comprehensive income	-	-	-	-	110,945	(8,054)	22,910	-	125,801	(3,540)	122,261	
Appropriation and distribution of retained earnings :												
Cash dividends to shareholders	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)	
Disposal of investments in equity instruments at FVOCI	-	-	-	-	138	-	(138)	-	-	-	-	
Balance as of June 30, 2021	\$ 1,624,076	15,423	82,748	102,612	327,928	(26,350)	(76,747)	(173,021)	1,876,669	37,268	1,913,937	
Balance at January 1, 2022	\$ 1,624,076	25,980	106,820	117,815	430,152	(29,998)	(74,493)	(173,021)	2,027,331	45,052	2,072,383	
Profit	-	-	-	-	194,968	-	-	-	194,968	(438)	194,530	
Other comprehensive income	-	-	-	-	-	15,424	(36,053)	-	(20,629)	12,472	(8,157)	
Total comprehensive income	-	-	-	-	194,968	15,424	(36,053)	-	174,339	12,034	186,373	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	25,258	-	(25,258)	-	-	-	-	-	-	
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)	
Reversal of special reserve	-	-	-	(13,324)	13,324	-	-	-	-	-	-	
Disposal of investments in equity instruments at FVOCI	-	-	-	-	7,795	-	(7,795)	-	-	-	-	
Retirement of treasury stock	(50,000)	(739)	-	-	-	-	-	50,739	-	-	-	
Return of employee stock ownership trust	-	41	-	-	-	-	-	-	41	-	41	
Balance as of June 30, 2022	\$ 1,574,076	25,282	132,078	104,491	432,092	(14,574)	(118,341)	(122,282)	2,012,822	57,086	2,069,908	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six months ended June 30, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities :		
Profit (Loss) before tax	\$ 233,360	118,783
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	30,410	32,537
Amortization expense	665	619
Expected credit impairment loss (gain)	(5)	612
Net gains on financial assets or liabilities at fair value through profit or loss	(87)	(5,430)
Interest expense	4,449	4,425
Interest income	(514)	(1,064)
Dividend income	(10,304)	(9,870)
Gain on disposal of property, plant, equipment	(330)	(436)
Unrealized foreign exchange loss (gain)	(5,791)	1,470
Others	41	-
Total adjustments to reconcile profit	<u>18,534</u>	<u>22,863</u>
Changes in operating assets and liabilities		
Changes in operating assets:		
Increase in accounts receivable	(15,117)	(225,710)
Decrease in other accounts receivable	543	3,397
Increase in inventories	(184,997)	(42,963)
Increase in other current assets	(6,207)	(1,388)
Total net changes in operating assets	<u>(205,778)</u>	<u>(266,664)</u>
Changes in operating liabilities :		
Decrease in notes payable	(54)	(1,016)
Increase in accounts payable	141,478	126,979
Increase (decrease) in other payable	2,141	(34,856)
Decrease (increase) in other current liabilities	(2,404)	9,208
Decrease in net defined benefit liability	(8,084)	(3,397)
Decrease in other non-current liabilities	(104)	(104)
Total changes in operating liabilities	<u>132,973</u>	<u>96,814</u>
Total changes in operating assets and liabilities	<u>(72,805)</u>	<u>(169,850)</u>
Total adjustments	<u>(54,271)</u>	<u>(146,987)</u>
Cash inflow generated from operations	179,089	(28,204)
Interest received	493	1,379
Dividends received	1,584	3,857
Interest paid	(4,463)	(4,719)
Income taxes paid	(25,269)	(41,562)
Net cash flows from (used in) operating activities	<u>151,434</u>	<u>(69,249)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(139,327)	(339,284)
Proceeds from disposal of financial assets at fair value through other comprehensive income	44,524	1,338
Acquisition of financial assets at fair value through profit or loss	(10,000)	(30,135)
Proceeds from disposal of financial assets at fair value through profit or loss	10,002	-
Acquisition of property, plant and equipment	(24,374)	(20,887)
Proceeds from disposal of property, plant, equipment	2,114	2,941
Acquisition of intangible assets	(2,830)	(183)
Other financial assets	(982)	(1,038)
Net cash flows from (used in) investing activities	<u>(120,873)</u>	<u>(387,248)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	-	(592,084)
Increase in long-term loans	-	400,000
Repayment of lease liabilities	(6,321)	(6,841)
Net cash flows from (used in) financing activities	<u>(6,321)</u>	<u>(198,925)</u>
Effects of changes in foreign exchange rates	<u>(2,126)</u>	<u>(4,504)</u>
Net increase (decrease) in cash and cash equivalents	22,114	(659,926)
Cash and cash equivalents at beginning of period	816,356	1,242,331
Cash and cash equivalents at end of period	<u>\$ 838,470</u>	<u>582,405</u>

See accompanying notes to financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2022 and 2021
(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)
(Reviewed, not audited)

(1) Organization and Business Scope

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

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on August 2, 2022.

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

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements :

- 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”

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

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

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 4 of 2021 consolidated financial statement for detail information.

(b) Basis of consolidation

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

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			June 30,2022	December 31,2020	June 30,2021	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Note
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(c) Income tax

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

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

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

(d) Employee benefit

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of 2021 consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30,2022</u>	<u>December 31,2021</u>	<u>June 30,2021</u>
Cash and cash equivalents	\$ 399	304	389
Demand deposits	792,340	720,318	573,149
Check deposits	22	31	14
Time deposits	<u>45,709</u>	<u>95,703</u>	<u>8,853</u>
Total	<u>\$ 838,470</u>	<u>816,356</u>	<u>582,405</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	June 30,2022	December 31,2021	June 30,2021
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ -	-	94,338
Forward exchange contract	138	42	2
Total	\$ 138	42	94,340
	June 30,2022	December 31,2021	June 30,2021
Current financial liabilities measured at fair value through profit or loss :			
Forward exchange contract	\$ -	-	153
Swap Contract	9	-	-
	\$ 9	-	153

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

The abovementioned financial assets were not pledged as collateral.

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

	June 30,2022		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Forward exchange contract			
Sell	USD 800	USD to CNY	2022.07.06
Swap Contract	USD 1,000	NTD to USD	2022.09.27
	December 31,2021		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Forward exchange contract			
Sell	USD 800	USD to CNY	2022.01.14
	June 31,2021		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Forward exchange contract			
Sell	USD 1,500	USD to CNY	2021.07.13~2021.08.17

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	<u>June 30,2022</u>	<u>December 31,2021</u>	<u>June 30,2021</u>
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 13,880	22,483	23,802
Fubon Financial Holding Co., Ltd.	-	-	40,645
Synnex Technology International Co., Ltd.	-	-	45,301
Nan Ya Plastics Corporation	24,900	-	17,472
Pegatron Co., Ltd.	12,312	14,925	14,861
CoAsia Electronics Corp.	6,063	7,120	6,372
E.SUN Financial Holding Co., Ltd.	-	-	19,877
Far Eastern New Century Corp.	-	-	32,000
Quanta Computer Inc.	55,780	66,195	61,162
Shian Yih Electronic Co., Ltd.	33,131	31,350	32,276
Getac Technology Corporation	-	-	32,395
CTBC Financial Holding Co., Ltd.	-	-	42,676
Chicony Electronics Co., Ltd.	22,230	24,690	24,120
Lite-On Technology Corp.	35,898	39,556	35,712
MEGA FHC	43,631	43,940	40,603
Taiwan Cement Corp., Ltd.	31,205	37,920	40,290
ASE Technology Holding Co., Ltd.	22,538	-	-
China Development Financial Holding Corp.	26,460	-	-
Evergreen Marine Corp. (Taiwan) Ltd.	17,766	-	-
Total	<u>345,794</u>	<u>288,179</u>	<u>509,564</u>
Common stocks listed on foreign markets – current :			
Becton, Dickinson and Company	-	13,922	13,551
Total	<u>\$ 345,794</u>	<u>302,101</u>	<u>523,115</u>
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 18,577	21,376	21,080
Chenfeng Optronics Corp.	120,960	91,210	71,190
Total	<u>139,537</u>	<u>112,586</u>	<u>92,270</u>
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	860	874	874
Total	<u>\$ 140,397</u>	<u>113,460</u>	<u>93,144</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The purpose that the Group invests in the abovementioned equity instruments is for long term strategies, but rather for trading purpose, and therefore, is accounted for as FVOCI.

