

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES**

**For the six months ended June 30, 2020 and 2019
(With Independent Auditors' Review Report Thereon)**

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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, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2020 and 2019, and changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$207,986 thousand and \$268,783 thousand, constituting 5.70% and 7.96% of consolidated total assets as of June 30, 2020 and 2019, respectively, total liabilities amounting to \$74,892 thousand and \$77,951 thousand, constituting 4.23% and 5.09% of consolidated total liabilities as of June 30, 2020 and 2019, respectively, and total comprehensive income amounting to loss \$37,368 thousand, profit \$13,350 thousand, loss \$34,609 thousand and profit \$11,732 thousand, constituting 44.40%, 13.30%, 30.45% and 7.11% of consolidated total comprehensive income for the three months and the six months ended June 30, 2020 and 2019, respectively.

Qualified Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Emerging Display Technologies Corp. and subsidiaries as of June 30, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 5, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31, 2019, and June 30, 2019

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets	June 30,2020		December 31,2019		June 30,2019		Liabilities and Equity	June 30,2020		December 31,2019		June 30,2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets :							Current liabilities :						
Cash and cash equivalents (Note 6(a))	\$ 1,196,253	33	1,368,252	38	953,282	28	Short-term loans (Note 6(m))	\$ 320,000	9	400,000	11	150,000	5
Financial assets at fair value through profit or loss, current (Note 6(b))	110,827	3	54,094	1	56,026	2	Financial liability at fair value through profit and loss (Note 6(b))	463	-	994	-	574	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	177,791	5	109,554	3	160,320	5	Notes payable	971	-	307	-	1,394	-
Accounts receivable, net (Note 6(d) and (u))	664,847	18	537,591	15	613,706	18	Accounts payable	533,885	15	431,437	12	451,748	13
Other receivables (Notes 6(e) and 6 (y))	12,695	-	18,684	-	13,931	-	Other payables	439,711	12	283,605	8	301,462	9
Income tax assets	192	-	95	-	78	-	Income tax liabilities	41,773	1	57,038	2	31,519	1
Inventories (Note 6(f))	838,765	23	803,035	22	788,821	24	Lease liabilities, current (Notes 6(o))	8,370	-	11,907	-	11,826	-
Other current assets (Notes 6(g) and 8)	28,480	1	59,389	2	66,253	2	Long-term loans, current portion (Notes 6(n) and 8)	239,889	7	319,555	9	-	-
Total current assets	3,029,850	83	2,950,694	81	2,652,417	79	Other current liabilities (Notes 6(u))	35,795	1	23,398	-	21,826	1
Non-current assets:							Total current liabilities	1,620,857	45	1,528,241	42	970,349	29
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	104,565	3	140,762	4	163,028	5	Non-current liabilities :						
Property, plant and equipment (Notes 6(i) ,8 and 9)	339,736	9	365,955	10	438,937	13	Long-term loans (Notes 6(n) and 8)	-	-	-	-	399,221	12
Right-of-use assets (Notes 6(j))	69,351	2	77,207	2	83,420	2	Deferred income tax liabilities	282	-	-	-	932	-
Investment property (Notes 6(k))	57,729	2	57,834	2	-	-	Lease liabilities, non-current (Notes 6(o))	62,640	2	66,575	2	72,313	2
Intangible assets (Note 6(l))	4,537	-	3,777	-	2,028	-	Net defined benefit liabilities, non-current	87,174	2	88,546	2	86,908	3