For the three months and six months ended June 30, 2022 and 2021, the Group has recognized dividend income \$8,754, \$7,710, \$10,304 and \$9,870 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

For the six months ended June 30, 2022 and 2021, the Group with the objective of investment and financial management had sold financial assets at fair value of \$44,524 and \$1,338, and accumulated gain on disposal of investments were \$7,795 and \$138, which had been reclassified from other equity interest to retained earnings, respectively.

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

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$13,880, \$22,483 and \$23,802, respectively.

(d) Accounts receivable

	June 30,2022	December 31,2021	June 30,2021
Accounts receivable-measured as amortized cost	\$ 791,337	755,372	815,349
Allowance for impairment	(5,855)	(5,842)	(6,221)
	\$ 785,482	749,530	809,128

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

	June 30,2022		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Current	\$ 729,269	0.11%	837
Overdue less than 90 days	55,884	0.35%	193
Overdue 91~180 days	1,157	0.10%	1
Overdue 181~270 days	199	0.10%	-
Overdue 271~365 days	6	41.50%	2
Overdue over 365 days	4,822	100.00%	4,822
	\$ 791,337		5,855

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	December 31, 2021		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 604,526	0.11%	686
Overdue less than 90 days	146,013	0.23%	334
Overdue 91~180 days	9	0.10%	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	2	21.39%	-
Overdue over 365 days	4,822	100.00%	4,822
	\$ 755,372		5,842

	June 30, 2021		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 647,090	0.12%	745
Overdue less than 90 days	163,189	0.35%	577
Overdue 91~180 days	194	40.00%	77
Overdue 181~270 days	745	93.00%	691
Overdue 271~365 days	4,131	100.00%	4,131
	\$ 815,349		6,221

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

	For the six months ended June 30	
	2022	2021
Balance on January 1	\$ 5,842	5,613
Recognition (Reversal) of impairment loss	(5)	612
Effect of changes in foreign currency exchange rates	18	(4)
Ending balance	\$ 5,855	6,221

The abovementioned financial assets were not pledged as collateral.

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

(e) Other receivables

	June 30, 2022	December 31, 2021	June 30, 2021
Loans to employee	\$ 1,135	1,475	1,814
Dividend receivables	8,754	34	6,076
Others	408	1,314	519
Allowance for impairment	-	-	-
	\$ 10,297	2,823	8,409

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(f) Inventories

	June 30,2022	December 31,2021	June 30,2021
Raw materials and supplies	\$ 599,763	525,651	391,794
Work in process	418,706	303,876	326,908
Finished goods	221,293	220,020	186,190
Inventories in transit	8,204	6,618	7,048
	<u>\$ 1,247,966</u>	<u>1,056,165</u>	<u>911,940</u>

The details of cost of sales are as follows :

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Reclassification to cost of sales and expenses	\$ 918,651	850,023	1,752,411	1,609,759
Inventory loss of write-down (gain on reversal of inventory)	798	1,693	668	(9,637)
Unamortized manufacturing expenses	3,421	3,906	7,017	8,614
Loss on scrap	34,702	11,501	44,959	32,581
Others	(42)	(27)	(96)	(97)
	<u>\$ 957,530</u>	<u>867,096</u>	<u>1,804,959</u>	<u>1,641,220</u>

For the three months ended June 30,2022 and 2021 and the six months ended June 30, 2022, the Group recognized an inventory valuation loss, accounted for as cost of goods sold, due to the decreasing value from the carrying amount to the net realized value. For the six months ended June 30, 2021, the Group recognized a gain from price recovery of inventory was due to the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed. The reversal was recorded as operating costs.

Inventories were not pledged as collaterals.

(g) Other current assets

The details of other current assets are as follows :

	June 30,2022	December 31,2021	June 30,2021
Income tax refund receivable	\$ 2,409	2,067	2,764
Prepayment for purchases	5,562	12,968	50,917
Prepaid expense	5,102	5,111	4,176
Prepaid sales tax	37,981	24,547	18,305
Restricted time deposits	2,542	3,050	2,045
Refundable deposits	9,524	7,988	11,046
Others	4,948	4,505	4,338
	<u>\$ 68,068</u>	<u>60,236</u>	<u>93,591</u>
Book as:			
Other current assets	\$ 58,544	51,997	82,029
Other financial assets – non-current	9,524	8,239	11,562
	<u>\$ 68,068</u>	<u>60,236</u>	<u>93,591</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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

(h) Major non-controlling interests' share of subsidiaries

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

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		June 30,2022	December 31,2021	June 30,2021
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

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

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

	June 30,2022	December 31,2021	June 30,2021
Current asset	\$ 9,841	9,902	9,941
Non-current asset	103,680	78,180	61,020
Current liability	-	(50)	-
Net asset	<u>\$ 113,521</u>	<u>88,032</u>	<u>70,961</u>
Non-controlling equity closing book amount	<u>\$ 53,923</u>	<u>41,815</u>	<u>33,707</u>

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Operating revenue	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Profit (loss)	\$ 2	1	(10)	(11)
Other comprehensive income	10,080	(10,620)	25,500	(6,060)
Comprehensive income	<u>\$ 10,082</u>	<u>(10,619)</u>	<u>25,490</u>	<u>(6,071)</u>
Profit (loss) attributable to non-controlling interest	<u>\$ 1</u>	<u>-</u>	<u>(5)</u>	<u>(6)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 4,789</u>	<u>(5,044)</u>	<u>12,108</u>	<u>(2,884)</u>

	For the six months ended June 30	
	2022	2021
Cash flow from operating activities	\$ (60)	(61)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	<u>\$ (60)</u>	<u>(61)</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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

	June 30,2022	December 31,2021	June 30,2021
Current asset	\$ 140,253	119,265	132,336
Non-current asset	37,899	39,522	36,127
Current liability	(97,349)	(72,464)	(70,730)
Non-current liability	(5,501)	(9,274)	(12,938)
Net asset	<u>\$ 75,302</u>	<u>77,049</u>	<u>84,795</u>
Non-controlling equity closing book amount	<u>\$ 3,163</u>	<u>3,237</u>	<u>3,561</u>

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Operating revenue	<u>\$ 101,619</u>	<u>50,751</u>	<u>156,381</u>	<u>70,834</u>
Net loss	\$ (3,998)	(4,021)	(10,322)	(10,951)
Other comprehensive income	116	(2,620)	8,576	(4,655)
Comprehensive income	<u>\$ (3,882)</u>	<u>(6,641)</u>	<u>(1,746)</u>	<u>(15,606)</u>
Loss attributable to non-controlling interest	<u>\$ (168)</u>	<u>(169)</u>	<u>(433)</u>	<u>(460)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (163)</u>	<u>(279)</u>	<u>(74)</u>	<u>(656)</u>

	For the six months ended June 30	
	2022	2021
Cash flow from operating activities	\$ 300	6,546
Cash flow from investing activities	(3,385)	(3,789)
Cash flow from financing activities	(3,721)	(3,381)
Effects of changes in foreign exchange rates	506	(161)
Net decrease in cash and cash equivalents	<u>\$ (6,300)</u>	<u>(785)</u>