Deferred income tax assets	32,804	1	33,003	1	28,165	1	Guarantee deposits received	580	-	587	-	266	-
Prepayments for business facilities	2,976	-	-	-	-	-	Other non-current liabilities — other	832	-	936	-	1,039	-
Other non-current financial assets (Notes 6(g) and 8)	7,556	-	7,634	-	7,837	-	Total non-current liabilities	151,508	4	156,644	4	560,679	17
Total non-current assets	619,254	17	686,172	19	723,415	21	Total liabilities	1,772,365	49	1,684,885	46	1,531,028	46
Total assets	\$ 3,649,104	100	3,636,866	100	3,375,832	100	Equity attributable to owners of parent (Note 6(c) and (s)) :						
							Capital stock	1,624,076	44	1,624,076	45	1,624,076	48
							Capital surplus	4,397	-	4,397	-	-	-
							Retained earnings	500,502	14	539,266	15	413,468	12
							Other equity interest	(123,706)	(3)	(102,612)	(3)	(89,233)	(3)
							Treasury stock	(173,021)	(5)	(173,021)	(5)	(173,021)	(5)
							Total equity attributable to shareholders of the parent	1,832,248	50	1,892,106	52	1,775,290	52
							Non-controlling interests (Note 6(h))	44,491	1	59,875	2	69,514	2
							Total equity	1,876,739	51	1,951,981	54	1,844,804	54
							Total liabilities and equity	\$ 3,649,104	100	3,636,866	100	3,375,832	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, 2020 and 2019
(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			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(u))	\$ 1,058,443	100	1,012,590	100	1,873,407	100	1,903,571	100
Operating cost (Notes 6(f, q and v) and 12)	798,051	75	813,952	80	1,472,278	79	1,547,076	81
Gross profit	260,392	25	198,638	20	401,129	21	356,495	19
Operating expenses (Notes 6(d, q and v) and 12) :								
Selling expenses	59,474	6	57,893	6	107,853	6	112,754	6
General and administrative expenses	33,941	3	34,376	3	65,569	3	64,262	3
Research and development expenses	32,198	3	25,668	3	56,885	3	50,747	3
Expected credit impairment loss (gain) (Note 6(d))	128	-	(4)	-	669	-	(1,125)	-
Total operating expenses	125,741	12	117,933	12	230,976	12	226,638	12
Net other income (Note 6(w))	1,019	-	-	-	2,077	-	-	-
Net operating income	135,670	13	80,705	8	172,230	9	129,857	7
Non-operating income and expenses(Notes 6(c,x)) :								
Other income	3,916	-	5,446	1	12,879	-	10,123	1
Other gains and losses	(15,552)	(1)	14,130	1	(7,050)	-	26,478	1
Finance costs	(2,572)	-	(3,554)	-	(5,775)	-	(7,241)	-
Total Non-operating income and expenses	(14,208)	(1)	16,022	2	54	-	29,360	2
Profit before income tax	121,462	12	96,727	10	172,284	9	159,217	9
Less: Income tax expense (Note 6(r))	20,856	2	15,098	1	27,825	1	24,972	1
Profit	100,606	10	81,629	9	144,459	8	134,245	8
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(s))	(12,897)	(2)	19,056	2	(26,436)	(2)	27,926	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(r))	57	-	-	-	282	-	-	-
	(12,954)	(2)	19,056	2	(26,718)	(2)	27,926	1
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements (Note 6(s))	(3,488)	-	(317)	-	(4,094)	-	2,916	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(r))	-	-	-	-	-	-	-	-
	(3,488)	-	(317)	-	(4,094)	-	2,916	-
Other comprehensive income, net	(16,442)	(2)	18,739	2	(30,812)	(2)	30,842	1
Comprehensive income	\$ 84,164	8	100,368	11	113,647	6	165,087	9
Profit attributable to :								
Shareholders of the parent	\$ 100,635	10	81,696	9	144,513	8	134,317	8
Non-controlling interests	(29)	-	(67)	-	(54)	-	(72)	-
Net Profit	\$ 100,606	10	81,629	9	144,459	8	134,245	8