(i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:						
Balance at January 1, 2022	\$ 23,268	1,055,674	2,373,003	28,388	157,510	3,637,843
Additions	-	1,139	3,010	701	22,921	27,771
Disposals	-	-	(1,285)	-	(4,836)	(6,121)
Reclassification	-	-	4,944	-	(4,944)	-
Effect of movements in exchange rates	1,715	2,977	4,270	330	147	9,439
Balance at June 30, 2022	<u>\$ 24,983</u>	<u>1,059,790</u>	<u>2,383,942</u>	<u>29,419</u>	<u>170,798</u>	<u>3,668,932</u>
Balance at January 1, 2021	\$ 23,940	1,048,089	2,402,579	28,273	146,461	3,649,342
Additions	-	1,159	2,627	154	17,567	21,507
Reclassification	-	-	4,756	-	(4,756)	-
Disposals	-	(65)	(41,740)	-	(6,809)	(48,614)
Effect of movements in exchange rates	(521)	(1,200)	(3,097)	(214)	(132)	(5,164)
Balance at June 30, 2021	<u>\$ 23,419</u>	<u>1,047,983</u>	<u>2,365,125</u>	<u>28,213</u>	<u>152,331</u>	<u>3,617,071</u>

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	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Depreciation:						
Balance at January 1, 2022	\$ -	830,811	2,319,409	27,193	127,668	3,305,081
Depreciation	-	5,942	8,908	158	8,315	23,323
Disposals	-	-	(1,285)	-	(3,817)	(5,102)
Effect of movements in exchange rates	-	1,313	3,964	252	81	5,610
Balance at June 30, 2022	<u>\$ -</u>	<u>838,066</u>	<u>2,330,996</u>	<u>27,603</u>	<u>132,247</u>	<u>3,328,912</u>
Balance at January 1, 2021	\$ -	817,727	2,355,670	27,246	117,385	3,318,028
Depreciation	-	7,454	9,345	169	7,838	24,806
Disposals	-	(65)	(41,740)	-	(4,304)	(46,109)
Effect of movements in exchange rates	-	(792)	(2,995)	(196)	(96)	(4,079)
Balance at June 30, 2021	<u>\$ -</u>	<u>824,324</u>	<u>2,320,280</u>	<u>27,219</u>	<u>120,823</u>	<u>3,292,646</u>
Carrying amount:						
Balance at January 1, 2022	<u>\$ 23,268</u>	<u>224,863</u>	<u>53,594</u>	<u>1,195</u>	<u>29,842</u>	<u>332,762</u>
Balance at June 30, 2022	<u>\$ 24,983</u>	<u>221,724</u>	<u>52,946</u>	<u>1,816</u>	<u>38,551</u>	<u>340,020</u>
Balance at January 1, 2021	<u>\$ 23,940</u>	<u>230,362</u>	<u>46,909</u>	<u>1,027</u>	<u>29,076</u>	<u>331,314</u>
Balance at June 30, 2021	<u>\$ 23,419</u>	<u>223,659</u>	<u>44,845</u>	<u>994</u>	<u>31,508</u>	<u>324,425</u>

Please refer to Note 6(y) for detail of disposal gain and loss.

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

(j) Right-of-use assets

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

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2022	\$ 66,409	51,684	658	118,751
Additions	106	-	-	106
Disposals	(4,674)	(4,579)	-	(9,253)
Effect of changes in foreign exchange rates	-	425	49	474
Balance at June 30, 2022	<u>\$ 61,841</u>	<u>47,530</u>	<u>707</u>	<u>110,078</u>
Balance at January 1, 2021	\$ 66,409	27,904	326	94,639
Additions	-	22,578	348	22,926
Effect of changes in foreign exchange rates	-	(1,165)	(11)	(1,176)
Balance at June 30, 2021	<u>\$ 66,409</u>	<u>49,317</u>	<u>663</u>	<u>116,389</u>
Depreciation:				
Balance at January 1, 2022	\$ 8,204	32,761	311	41,276
Depreciation	1,278	5,333	143	6,754
Disposals	-	(4,579)	-	(4,579)
Effect of changes in foreign exchange rates	-	131	29	160
Balance at June 30, 2022	<u>\$ 9,482</u>	<u>33,646</u>	<u>483</u>	<u>43,611</u>
Balance at January 1, 2021	\$ 5,482	21,893	36	27,411
Depreciation	1,360	5,903	141	7,404
Effect of changes in foreign exchange rates	-	(721)	(2)	(723)
Balance at June 30, 2021	<u>\$ 6,842</u>	<u>27,075</u>	<u>175</u>	<u>34,092</u>

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	Land	Building and construction	Transportation equipment	Total
Carrying amount:				
Balance at January 1, 2022	\$ 58,205	18,923	347	77,475
Balance at June 30, 2022	<u>\$ 52,359</u>	<u>13,884</u>	<u>224</u>	<u>66,467</u>
Balance at January 1, 2021	<u>\$ 60,927</u>	<u>6,011</u>	<u>290</u>	<u>67,228</u>
Balance at June 30, 2021	<u>\$ 59,567</u>	<u>22,242</u>	<u>488</u>	<u>82,297</u>

(k) Investment property

Investment property is the office building owned by the Group leased to third part as operating lease.

Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend upon expiry. Subsequent lease term will consult with the lessee and no charge of contingent rental. Please refer to Note 6(q) for information of the rental income.

Rental income of leased investment property has a fixed amount.

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

	Land	Building and construction	Total
Cost or deemed cost:			
Balance at January 1, 2022	\$ 44,059	15,065	59,124
Effect of changes in foreign exchange rates	<u>3,248</u>	<u>1,110</u>	<u>4,358</u>
Balance at June 30, 2022	<u>\$ 47,307</u>	<u>16,175</u>	<u>63,482</u>
Balance at January 1, 2021	\$ 45,333	15,500	60,833
Effect of changes in foreign exchange rates	<u>(987)</u>	<u>(337)</u>	<u>(1,324)</u>
Balance at June 30, 2021	<u>\$ 44,346</u>	<u>15,163</u>	<u>59,509</u>
Depreciation:			
Balance at January 1, 2022	\$ -	6,157	6,157
Depreciation	-	333	333
Effect of changes in foreign exchange rates	-	466	466
Balance at June 30, 2022	<u>\$ -</u>	<u>6,956</u>	<u>6,956</u>
Balance at January 1, 2021	\$ -	5,675	5,675
Depreciation	-	327	327
Effect of changes in foreign exchange rates	-	(127)	(127)
Balance at June 30, 2021	<u>\$ -</u>	<u>5,875</u>	<u>5,875</u>
Carrying amount:			
Balance at January 1, 2022	<u>\$ 44,059</u>	<u>8,908</u>	<u>52,967</u>
Balance at June 30, 2022	<u>\$ 47,307</u>	<u>9,219</u>	<u>56,526</u>
Balance at January 1, 2021	<u>\$ 45,333</u>	<u>9,825</u>	<u>55,158</u>
Balance at June 30, 2021	<u>\$ 44,346</u>	<u>9,288</u>	<u>53,634</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31,2021.

The investment property was not pledged as collateral.