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, 2020 and 2019
(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			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Comprehensive income attributable to :								
Shareholders of the parent	\$ 102,442	10	94,845	10	129,031	7	162,502	9
Non-controlling interests	(18,278)	(2)	5,523	1	(15,384)	(1)	2,585	-
Total comprehensive income	\$ 84,164	8	100,368	11	113,647	6	165,087	9
Earnings per share (Note 6(t))(expressed in New Taiwan dollars) :								
Basic earnings per share	\$	0.68	0.55		0.97		0.90	
Diluted earnings per share	\$	0.68	0.55		0.97		0.90	

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, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Reviewed, not audited)

	Equity attributable to shareholders of parent										Non-controlling interests	Total Equity
	Retained earnings					Other equity interest			Total equity attributable to shareholders of parent			
	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, 2019	\$ 1,744,076	28,226	45,822	109,212	200,673	(8,271)	(104,299)	(273,209)	1,742,230	66,929	1,809,159	
Profit	-	-	-	-	134,317	-	-	-	134,317	(72)	134,245	
Other comprehensive income	-	-	-	-	-	2,852	25,333	-	28,185	2,657	30,842	
Total comprehensive income	-	-	-	-	134,317	2,852	25,333	-	162,502	2,585	165,087	
Appropriation and distribution of retained earnings :												
Legal reserve	-	-	11,193	-	(11,193)	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	(78,704)	-	-	-	(78,704)	-	(78,704)	
Special reserve	-	-	-	42,095	(42,095)	-	-	-	-	-	-	
Purchase of treasury stock	-	-	-	-	-	-	-	(50,738)	(50,738)	-	(50,738)	
Retirement of treasury stock	(120,000)	(28,226)	-	-	(2,700)	-	-	150,926	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	4,848	-	(4,848)	-	-	-	-	
Balance as of June 30, 2019	\$ 1,624,076	-	57,015	151,307	205,146	(5,419)	(83,814)	(173,021)	1,775,290	69,514	1,844,804	
Balance at January 1, 2020	\$ 1,624,076	4,397	57,015	151,307	330,944	(14,111)	(88,501)	(173,021)	1,892,106	59,875	1,951,981	
Profit	-	-	-	-	144,513	-	-	-	144,513	(54)	144,459	
Other comprehensive income	-	-	-	-	-	(3,983)	(11,499)	-	(15,482)	(15,330)	(30,812)	
Total comprehensive income	-	-	-	-	144,513	(3,983)	(11,499)	-	129,031	(15,384)	113,647	
Appropriation and distribution of retained earnings :												
Legal reserve	-	-	25,733	-	(25,733)	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)	
Reversal of special reserve	-	-	-	(48,695)	48,695	-	-	-	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	5,612	-	(5,612)	-	-	-	-	
Balance as of June 30, 2020	\$ 1,624,076	4,397	82,748	102,612	315,142	(18,094)	(105,612)	(173,021)	1,832,248	44,491	1,876,739	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
For the years ended June 30, 2020 and 2019
(expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the six months ended June 30	
	2020	2019
Cash flows from (used in) operating activities :		
Profit (Loss) before tax	\$ 172,284	159,217
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	39,286	42,034
Amortization expense	764	582
Expected credit impairment loss (gain)	669	(1,125)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	3,087	(6,333)
Interest expense	5,775	7,241
Interest income	(6,748)	(9,730)
Dividend income	(2,730)	-
Gain on disposal of property, plant and equipment	-	(560)
Unrealized foreign exchange loss (gain)	14,458	(6,531)
Total adjustments to reconcile profit	54,561	25,578
Changes in operating assets and liabilities		
Changes in operating assets:		
Increase in accounts receivable	(133,971)	(142,613)
Decrease in other accounts receivable	332	2,240
Decrease (increase) in inventories	(36,773)	56,909
Decrease (increase) in other current assets	30,998	(10,851)
Total net changes in operating assets	(139,414)	(94,315)
Changes in operating liabilities :		
Increase in notes payable	664	674
Increase (decrease) in accounts payable	108,371	(8,396)
Decrease in other payable	(27,982)	(14,554)
Increase in other current liabilities	11,353	6,859
Decrease in net defined benefit liability	(1,372)	(1,318)
Increase (decrease) in other non-current liabilities	(104)	1,039
Total changes in operating liabilities	90,930	(15,696)
Total changes in operating assets and liabilities	(48,484)	(110,011)
Total adjustments	6,077	(84,433)
Cash inflow generated from operations	178,361	74,784
Interest received	7,910	9,399
Interest paid	(5,521)	(6,918)
Income taxes paid	(42,949)	(7,149)
Net cash flows (used in) from operating activities	137,801	70,116
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(101,461)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	50,203	63,712
Acquisition of financial assets at fair value through profit or loss	(60,350)	(64,260)
Proceeds from disposal of financial assets at fair value through profit or loss	-	141,601
Acquisition of property, plant and equipment	(11,880)	(17,091)
Proceeds from disposal of property, plant and equipment	-	560
Acquisition of intangible assets	(1,525)	(140)
Acquisition of Investment property	(900)	-
Decrease (increase) in other financial assets	(45)	301
Increase in prepayments on purchase of equipment	(2,976)	-
Net cash flows from (used in) investing activities	(128,934)	124,683
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(80,000)	(220,000)
Repayments of long-term loans	(80,000)	-
Payments to acquire treasury stock	-	(50,738)
Repayments the principal portion of lease liabilities	(5,253)	(6,394)
Net cash flows used in financing activities	(165,253)	(277,132)
Effect of exchange rate changes on cash and cash equivalents	(15,613)	6,502
Net decrease in cash and cash equivalents	(171,999)	(75,831)
Cash and cash equivalents at beginning of period	1,368,252	1,029,113
Cash and cash equivalents at end of period	\$ 1,196,253	953,282

See accompanying notes to financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the six months ended June 30, 2020 and 2019

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

(Reviewed, not audited)

(1) Organization and Business Scope

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

(2) Financial Statements Authorization Date and Authorization Process

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

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform "	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes are as follows :

Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets conditions is a lease modification and the change in lease liability is recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1,2020 is permitted. Related accounting policy is explained in Note 4(c).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1,2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the three months and the six months ended June 30,2020 were 116 thousand and 1,181 thousand, respectively.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023

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

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(b) Basis of consolidation

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

<u>Name of investor</u>	<u>Name of the subsidiary</u>	<u>Business Activity</u>	<u>Percentage ownership</u>			<u>Remarks</u>
			<u>June 30,2020</u>	<u>December 31,2019</u>	<u>June 30,2019</u>	
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	Tremendous Explore Corp.	Trading	100.00%	100.00%	100.00%	Note
The Company	Emerging Display Technologies Korea	Business support	100.00%	100.00%	100.00%	Note
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	Note
YingDar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(c) Leases

The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications:

- (I) The rent concessions occurring as a direct consequence of the COVID-19 pandemic.
- (II) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (III) Any reduction in lease payments affects only payments originally due on or before 30 June, 2021; and
- (IV) There is no substantive change to other terms and conditions of the lease.

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

(d) Government grant

The grant without any term can be recognized gain at the time the Company acquires.

The grant relating to assets is recognized only when there is reasonable assurance that the group will comply with any conditions attached to the grant and the grant will be received. And the grant will be presented as deferred income at fair value.