(1) Intangible assets

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

	<u>Patent</u>	<u>Computer software cost</u>	<u>Membership certificate</u>	<u>Total amount</u>
Initial cost:				
Balance as of January 1, 2022	\$ 3,029	8,991	-	12,020
Individual acquisition	53	27	2,750	2,830
Effects of changes in foreign exchange rates	-	50	-	50
Balance as of June 30, 2022	<u>\$ 3,082</u>	<u>9,068</u>	<u>2,750</u>	<u>14,900</u>
Balance as of January 1, 2021	\$ 2,888	9,477	-	12,365
Individual acquisition	157	26	-	183
Disposals	(108)	-	-	(108)
Effects of changes in foreign exchange rates	-	(18)	-	(18)
Balance as of June 30, 2021	<u>\$ 2,937</u>	<u>9,485</u>	<u>-</u>	<u>12,422</u>
Amortization:				
Balance as of January 1, 2022	\$ 1,494	6,841	-	8,335
Amortization	135	530	-	665
Effects of changes in foreign exchange rates	-	50	-	50
Balance as of June 30, 2022	<u>\$ 1,629</u>	<u>7,421</u>	<u>-</u>	<u>9,050</u>
Balance as of January 1, 2021	\$ 1,433	6,821	-	8,254
Amortization	129	490	-	619
Disposals	(108)	-	-	(108)
Effects of changes in foreign exchange rates	-	(17)	-	(17)
Balance as of June 30, 2021	<u>\$ 1,454</u>	<u>7,294</u>	<u>-</u>	<u>8,748</u>
Carrying amount:				
Balance as of January 1, 2022	<u>\$ 1,535</u>	<u>2,150</u>	<u>-</u>	<u>3,685</u>
Balance as of June 30, 2022	<u>\$ 1,453</u>	<u>1,647</u>	<u>2,750</u>	<u>5,850</u>
Balance as of January 1, 2021	<u>\$ 1,455</u>	<u>2,656</u>	<u>-</u>	<u>4,111</u>
Balance as of June 30, 2021	<u>\$ 1,483</u>	<u>2,191</u>	<u>-</u>	<u>3,674</u>

Intangible assets were not pledged as collateral.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(m) Short-term loans

The details of short-term loans were as follows:

	June 30,2022	December 31,2021	June 30,2021
Unsecured bank loans	\$ <u>-</u>	<u>-</u>	<u>107,774</u>
Unused lines of credit	\$ <u>1,822,945</u>	<u>1,979,365</u>	<u>2,068,945</u>
Range of interest rates	<u>-</u>	<u>-</u>	<u>0.80%~1%</u>

Short-term loans were not pledged as collateral.

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

(n) Other payables

	June 30,2022	December 31,2021	June 30,2021
Salaries and wages payables	\$ 47,765	48,584	49,263
Year-end bonus payables	46,000	67,000	15,000
Employee remuneration payables	27,118	14,486	21,130
Directors' and supervisors' remuneration payables	16,271	6,727	12,678
Employee benefit liabilities	31,098	29,329	36,022
Dividends payable	188,889	-	188,895
Others	129,525	124,582	104,902
	<u>\$ 486,666</u>	<u>290,708</u>	<u>427,890</u>

(o) Long-term loans

The details of long-term loans were as follows :

	June 30,2022	December 31,2021	June 30,2021
Commercial paper payable	\$ 400,000	400,000	400,000
Less: discount on long-term loans	1,558	1,651	1,884
Total	<u>\$ 398,442</u>	<u>398,349</u>	<u>398,116</u>
Unused long-term credit lines			
Range of interest rates	<u>\$ 400,000</u>	<u>400,000</u>	<u>400,000</u>
	<u>1.4393%</u>	<u>1.1610%</u>	<u>1.1543%</u>

The Group 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 Group-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 36th 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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

residual of the excess credit line will be repaid upon maturity. The Group issued a total of \$400,000 commercial paper on February 5, 2021. For the related information and concerned restricted terms, please refer to Note 6(o) of 2021 consolidated financial statements.

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

(p) Lease liabilities

The details of lease liabilities were as follows :

	June 30,2022	December 31,2021	June 30,2021
Current	<u>\$ 10,538</u>	<u>11,644</u>	<u>11,620</u>
Non-Current	<u>\$ 59,270</u>	<u>68,730</u>	<u>73,036</u>

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

The amounts recognized in profit or loss were as follows :

	April to June,2022	April to June,2021	January to June, 2022	January to June, 2021
Interest on lease liabilities	<u>\$ 699</u>	<u>802</u>	<u>1,448</u>	<u>1,485</u>
Expenses relating to short-term leases	<u>\$ 906</u>	<u>272</u>	<u>1,383</u>	<u>814</u>

Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets

	<u>\$ 66</u>	<u>60</u>	<u>252</u>	<u>120</u>
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The amounts recognized in the statement of cash flows for the Group were as follow :

	For the six months ended June 30	
	2022	2021
Total cash outflow for leases	<u>\$ 9,319</u>	<u>9,341</u>

(i) Lease of land, building and construction

The Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years.

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

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

(ii) Other leases

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(q) Operating lease

There was no increase for operating lease for the six months ended June 30, 2022 and 2021. Please refer to Note 6(q) of the 2021 consolidated financial statements.

(r) Employee benefits

(i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end of the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2021 and 2020.

Cost recognized in expense was as below :

	April to June,2022	April to June,2021	January to June, 2022	January to June, 2021
Operating cost	\$ 247	229	498	459
Selling expenses	17	12	32	24
General and administrative expenses	44	36	87	72
Research and development expenses	32	27	63	54
	<u>\$ 340</u>	<u>304</u>	<u>680</u>	<u>609</u>

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	April to June,2022	April to June,2021	January to June, 2022	January to June, 2021
Operating cost	\$ 7,617	5,961	14,566	11,737
Selling expenses	1,524	1,471	3,249	2,821
General and administrative expenses	634	592	1,255	1,176
Research and development expenses	723	693	1,437	1,378
	<u>\$ 10,498</u>	<u>8,717</u>	<u>20,507</u>	<u>17,112</u>

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Notes to consolidated financial statements

(s) Income tax

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

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

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Current tax expense (benefit)				
Current	\$ 24,714	5,286	38,795	15,165
Adjust previous current tax	9	(6,878)	9	(6,878)
	24,723	(1,592)	38,804	8,287
Deferred tax expense				
Origination and reversal of temporary differences	29	12	26	17
Income tax expense	\$ 24,752	(1,580)	38,830	8,304

(ii) For the six months ended June 30, 2022 and 2021, no income tax was recognized directly in equity.

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

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Items that will not be reclassified subsequently to profit or loss :				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$	(66)	(232)	(141)

Approval of income tax

(iv) The Company's income tax returns for all fiscal years up to 2020 have been examined and approved by the R.O.C. tax authority.

(t) Share capital and other equity

The Group had no share capital change for the six months ended June 30, 2022 and 2021 except below statement. Please refer to Note 6(t) of 2021 consolidated financial statements for detail information.

(i) Capital Stock

The Company's resolution of Board meeting held on Jan. 12, 2022, passed to retire 5,000 thousand shares of its treasury stocks bought back in 2019 for the purpose of transfer to employees, the related registration procedures had been finished. As of June 30, 2022, December 31 and June 30, 2021, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stocks are 157,408, 162,408 and 162,408 thousand shares. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 148,614 thousand shares.

(ii) Capital surplus

Capital surplus was as follows :

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2022	December 31,2021	June 30,2021
Treasury stock	\$ 24,764	25,503	14,950
Disgorgement	473	473	473
Return of employee stock ownership trust	45	4	-
Total	\$ 25,282	25,980	15,423

(iii) Earnings distribution

The appropriations of earnings for 2021 and 2020 have been approved in the meeting of the board of directors held on March 10, 2022, and 2021, the appropriation and dividend per share were as follows :

	2021	2020
Dividends distributed to ordinary shareholders (TWD) :		
Cash	\$ 1.2	1.2

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2022	\$ (29,998)	(74,493)	(104,491)
— Changes of the Group	15,424	(36,053)	(20,629)
— Disposal of investments in equity instrument at FVOCI	-	(7,795)	(7,795)
Balance at June 30, 2022	\$ (14,574)	(118,341)	(132,915)
Balance at January 1, 2021	\$ (18,296)	(99,519)	(117,815)
— Changes of the Group	(8,054)	22,910	14,856
— Disposal of investments in equity instrument at FVOCI	-	(138)	(138)
Balance at June 30, 2021	\$ (26,350)	(76,747)	(103,097)

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

Reason to buy back	Beginning Shares	Increase shares	Decrease shares	Ending share
January to June, 2022				
Transfer to employees	5,000	-	(5,000)	-
January to June, 2021				
Transfer to employees	5,000	-	-	5,000

As of June 30, 2022, December 31 and June 30, 2021, the costs of treasury stocks amounted to \$0, \$50,739 and \$50,739 respectively.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the six months ended June 30, 2022 and 2021, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of June 30, 2022, December 31 and June 30, 2021, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of June 30, 2022, December 31 and June 30, 2021, their market values amounted to \$184,243, \$171,051 and \$191,278, respectively.