The grant is related to depreciable assets, the grant is recognized over the useful life of the assets, on a systematic basis.

The government grant is recognized as income over the period necessary to match them with the related cost, for which they are intended to compensate, on a systematic basis.

(e) 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.

(f) 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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(5) Significant accounting assumptions and judgement, and major sources of estimation uncertainty

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

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

(6) Explanation of significant accounting items

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

(a) Cash and cash equivalents

	<u>June 30,2020</u>	<u>December 31,2019</u>	<u>June 30,2019</u>
Cash and cash equivalents	\$ 378	366	499
Demand deposits	345,146	272,823	345,427
Check deposits	95	15	1,090
Time deposits	522,513	1,063,943	574,519
Repurchase agreement	<u>328,121</u>	<u>31,105</u>	<u>31,747</u>
Total	<u><u>\$ 1,196,253</u></u>	<u><u>1,368,252</u></u>	<u><u>953,282</u></u>

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

	<u>June 30,2020</u>	<u>December 31,2019</u>	<u>June 30,2019</u>
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 110,827	54,018	56,026
Swap Contract	<u>-</u>	<u>76</u>	<u>-</u>
Total	<u><u>\$ 110,827</u></u>	<u><u>54,094</u></u>	<u><u>56,026</u></u>
Current financial liabilities measured at fair value through profit or loss :			
Swap Contract	<u>\$ 463</u>	<u>994</u>	<u>574</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

The abovementioned financial assets were not pledged as collateral.

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

Forward exchange contract :

June 30,2020			
	Contract amount	Currency	Maturity period
	<u>(in thousand)</u>		
Swap contract	USD2,000	TWD to USD	2020.08.04~2020.08.10
December 31,2019			
	Contract amount	Currency	Maturity period
	<u>(in thousand)</u>		
Swap contract	USD 5,000	TWD to USD	2020.01.17~2020.03.31
June 30,2019			
	Contract amount	Currency	Maturity period
	<u>(in thousand)</u>		
Swap contract	USD 3,000	TWD to USD	2019.09.03~2019.09.30

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	June 30,2020	December 31,2019	June 30,2019
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 9,062	9,555	8,408
Fubon Financial Holding Co., Ltd	13,170	13,920	13,755
Radiant Opto Electronics Corp.	-	-	26,000
Taiwan Cement Corp., Ltd.	-	-	15,197
Synnex Technology International Co. , Ltd.	27,406	17,175	17,862
King Yuan Electronics Co., Ltd.	-	-	15,249
Nan Ya Plastics Corporation	13,566	15,288	16,506
Pegatron Co., Ltd.	13,824	14,775	11,599
Coasia Microelectronics Corp.	5,386	5,055	4,000
E.SUN Financial Holding Co., Ltd.	19,460	-	-
Far Eastern New Century Corp.	27,900	-	-
Shian Yih Electronic Co., Ltd.	33,065	33,064	31,020
AGV Products Corporation	773	722	724
Total	163,612	109,554	160,320
Common stocks listed on foreign markets-current:			
Becton, Dickinson and Company	14,179	-	-
Total	\$ 177,791	109,554	160,320
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets -non current:			
Ascendax Venture Capital Corp.	\$ 17,008	15,832	15,509
Chenfeng Optronics Corp.	86,660	124,040	146,650
Total	103,668	139,872	162,159
Preferred stocks listed on domestic markets-non current:			
Fubon Financial Holding Co., Ltd	897	890	869
Total	\$ 104,565	140,762	163,028

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the three months and six months ended June 30, 2020 and 2019, the Group has recognized dividend income \$2,730, \$0, \$2,730 and \$0 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

For the six months ended June 30, 2020 and 2019, the Group with the objective of investment and financial management had sold financial assets at fair value of \$42,985 and \$63,712, and accumulated gain on disposal of investments were \$5,612 and \$4,848, which had been reclassified from other equity interest to retained earnings, respectively. The Group did not dispose any long term strategic investments from January 1 to June 30, 2020. During the time, the accumulated gain and losses were not transferred within the equity

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

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of June 30, 2020, December 31, 2019 and June 30, 2019, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$9,062, \$9,555 and \$34,408, respectively.

(d) Accounts receivable

	June 30,2020	December 31,2019	June 30,2019
Accounts receivables-measured at amortized cost	\$ 684,283	556,362	632,914
Allowance for impairment	(19,436)	(18,771)	(19,208)
	\$ 664,847	537,591	613,706

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 30,2020		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Not over due	\$ 574,061	0.10%	574
Overdue less than 90 days	91,417	0.10%	91
Overdue 91~180 days	2	0.09%	-
Overdue 181~270 days	32	0.10%	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	18,771	100.00%	18,771
	\$ 684,283		19,436

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	June 30, 2019		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 523,593	0.02%	116
Overdue less than 90 days	86,148	0.36%	308
Overdue 91~180 days	4,393	0.10%	4
Overdue 181~270 days	-	-	-
Overdue 271~365 days	9	100.00%	9
Overdue over 365 days	18,771	100.00%	18,771
	\$ 632,914		19,208

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

	For the six months ended June 30	
	2020	2019
Balance at January 1	\$ 18,771	20,327
Impairment loss recognized (reversed)	669	(1,125)
Effect of changes in foreign currency exchange rates	(4)	6
Ending balance	\$ 19,436	19,208

The abovementioned financial assets were not pledged as collateral.