(u) Earnings per share

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

	<u>April to June, 2022</u>	<u>April to June, 2021</u>	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Basic earnings per share				
Profit attributable to owners of parent	<u>\$ 117,174</u>	<u>59,804</u>	<u>194,968</u>	<u>110,945</u>
Weighted-average number of Ordinary shares at end of year (expressed in thousands of shares)	<u>148,614</u>	<u>148,614</u>	<u>148,614</u>	<u>148,614</u>
Expressed in New Taiwan dollars	<u>\$ 0.79</u>	<u>0.40</u>	<u>1.31</u>	<u>0.75</u>
Diluted earnings per share				
Profit attributable to owners of parent	<u>\$ 117,174</u>	<u>59,804</u>	<u>194,968</u>	<u>110,945</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614	148,614	148,614
Effect of potentially dilutive ordinary stock:				
— Employee bonus (expressed in thousands of shares)	366	144	889	581
Weighted-average number of ordinary shares-diluted (expressed in thousands of shares)	<u>148,980</u>	<u>148,758</u>	<u>149,503</u>	<u>149,195</u>
Expressed in New Taiwan dollars	<u>\$ 0.79</u>	<u>0.40</u>	<u>1.30</u>	<u>0.74</u>

In computing above basic earnings (loss) per share of ordinary stock for the six months ended June 30, 2022 and 2021, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

(v) Revenue from Contracts with Customers

- (i) Disaggregation of revenue

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	April to June 2022			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 608,412	-	175	608,587
USA	-	315,228	-	315,228
Others	212,904	60,535	2	273,441
Total	\$ 821,316	375,763	177	1,197,256
Major products:				
Liquid crystal display modules	\$ 280,296	143,862	-	424,158
Capacitive touch panel and capacitive touch panel module	524,717	228,418	-	753,135
Others	16,303	3,483	177	19,963
Total	\$ 821,316	375,763	177	1,197,256
	April to June 2021			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 590,667	-	482	591,149
USA	42	206,799	-	206,841
Others	196,826	46,659	142	243,627
Total	\$ 787,535	253,458	624	1,041,617
Major products:				
Liquid crystal display modules	\$ 170,434	109,567	-	280,001
Capacitive touch panel and capacitive touch panel module	603,484	138,345	-	741,829
Others	13,617	5,546	624	19,787
Total	\$ 787,535	253,458	624	1,041,617
	January to June 2022			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,181,945	-	257	1,182,202
USA	17	537,202	-	537,219
Others	390,833	114,838	63	505,734
Total	\$ 1,572,795	652,040	320	2,225,155
Major products:				
Liquid crystal display modules	\$ 523,650	253,915	-	777,565
Capacitive touch panel and capacitive touch panel module	1,010,405	376,037	-	1,386,442
Others	38,740	22,088	320	61,148
Total	\$ 1,572,795	652,040	320	2,225,155

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Notes to consolidated financial statements

	January to June 2021			Total
	Domestic	North America	Other operating department	
Primary geographical markets:				
Europe	\$ 1,164,667	-	950	1,165,617
USA	214	377,387	-	377,601
Others	360,887	82,066	208	443,161
Total	<u>\$ 1,525,768</u>	<u>459,453</u>	<u>1,158</u>	<u>1,986,379</u>
Major products:				
Liquid crystal display modules	\$ 328,453	213,012	-	541,465
Capacitive touch panel and capacitive touch panel module	1,180,885	238,934	-	1,419,819
Others	16,430	7,507	1,158	25,095
Total	<u>\$ 1,525,768</u>	<u>459,453</u>	<u>1,158</u>	<u>1,986,379</u>

(ii) Contract balance

	June 30, 2022	110.12.31	June 30, 2021
Accounts receivable (including related parties)	\$ 791,337	755,372	815,349
Less: allowance for impairment	(5,855)	(5,842)	(6,221)
Total	<u>\$ 785,482</u>	<u>749,530</u>	<u>809,128</u>
Contract liability – Unearned revenue (recognized in other current liabilities)	<u>\$ 38,313</u>	<u>40,390</u>	<u>38,745</u>

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

The amount of revenue recognized for the three months and six months ended June 30, 2022 and 2021, that was included in the contract liability balance at the beginning of the period were \$6,360, \$746, \$10,630 and \$2,728 respectively.

(w) Employee’s remuneration, and directors’ and supervisors’ remuneration

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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	April to June 2022	April to June 2021	January to June 2022	January to June 2021
Employee's remuneration	\$ <u>7,658</u>	<u>3,137</u>	<u>12,632</u>	<u>6,447</u>
Directors' and supervisors' remuneration	\$ <u>4,595</u>	<u>1,882</u>	<u>7,579</u>	<u>3,868</u>

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

The accrued compensation of employees amounted to \$14,486 and \$14,683 for 2021 and 2020, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$8,691 and \$8,810 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website: <http://emops.twse.com.tw>.

(x) Other operating income and expenses

Net other income (expenses) consists of rental income from investment property and lending space.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows :

	April to June 2022	April to June 2021	January to June 2022	January to June 2021
Bank deposits	\$ 406	334	514	1,064
Others	<u>4</u>	<u>7</u>	<u>8</u>	<u>18</u>
	\$ <u>410</u>	<u>341</u>	<u>522</u>	<u>1,082</u>

(ii) Other income

The details of other income were as follows :

	April to June 2022	April to June 2021	January to June 2022	January to June 2021
Dividend income	\$ 8,754	7,710	10,304	9,870
Others	<u>254</u>	<u>85</u>	<u>328</u>	<u>171</u>
	\$ <u>9,008</u>	<u>7,795</u>	<u>10,632</u>	<u>10,041</u>

(iii) Other gains and losses

Details of other gains and losses were as follows :

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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	April to June 2022	April to June 2021	January to June 2022	January to June 2021
Foreign exchange gains (losses)	\$ 29,560	(15,741)	63,095	(23,830)
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	(1,025)	1,926	(697)	4,701
Net gains on disposal of property, plant and equipment	(55)	180	330	436
Others	(106)	(4)	(754)	(4)
	\$ 28,374	(13,639)	61,974	(18,697)
 (iv) Finance cost				
Details of finance costs were as follows :				
	April to June 2022	April to June 2021	January to June 2022	January to June 2021
Interest expenses				
Bank loans	\$ 1,504	1,484	2,901	2,840
Lease liabilities	699	802	1,448	1,485
Management fee of syndicated loan	50	50	100	100
	\$ 2,253	2,336	4,449	4,425

(z) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(z) of 2021 consolidated financial statements.

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of June 30, 2022, and December 31, 2021, two customers accounted for 31.21% and 46.31% of total accounts receivable balance. As of June 30, 2021, one customer accounted for 36.55% of total accounts receivable balance.