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

(e) Other receivables

	June 30, 2020	December 31, 2019	June 30, 2019
Loans to employee	\$ 8,494	8,834	12,175
Receivable resulting from selling equity investments at fair value through other comprehensive income	-	7,218	-
Dividend receivables	2,730	-	-
Others	1,471	2,632	1,756
Allowance for impairment	-	-	-
	\$ 12,695	18,684	13,931

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(f) Inventories

	<u>June 30,2020</u>	<u>December 31,2019</u>	<u>June 30,2019</u>
Raw materials and supplies	\$ 300,161	246,804	243,505
Work in process	311,790	293,737	264,082
Finished goods	220,591	251,522	275,186
Inventories in transit	6,223	10,972	6,048
	<u>\$ 838,765</u>	<u>803,035</u>	<u>788,821</u>

The details of the cost of sales were as follows:

	<u>April to June, 2020</u>	<u>April to June, 2019</u>	<u>January to June, 2020</u>	<u>January to June, 2019</u>
Reclassification to cost of goods sold	\$ 779,722	788,180	\$ 1,431,000	1,490,637
Gain on reversal of inventories	(7,669)	(2,009)	(6,581)	(4,598)
Unallocated production overheads	3,410	4,470	9,745	10,795
Loss on scrap	22,619	23,462	38,182	50,585
Others	(31)	(151)	(68)	(343)
	<u>\$ 798,051</u>	<u>813,952</u>	<u>\$ 1,472,278</u>	<u>1,547,076</u>

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

Inventories were not pledged as collaterals.

(g) Other current assets

The details of other current assets were as follows:

	<u>June 30,2020</u>	<u>December 31,2019</u>	<u>June 30,2019</u>
Income tax refund receivable	\$ 2,063	2,659	2,756
Prepayment for purchases	10,667	39,259	50,488
Prepaid expense	6,372	5,374	4,361
Prepaid sales tax	3,469	6,438	3,248
Restricted time deposits	2,096	2,096	1,808
Refundable deposits	7,009	7,080	7,264
Others	4,360	4,117	4,165
	<u>\$ 36,036</u>	<u>67,023</u>	<u>74,090</u>
Book as :			
Other current assets	\$ 28,480	59,389	66,253
Other financial assets — non-current	7,556	7,634	7,837
	<u>\$ 36,036</u>	<u>67,023</u>	<u>74,090</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The above mentioned restricted time deposits as collateral for loan was disclosed in Note 8.

(h) Non-controlling interests' share of subsidiaries

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

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		June 30,2020	December 31,2019	June 30,2019
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

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

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

	<u>June 30,2020</u>	<u>Dec.31.2019</u>	<u>June 30,2019</u>
Current asset	\$ 10,071	10,102	10,145
Non-current asset	74,280	106,320	125,700
Current liability	(30)	(50)	-
Net asset	<u>\$ 84,321</u>	<u>116,372</u>	<u>135,845</u>
Non-controlling equity closing book amount	<u>\$ 40,053</u>	<u>55,277</u>	<u>64,527</u>
	<u>April to June, 2020</u>	<u>April to June, 2019</u>	<u>January to June, 2020</u>
Operating revenue	\$ -	-	-
Net profit (loss)	\$ 2	(5)	(10)
Other comprehensive income	(38,280)	11,880	(32,040)
Comprehensive income	<u>\$ (38,278)</u>	<u>11,875</u>	<u>(32,050)</u>
Profit (loss) attributable to non-controlling interest	<u>\$ 1</u>	<u>(2)</u>	<u>(5)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (18,182)</u>	<u>5,640</u>	<u>(15,224)</u>
		<u>January to June, 2020</u>	<u>January to June, 2019</u>
Cash flow from operating activities		\$ (30)	(61)
Cash flow from investing activities		-	-
Cash flow from financing activities		-	-
Net decrease in cash and cash equivalents		<u>\$ (30)</u>	<u>(61)</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	2020.6.30	2019.12.31	2019.6.30	
Current asset	\$ 146,129	149,362	124,989	
Non-current asset	18,516	22,731	26,093	
Current liability	(58,981)	(61,550)	(27,926)	
Non-current liability	-	(1,068)	(4,414)	
Net asset	\$ 105,664	109,475	118,742	
Non-controlling equity closing book amount	\$ 4,438	4,598	4,987	
	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Operating revenue	\$ 52,606	59,410	86,388	103,862
Net loss	\$ (724)	(1,551)	(1,180)	(1,601)
Other comprehensive income	(1,572)	(1,264)	(2,631)	1,524
Comprehensive income	\$ (2,296)	(2,815)	(3,811)	(77)
Loss attributable to non-controlling interest	\$ (30)	(65)	(49)	(67)
Comprehensive income attributable to non-controlling interest	\$ (96)	(117)	(160)	(3)
	January to June, 2020	January to June, 2019		
Cash flow from operating activities	\$ 724	13,358		
Cash flow from investing activities	(845)	(3,085)		
Cash flow from financing activities	(1,942)	(3,020)		
Effects of changes in foreign exchange rates	(258)	12		
Net increase (decrease) in cash and cash equivalents	\$ (2,321)	7,265		