3) Accounts receivable of credit risk

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

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

(ii) Liquidity risk

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

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Notes to consolidated financial statements

	<u>Carrying amount</u>	<u>Contracted cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2022							
Non-derivative financial liabilities							
Secured Long-term loans(including long term loans, current portion) (floating rate)	\$ 398,442	(420,742)	(2,887)	(2,855)	(5,773)	(409,227)	-
Accounts payable (non-interest bearing)	711,776	(711,776)	(711,776)	-	-	-	-
Notes payable (non-interest bearing)	32	(32)	(32)	-	-	-	-
Other payable (non-interest bearing)	486,666	(486,666)	(486,666)	-	-	-	-
Lease liability (fixed interest rate)	69,808	(98,358)	(6,616)	(6,343)	(9,767)	(11,167)	(64,465)
Guarantee deposits received (non-interest bearing)	582	(582)	-	-	(582)	-	-
Derivative financial liabilities							
Forward exchange contract :	9						
Cash in		53,541	53,541	-	-	-	-
Cash out		(53,496)	(53,496)	-	-	-	-
	<u>\$ 1,667,315</u>	<u>(1,718,111)</u>	<u>(1,207,932)</u>	<u>(9,198)</u>	<u>(16,122)</u>	<u>(420,394)</u>	<u>(64,465)</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured Long-term loans(including long term loans, current portion)	\$ 398,349	(419,034)	(2,290)	(2,341)	(4,644)	(409,759)	-
Accounts payable (no interest)	559,800	(559,800)	(559,800)	-	-	-	-
Notes payable (no interest)	86	(86)	(86)	-	-	-	-
Other payable (no interest)	290,708	(290,708)	(290,708)	-	-	-	-
Lease liability (fixed interest)	80,374	(112,713)	(7,810)	(6,683)	(12,752)	(13,622)	(71,846)
Guarantee deposits received (no interest)	544	(544)	-	-	(510)	(34)	-
	<u>\$ 1,329,861</u>	<u>(1,382,885)</u>	<u>(860,694)</u>	<u>(9,024)</u>	<u>(17,906)</u>	<u>(423,415)</u>	<u>(71,846)</u>
June 30, 2021							
Non-derivative financial liabilities							
Secured Long-term loans (including long term loans, current portion) (floating rate)	\$ 398,116	(421,252)	(2,315)	(2,290)	(4,617)	(412,030)	-
Unsecured Short-term loans (floating rate)	107,774	(107,850)	(107,850)	-	-	-	-
Accounts payable(non-interest bearing)	523,666	(523,666)	(523,666)	-	-	-	-
Notes payable (non-interest bearing)	218	(218)	(218)	-	-	-	-
Other payable (non-interest bearing)	427,890	(427,890)	(427,890)	-	-	-	-
Lease liability (fixed interest rate)	84,656	(118,539)	(7,823)	(6,890)	(12,588)	(17,406)	(73,832)
Guarantee deposits received (non-interest bearing)	547	(547)	-	-	-	(547)	-
Derivative financial liabilities							
Swap Contract:	153						
Cash in		33,297	33,297	-	-	-	-
Cash out		(33,432)	(33,432)	-	-	-	-
	<u>\$ 1,543,020</u>	<u>(1,600,097)</u>	<u>(1,069,897)</u>	<u>(9,180)</u>	<u>(17,205)</u>	<u>(429,983)</u>	<u>(73,832)</u>

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

(iii) Market Risk

1) Currency risk

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

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Notes to consolidated financial statements

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 56,544	29.72	1,680,485	55,966	27.68	1,549,141	48,105	27.86	1,340,217
JPY	31,234	0.2182	6,815	18,516	0.2405	4,453	23,978	0.2521	6,045
CNY	1,601	4.439	7,106	1,061	4.344	4,610	742	4.309	3,195
EUR	6	31.05	200	61	31.32	1,911	292	33.15	9,692
<u>Non-monetary items</u>									
USD	800	29.72	23,776	503	27.68	13,922	2,991	27.86	83,338
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	26,464	29.72	786,523	19,232	27.68	532,329	21,377	27.86	595,577
JPY	13,469	0.2182	2,939	15,651	0.2405	3,764	19,430	0.2521	4,898
EUR	-	-	-	-	-	-	-	-	-
<u>Non-monetary items</u>									
USD	1,000	29.72	29,720	800	27.68	22,144	1,200	27.86	33,432

The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivables, other receivables, financial assets and liabilities at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payables, and other payables. As of June 30, 2022 and 2021, 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 \$6,313 and \$5,319, respectively, and other comprehensive income after tax would have increase or decrease by \$0 and \$108, respectively. The analysis is performed on the same basis of prior year.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months and the six months ended June 30, 2022 and 2021, foreign exchange gain or loss (including realized and unrealized) amounted to gain \$29,560, loss \$15,741, gain \$63,095 and loss \$23,830, respectively.

2) Interest rate analysis

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

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year. When internal report to the Group's top management regarding the interest rate change, they use 0.25% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly, profit after tax for the six months ended June 30, 2022 and 2021 would have been decreased or increased by \$400 and \$508, respectively, mainly as a result of liabilities bearing floating interest rates.

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3) Other price risk

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

Equity price at reporting date	For the six months ended June 30			
	2022		2021	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	<u>\$ 14,585</u>	-	<u>18,406</u>	<u>2,461</u>
Decrease 3%	<u>\$ (14,585)</u>	-	<u>(18,406)</u>	<u>(2,461)</u>

(iv) Fair value

1) Categories and fair values of financial instruments

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

	June 30, 2022				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Forward exchange contract	\$ 138	-	138	-	138
Financial assets at FVOCI					
Equity instrument with quoted market prices	346,654	346,654	-	-	346,654
Equity instrument at fair value without quoted market prices	<u>139,537</u>	-	-	139,537	139,537
Subtotal	<u>486,191</u>				
Financial assets at amortized cost					
Cash and cash equivalent	838,470	-	-	-	-
Account receivables	785,482	-	-	-	-
Other account receivables	10,297	-	-	-	-
Restricted deposit	2,542	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>9,524</u>	-	-	-	-
Subtotal	<u>1,646,315</u>				
Total	<u>\$ 2,132,644</u>				
Financial liabilities at FVTPL					
Swap contract	\$ 9	-	9	-	9
Financial liabilities at amortized cost					
Bank loans	398,442	-	-	-	-
Notes payable	32	-	-	-	-
Accounts payable	711,776	-	-	-	-
Other payable	486,666	-	-	-	-
Lease liabilities	69,808	-	-	-	-
Guarantee deposits	<u>582</u>	-	-	-	-
Subtotal	<u>1,667,306</u>				
Total financial liabilities	<u>\$ 1,667,315</u>				

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	December 31, 2021				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Forward exchange contract	\$ 42	-	42	-	42
Financial assets at FVOCI					
Equity instrument with quoted market prices	302,975	302,975	-	-	302,975
Equity instrument at fair value without quoted market prices	<u>112,586</u>	-	-	112,586	112,586
Subtotal	<u>415,561</u>				
Financial assets at amortized cost					
Cash and cash equivalent	816,356	-	-	-	-
Account receivables	749,530	-	-	-	-
Other account receivables	2,823	-	-	-	-
Restricted deposit	3,050	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,988</u>	-	-	-	-
Subtotal	<u>1,579,747</u>				
Total	<u>\$ 1,995,350</u>				
Financial liabilities at amortized cost					
Bank loans	\$ 398,349	-	-	-	-
Notes payable	86	-	-	-	-
Accounts payable	559,800	-	-	-	-
Other payable	290,708	-	-	-	-
Lease liabilities	80,374	-	-	-	-
Guarantee deposits	<u>544</u>	-	-	-	-
Total financial liabilities	<u>\$ 1,329,861</u>				
	June 30, 2021				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Amount
Financial assets at FVTPL					
Debt instrument with quoted market prices	\$ 94,338	94,338	-	-	94,338
Derivative financial assets-Forward exchange contract	<u>2</u>	-	2	-	2
Subtotal	<u>94,340</u>				
Financial assets at FVOCI					
Equity instrument with quoted market prices	523,989	523,989	-	-	523,989
Equity instrument at fair value without quoted market prices	<u>92,270</u>	-	-	92,270	92,270
Subtotal	<u>616,259</u>				
Financial assets at amortized cost					
Cash and cash equivalent	582,405	-	-	-	-
Account receivables	809,128	-	-	-	-
Other account receivables	8,409	-	-	-	-
Restricted deposit	2,045	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>11,046</u>	-	-	-	-
Subtotal	<u>1,413,033</u>				
Total	<u>\$ 2,123,632</u>				
Financial liabilities at FVTPL					
Forward exchange contract	\$ 153	-	153	-	153
Financial liabilities at amortized cost					
Bank loans	505,890	-	-	-	-
Notes payable	218	-	-	-	-
Account payable	523,666	-	-	-	-
Other payable	427,890	-	-	-	-
Lease liability	84,656	-	-	-	-
Guarantee deposits received	<u>547</u>	-	-	-	-
Subtotal	<u>1,542,867</u>				
Total	<u>\$ 1,543,020</u>				

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Notes to consolidated financial statements

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

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

2) Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

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

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

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

Derivative instruments

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

3) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended June 30, 2022 and 2021.

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Notes to consolidated financial statements

- 4) Movement of financial assets through other comprehensive income categorized within Level 3.

	Financial assets at fair value through other comprehensive income	
	Unquoted equity instruments	
Balance at January 1, 2022	\$	112,586
Recognized in other comprehensive income		26,951
Balance at June 30, 2022	\$	139,537
Balance at January 1, 2021	\$	97,826
Recognized in other comprehensive income		(5,556)
Balance at June 30, 2021	\$	92,270

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

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

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

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Continuing growth rate • (as of June 30,2022, December 31,2021 and June 30, 2021 ranged from 1.44%、1.44% and 0.48% respectively) • Weighted average cost of capital (as of June 30, 2022, December 31,2021 and June 30, 2021 ranged from 9.57%、9.57% and 10.20% respectively) • Market illiquidity discount rate (as of June 30,2022, December 31,2021 and June 30 2021 ranged from 45.33%、58.64% and 59.80% respectively) • Non-controlling interests discount rate • (as of June 30,2022, December 31,2021 and June 30, 2021 ranged from 29.48%、29.48% and 29.87% respectively) 	<ul style="list-style-type: none"> • If the continuing growth rate was higher, the estimated fair value would increase. • If WACC was higher, the estimated fair value would decrease. • If the market illiquidity discount rate was higher, the estimated fair value would decrease. • If the non-controlling interests discount rate was higher, the estimated fair value would decrease.

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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 assumption

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income :

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
June 30, 2022			
Continuing growth rate 1.44%	0.1%	\$ 1,260	1,260
Weighted average cost of capital 9.57%	0.1%	1,680	1,680
Market illiquidity discount rate 45.33%	1%	2,240	2,240
Non-controlling interests discount rate 29.48%	1%	1,680	1,680
December 31, 2021			
Continuing growth rate 1.44%	0.1%	\$ 1,050	1,050
Weighted average cost of capital 9.75%	0.1%	1,400	1,400
Market illiquidity discount rate 58.64%	1%	2,240	2,170
Non-controlling interests discount rate 29.48%	1%	1,260	1,260
June 30, 2021			
Continuing growth rate 0.48%	0.1%	\$ 560	560
Market illiquidity discount rate 10.20%	0.1%	770	700
Market illiquidity discount rate 59.80%	1%	2,030	2,030
Non-controlling interests discount rate 29.87%	1%	980	1,050

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

(aa) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2021 consolidated report. Please refer to Note 6(aa) of 2021 consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ab) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2021 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2021 consolidated financial statements. Please refer to Note 6(ab) of 2021 consolidated financial statements.

(ac) Financing activities of non-cash transaction

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

(i) Please refer to Note 6(j) for right of use assets.

(ii) Reconciliation of liabilities arising from financing activities were as follows :

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>June 30, 2022</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	<u>Other (Note 2)</u>	
Long-term loans (including long term loans, current portion)	\$ 398,349	-	-	93	-	398,442
Lease liabilities	80,374	(6,321)	323	-	(4,568)	69,808
Guarantee deposits	544	-	38	-	-	582
Total liabilities from financing activities	<u>\$ 479,267</u>	<u>(6,321)</u>	<u>361</u>	<u>93</u>	<u>(4,568)</u>	<u>468,832</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>June 30, 2021</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	<u>Other (Note 2)</u>	
Short-term loans	\$ 700,000	(592,084)	(142)	-	-	107,774
Long-term loans (including long term loans, current portion)	(1,600)(Note1)	400,000	-	(284)	-	398, 116
Lease liabilities	69,158	(6,841)	(587)	-	22,926	84,656
Guarantee deposits	558	-	(11)	-	-	547
Total liabilities from financing activities	<u>\$ 768,116</u>	<u>(198,925)</u>	<u>(740)</u>	<u>(284)</u>	<u>22,926</u>	<u>591,093</u>

(Note 1) Previous prepaid syndicated related expense

(Note 2) Obtain (Reduce) the right-of-use assets

(7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	<u>April to June, 2022</u>	<u>April to June, 2021</u>	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Short-term employee benefits	\$ 10,321	5,783	21,368	14,602
Post-employment benefits	134	107	265	212
	<u>\$ 10,455</u>	<u>5,890</u>	<u>21,633</u>	<u>14,814</u>

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(8) Pledged Assets

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

Pledged Assets	Purpose	June 30,2022	December 31,2021	June 30,2021
Restricted time deposits-current	Guarantee for customs	\$ 2,542	2,538	1,530
Restricted time deposits-non-current	Performance guarantee	-	512	515
Property, plant and equipment-buildings	Guarantee for long-term loans			
		170,880	173,195	176,212
		\$ 173,422	176,245	178,257

(9) Commitments and Contingencies: None

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events: None

(12) Other

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

By function	For the three months ended June 30					
	2022			2021		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (Note)	151,928	74,513	226,441	120,770	59,982	180,752
Depreciation	12,189	3,088	15,277	12,715	3,598	16,313
Amortization	73	260	333	68	227	295

By function	For the six months ended June 30					
	2022			2021		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (Note)	295,348	147,356	442,704	245,988	121,936	367,924
Depreciation	24,164	6,246	30,410	25,491	7,046	32,537
Amortization	144	521	665	142	477	619

(b) Seasonal operation :

The operation of the Group hadn't been affected by either seasonal or periodical factors.

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(13) Supplementary Disclosure Requirements

(a) Information on significant transactions :

In accordance with the ROC “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the required disclosures for the six months ended June 30, 2022 were as follows :

(i) Loans extended to other parties : None

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of June 30, 2022 (subsidiaries, associates and joint ventures not included) :

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	June 30, 2022				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,749,300	18,577	5.25%	18,577	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	17,280	1.19%	17,280	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	860	-	860	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	13,880	0.01%	13,880	-
The Company	Quanta Computer Inc. stock	-	Financial assets at FVOCI – current	699,000	55,780	0.02%	55,780	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	12,312	0.01%	12,312	-
The Company	Chicony electronics co., ltd. stock	-	Financial assets at FVOCI – current	300,000	22,230	0.04%	22,230	-
The Company	Lite-On Technology Corp. stock	-	Financial assets at FVOCI – current	620,000	35,898	0.03%	35,898	-
The Company	MEGA FHC. stock	-	Financial assets at FVOCI – current	1,236,000	43,631	0.01%	43,631	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	790,000	31,205	0.01%	31,205	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	295,000	22,538	0.01%	22,538	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI – current	300,000	24,900	-	24,900	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at FVOCI – current	1,800,000	26,460	0.01%	26,460	-
The Company	Evergreen Marine Corp. (Taiwan) Ltd. stock	-	Financial assets at FVOCI – current	210,000	17,766	-	17,766	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	459,344	6,063	0.32%	6,063	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	11,160	0.78%	11,160	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	12,787	0.90%	12,787	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	112,013	3.40%	112,013	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	395,000	9,184	0.65%	9,184	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	72,230	2.19%	72,230	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	103,680	7.14%	103,680	-

Note: It was eliminated in the consolidation

(iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Group's issued share capital: None.