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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, 2020	\$ 25,201	1,047,550	2,384,197	28,331	133,476	3,618,755
Additions	-	115	1,780	-	6,048	7,943
Reclassification	-	272	1,080	-	(1,352)	-
Disposals	-	-	-	(19)	(84)	(103)
Effect of movements in exchange rates	(294)	(1,527)	(5,147)	(155)	(160)	(7,283)
Balance at June 30, 2020	<u>\$ 24,907</u>	<u>1,046,410</u>	<u>2,381,910</u>	<u>28,157</u>	<u>137,928</u>	<u>3,619,312</u>
Balance at January 1, 2019	\$ 74,709	1,026,177	2,398,090	28,164	148,931	3,676,071
Additions	-	2,441	1,292	680	12,332	16,745
Reclassification	-	30,113	4,979	-	(35,092)	-
Disposals	-	-	(19,944)	(247)	(2,582)	(22,773)
Effect of movements in exchange rates	839	949	2,517	110	73	4,488
Balance at June 30, 2019	<u>\$ 75,548</u>	<u>1,059,680</u>	<u>2,386,934</u>	<u>28,707</u>	<u>123,662</u>	<u>3,674,531</u>
Depreciation:						
Balance at January 1, 2020	\$ -	800,136	2,330,684	26,927	95,053	3,252,800
Depreciation for the year	-	8,996	10,996	333	12,994	33,319
Disposals	-	-	-	(19)	(84)	(103)
Effect of movements in exchange rates	-	(1,205)	(4,976)	(146)	(113)	(6,440)
Balance at June 30, 2020	<u>\$ -</u>	<u>807,927</u>	<u>2,336,704</u>	<u>27,095</u>	<u>107,850</u>	<u>3,279,576</u>
Balance at January 1, 2019	\$ -	790,562	2,332,102	26,642	70,927	3,220,233
Depreciation for the year	-	7,734	12,890	370	13,926	34,920
Disposals	-	-	(19,944)	(247)	(2,582)	(22,773)
Effect of movements in exchange rates	-	574	2,497	103	40	3,214
Balance at June 30, 2019	<u>\$ -</u>	<u>798,870</u>	<u>2,327,545</u>	<u>26,868</u>	<u>82,311</u>	<u>3,235,594</u>
Carrying amounts:						
Balance at January 1, 2020	<u>\$ 25,201</u>	<u>247,414</u>	<u>53,513</u>	<u>1,404</u>	<u>38,423</u>	<u>365,955</u>
Balance at June 30, 2020	<u>\$ 24,907</u>	<u>238,483</u>	<u>45,206</u>	<u>1,062</u>	<u>30,078</u>	<u>339,736</u>
Balance at January 1, 2019	<u>\$ 74,709</u>	<u>235,615</u>	<u>65,988</u>	<u>1,522</u>	<u>78,004</u>	<u>455,838</u>
Balance at June 30, 2019	<u>\$ 75,548</u>	<u>260,810</u>	<u>59,389</u>	<u>1,839</u>	<u>41,351</u>	<u>438,937</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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 which were recognized in right-of-use assets were as follows :

	<u>Land</u>	<u>Building and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Right-of-use assets cost :				
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Reduction	(817)	-	-	(817)
Effect of movements in exchange rates	-	(492)	3	(495)
Balance at June 30, 2020	<u>\$ 66,409</u>	<u>23,017</u>	<u>211</u>	<u>89,637</u>
Balance at January 1, 2019	\$ 67,226	23,065	219	90,510
Additions	-	118	-	118
Reduction	-	(711)	-	(711)
Effect of movements in exchange rates	-	(105)	2	(103)
Balance at June 30, 2019	<u>\$ 67,226</u>	<u>22,367</u>	<u>221</u>	<u>89,814</u>
Depreciation :				
Balance at January 1, 2020	\$ 2,757	10,857	128	13,742
Depreciation for the year	1,364	5,398	64	6,826
Effect of movements in exchange rates	-	(280)	(2)	(282)
Balance at June 30, 2020	<u>\$ 4,121</u>	<u>15,975</u>	<u>190</u>	<u>20,286</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	1,378	5,670	66	7,114
Disposals	-	(711)	-	(711)
Effect of movements in exchange rates	-	(9)	-	(9)
Balance at June 30, 2019	<u>\$ 1,378</u>	<u>4,950</u>	<u>66</u>	<u>6,394</u>
Carrying amounts:				
Balance at January 1, 2020	<u>\$ 64,469</u>	<u>12,652</u>	<u>86</u>	<u>77,207</u>
Balance at June 30, 2020	<u>\$ 62,288</u>	<u>7,042</u>	<u>21</u>	<u>69,351</u>
Balance at January 1, 2019	<u>\$ 67,226</u>	<u>23,065</u>	<u>219</u>	<u>90,510</u>
Balance at June 30, 2019	<u>\$ 65,848</u>	<u>17,417</u>	<u>155</u>	<u>83,420</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(k) Investment property

Investment property which assets owned by the Group such as office buildings leased to third party. The Group signed a lease contract in August 2019 to lease original office building of the USA subsidiary to a third party since October 2019. Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend lease term upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Rental income of leased investment property has a fixed amount. Investment property cost and depreciation of the Group were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2020	\$ 47,720	15,418	63,138
Additions	-	900	900
Effect of changes in foreign exchange rates	(557)	(192)	(749)
Balance at June 30, 2020	<u>\$ 47,163</u>	<u>16,126</u>	<u>63,289</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Depreciation:			
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation for the year	-	322	322
Effect of changes in foreign exchange rates	-	(66)	(66)
Balance at June 30, 2020	<u>\$ -</u>	<u>5,560</u>	<u>5,560</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Carrying amounts:			
Balance at January 1, 2020	<u>\$ 47,720</u>	<u>10,114</u>	<u>57,834</u>
Balance at June 30, 2020	<u>\$ 47,163</u>	<u>10,566</u>	<u>57,729</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

The investment property was not pledged as collateral.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(l) Intangible assets

Carrying amounts:	Patent	Computer software cost	Total
Balance at January 1, 2020	\$ <u>1,420</u>	<u>2,357</u>	<u>3,777</u>
Balance at June 30, 2020	\$ <u>1,437</u>	<u>3,100</u>	<u>4,537</u>
Balance at January 1, 2019	\$ <u>1,703</u>	<u>768</u>	<u>2,471</u>
Balance at June 30, 2019	\$ <u>1,586</u>	<u>442</u>	<u>2,028</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the six months ended June, 2020 and 2019. Please refer to Note 12(a) for amortization amount. Other related information, please refer to Note 6(1) of 2019 consolidated financial statements.

Intangible assets were not pledged as collateral.

(m) Short-term loans

The details of short-term loans were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank loans	\$ <u>320,000</u>	<u>400,000</u>	<u>150,000</u>
Unused lines of credit	\$ <u>1,408,327</u>	<u>1,272,106</u>	<u>1,461,225</u>
Range of interest rates	<u>0.80%~0.95%</u>	<u>0.95%~1.04%</u>	<u>1.019%~1.047%</u>

Short-term loans were not pledged as collateral.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's acceptance credit for purchases of raw materials amounted to \$2,205, \$1,659 and \$2,960, respectively.

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

(n) Long-term loans

The details of long-term loans were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Secured bank loans	\$ 240,000	320,000	400,000
Less: discount on long-term loans	(111)	(445)	(779)
Total	\$ <u>239,889</u>	<u>319,555</u>	<u>399,221</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2020	December 31,2019	June 30,2019
Recognized in:			
Long-term loans, current portion	\$ 239,889	319,555	-
Long-term loans	-	-	339,221
Total	\$ 239,889	319,555	339,221
Unused long-term credit lines	\$ 240,000	320,000	400,000
Range of interest rates	1.7895%	1.8085%	1.8085%

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

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

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

On May 15, 2020, the Group entered into a syndicated loan agreement with seven banks led by E.SUN Bank, total amount is \$800,000 thousand. For the period from the date of first borrowing to the five-year term with cycle use lines of credit.

According to the loan agreement, first borrowing should repay the syndicated loan in full first which made on November 17, 2016.

Besides, if line of credit is unused within nine months, the date of first borrowing will still be after nine months since signed date. And base on the date to calculate cycle use line of credit.

As of June 30,2020, the lines of credit were unused.

(o) Lease liabilities

The details of lease liabilities were as follows :

	June 30,2020	December 31,2019	June 30,2019
Current	\$ 8,370	11,907	11,826
Non-Current	\$ 62,640	66,575	72,313

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The amounts recognized in profit or loss were as follows :

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Interest on lease liabilities	\$ 655	813	1,342	1,666
Expenses relating to short-term leases	\$ 430	274	992	595
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 65	80	123	195
Rent concessions due to COVID-19(reduce depreciation of right-of-use assets)	\$ 116	-	1,181	-

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

	For the six months ended June 30	
	2020	2019
Total cash outflow for leases	\$ 7,486	9,039

(i) Lease of land, building and construction

As of June 30, 2020, the Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years. Part of the lease includes an option to extend the same period of the original contract at the end of the lease term.

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

The lease agreements for some of the 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 one to two years.