(v) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.

(vi) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.

(vii) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows :

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Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	660,355	29.58%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers	Considering the trading practices in North American market, the company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	339,189	38.66%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	660,355	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	(339,189)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing expense)	156,381	10.23%	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.	(16,217)	2.49%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	156,381	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.	16,217	100.00%	(Note)

Note: It was eliminated in the consolidation.

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 339,189	4.06	-	-	75,657	-	(Note)

Note: It was eliminated in the consolidation.

(ix) Derivative financial instrument transactions :

Please refer to note 6(b).

(x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subject	Amount	Term of trading	
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts payable	660,355 339,189	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	29.68% 8.64%
0	The Company	EDT-Europe ApS	1	Selling expenses-Commission Other payable	31,228 6,491	No non-related-party transaction to compare to.	1.40% 0.17%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses-Commission	1,764	No non-related-party transaction to compare to.	0.08%
0	The Company	EDT-Japan Corp.	1	Selling expenses-Commission	5,861	No non-related-party transaction to compare to.	0.26%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	156,381 16,217	No non-related-party transaction to compare to.	7.03% 0.41%

Note : Relationship notes as follows :

- 1) Parent Group to subsidiary.
- 2) Subsidiary to parent Group

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3) Subsidiary to subsidiary

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

Relevant information about investees for the six months ended June 30, 2022 was as follows :

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				June 30, 2022	December 31, 2021	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%	98,068 (Note1)	5,037	5,240	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	59,105	(10,322)	(8,102)	Subsidiary (Note2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	1,912	(1,110)	(1,110)	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,517	(8)	(8)	Subsidiary (Note2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	5,971	494	494	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	20,630	(620)	(620)	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	35,933	(1,186)	(1,186)	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	59,599	(10)	(5)	Subsidiary (Note2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	4,443	(10,322)	(609)	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	8,592	(10,322)	(1,178)	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$17,452.

Note2: It was eliminated in the consolidation.

(c) Information on investees in Mainland China :

(i) Information on investments in Mainland China :

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2022	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of June 30, 2022	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of June 30, 2022	Accumulated investment income repatriated to Taiwan as of June 30, 2022
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(10,983)	95.80% (Note2)	loss of \$10,522 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	63,106 (Note4)	-

(ii) Limitation on investments in Mainland China :

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
206,098 (Note8) (USD6,934,668) (Note5)	414,645 (Note8) (USD13,951,732) (Note6)	1,352,177 (Note7)

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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 \$648 which was recognized by Ying Dar Investment Development Corp. and a loss of \$1,253 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$3,887 which was invested by Ying Dar Investment Development Corp. and \$7,516 which was invested by Bae Haw Investment Development Corp.

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

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

Note 7 : The amount includes \$79,586 for Ying Dar Investment Development Corp. and \$64,898 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at June 30, 2022.

(iii) Significant transactions :

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, was disclosed in "information on significant transactions" for the six months ended June 30, 2022.

(d) Major shareholder :

Shareholder's Name	Shareholding	Shares	Percentage
Tseng, Jui-Ming		11,043,723	7.01%

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.

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(14) Segment Information

Reportable segment information was as follows :

	April to June, 2022					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 821,316	375,763	-	177	-	1,197,256
Sales among consolidated entities	390,195	-	101,619	20,234	(512,048)	-
Total revenue	<u>\$ 1,211,511</u>	<u>375,763</u>	<u>101,619</u>	<u>20,411</u>	<u>(512,048)</u>	<u>1,197,256</u>
Segment Income	<u>\$ 149,959</u>	<u>4,659</u>	<u>(4,009)</u>	<u>(163)</u>	<u>(8,687)</u>	<u>141,759</u>

	April to June, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 787,535	253,458	-	624	-	1,041,617
Sales among consolidated entities	226,806	-	50,751	21,589	(299,146)	-
Total revenue	<u>\$ 1,014,341</u>	<u>253,458</u>	<u>50,751</u>	<u>22,213</u>	<u>(299,146)</u>	<u>1,041,617</u>
Segment Income	<u>\$ 72,078</u>	<u>779</u>	<u>(4,080)</u>	<u>2,782</u>	<u>(13,504)</u>	<u>58,055</u>

	January to June, 2022					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 1,572,795	652,040	-	320	-	2,225,155
Sales among consolidated entities	659,966	-	156,381	38,853	(855,200)	-
Total revenue	<u>\$ 2,232,761</u>	<u>652,040</u>	<u>156,381</u>	<u>39,173</u>	<u>(855,200)</u>	<u>2,225,155</u>
Segment Income	<u>\$ 245,360</u>	<u>6,384</u>	<u>(10,356)</u>	<u>(583)</u>	<u>(7,445)</u>	<u>233,360</u>

	January to June, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 1,525,768	459,453	-	1,158	-	1,986,379
Sales among consolidated entities	411,745	21	70,834	42,352	(524,952)	-
Total revenue	<u>\$ 1,937,513</u>	<u>459,474</u>	<u>70,834</u>	<u>43,510</u>	<u>(524,952)</u>	<u>1,986,379</u>
Segment Income	<u>\$ 131,469</u>	<u>1,210</u>	<u>(11,098)</u>	<u>3,849</u>	<u>(6,647)</u>	<u>118,783</u>

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	Domestic	North America	Mainland China	Other operating Department	Adjustment s and Eliminations	Total
Segment Assets						
June 30,2022	<u>\$ 3,636,548</u>	<u>468,157</u>	<u>168,723</u>	<u>21,742</u>	<u>(367,865)</u>	<u>3,927,305</u>
December 31,2021	<u>\$ 3,328,326</u>	<u>444,707</u>	<u>150,018</u>	<u>27,009</u>	<u>(360,617)</u>	<u>3,589,443</u>
June 30,2021	<u>\$ 3,377,948</u>	<u>380,791</u>	<u>159,610</u>	<u>30,897</u>	<u>(337,246)</u>	<u>3,612,000</u>
Segment Liabilities						
June 30,2022	<u>\$ 1,753,017</u>	<u>352,974</u>	<u>102,851</u>	<u>12,341</u>	<u>(363,786)</u>	<u>1,857,397</u>
December 31,2021	<u>\$ 1,427,514</u>	<u>342,284</u>	<u>81,739</u>	<u>16,470</u>	<u>(350,947)</u>	<u>1,517,060</u>
June 30,2021	<u>\$ 1,634,341</u>	<u>289,325</u>	<u>83,668</u>	<u>19,505</u>	<u>(328,776)</u>	<u>1,698,063</u>

The following is the explanation of material reconciliation item :

- (a) For the three and six months ended June 30, 2022 and 2021, the operating segments revenue eliminated from the consolidated entities were \$512,048, \$299,146, \$855,200 and \$524,952, respectively.
- (b) For the three and six months ended June 30, 2022 and 2021, the operating segments profit and loss eliminated from the consolidated entities were \$8,687, \$13,504, \$7,445 and \$6,647, respectively.
- (c) As of June 30, 2022, December 31, 2021 and June 30, 2021, the operating segments assets eliminated from the consolidated entities were \$367,865, \$360,617 and \$337,246, respectively.
- (d) As of June 30, 2022, December 31, 2021 and June 30, 2021 the operating segments liabilities eliminated from the consolidated entities were \$363,786, \$350,947 and \$328,776, respectively.