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

(p) Operating lease

There was no increase for operating lease for the six months ended June 30, 2020. Please refer to Note 6(p) of the 2019 consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(q) Employee benefits

(i) Defined benefit plan

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

Cost recognized in expense was as below :

	<u>April to June, 2020</u>	<u>April to June, 2019</u>	<u>January to June, 2020</u>	<u>January to June, 2019</u>
Operating cost	\$ 288	330	575	662
Selling expenses	16	15	30	29
General and administrative expenses	44	47	91	94
Research and development expenses	<u>35</u>	<u>38</u>	<u>69</u>	<u>76</u>
	<u>\$ 383</u>	<u>430</u>	<u>765</u>	<u>861</u>

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<u>April to June, 2020</u>	<u>April to June, 2019</u>	<u>January to June, 2020</u>	<u>January to June, 2019</u>
Operating cost	\$ 4,489	5,755	9,931	11,310
Selling expenses	1,270	1,299	2,570	2,546
General and administrative expenses	329	539	817	1,056
Research and development expenses	<u>691</u>	<u>648</u>	<u>1,374</u>	<u>1,256</u>
	<u>\$ 6,779</u>	<u>8,241</u>	<u>14,692</u>	<u>16,168</u>

(r) Income tax

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

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

	<u>April to June, 2020</u>	<u>April to June, 2019</u>	<u>January to June, 2020</u>	<u>January to June, 2019</u>
Current tax expense				
Current	\$ <u>20,677</u>	<u>15,101</u>	<u>27,629</u>	<u>25,000</u>
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	<u>179</u>	<u>(3)</u>	<u>196</u>	<u>(28)</u>
Income tax expense	<u>\$ 20,856</u>	<u>15,098</u>	<u>27,825</u>	<u>24,972</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the six months ended June 30, 2020 and 2019, no income tax was recognized directly in equity.

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

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$ 57	-	282	-

Approval of income tax

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

(s) Share capital and other equity

The Group had no share capital change for the six months ended June 30, 2020 and 2019 except below statement. Please refer to Note 6(s) of 2019 consolidated financial statements for detail information.

(i) Capital Stock

As of June 30, 2020, December 31 and June 30, 2019, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock were 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 were 148,613 thousand shares.

(ii) Capital surplus

Capital surplus was as follows :

	June 30,2020	December 31,2019	June 30,2019
Treasury stock	\$ 4,397	4,397	-

(iii) Earnings distribution

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meeting held on June 12, 2020 and June 4, 2019, respectively. The appropriation and dividend per share were as follows :

	2019	2018
Cash dividend to shareholders (TWD)		
Cash	\$ 1.2	0.5

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iv) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2020	\$ (14,111)	(88,501)	(102,612)
— Changes of the Group	(3,983)	(11,499)	15,482
— Disposal of investments in equity instrument at FVOCI	-	(5,612)	(5,612)
Balance at June 30, 2020	\$ (18,094)	(105,612)	(123,706)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2019	\$ (8,271)	(104,299)	(112,570)
— Changes of the Group	2,852	25,333	28,185
— Disposal of investments in equity instrument at FVOCI	-	(4,848)	(4,848)
Balance at June 30, 2019	\$ (5,419)	(83,814)	(89,233)

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousand of shares)

Reason to buy back	Beginning Shares	Increase shares	Decrease shares	Ending share
January to June, 2020				
Transfer to employees	5,000	-	-	5,000
January to June, 2019				
Transfer to employees	12,000	5,000	12,000	5,000

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

The Company's Board of Directors approved resolutions to retire treasury stocks amounting to 12,000 thousand shares on March 8, 2019. The related registration procedures had been completed. As of June 30, 2020, December 31 and June 30, 2019, the cost of treasury stocks amounted to \$50,739.

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

Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the six months ended June 30, 2020 and 2019, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of June 30, 2020, December 31, 2019 and June 30, 2019, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of June 30, 2020, December 31 and June 30, 2019, their market values amounted to \$186,441, \$154,781 and \$138,951, respectively.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(t) **Earnings per share**

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

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Basic earnings per share				
Profit attributable to owners of parent	\$ <u>100,635</u>	<u>81,696</u>	<u>144,513</u>	<u>134,317</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<u>148,613</u>	<u>148,613</u>	<u>148,613</u>	<u>149,087</u>
Expressed in New Taiwan dollars	\$ <u>0.68</u>	<u>0.55</u>	<u>0.97</u>	<u>0.970</u>
Diluted earnings per share				
Profit attributable to owners of parent	\$ <u>100,635</u>	<u>81,696</u>	<u>144,513</u>	<u>134,317</u>
	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	148,613	148,613	148,613	149,087
Effect of potentially dilutive ordinary stock:				
— Employee bonus (expressed in thousands of shares)	<u>300</u>	<u>331</u>	<u>834</u>	<u>733</u>
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>148,913</u>	<u>148,944</u>	<u>149,447</u>	<u>149,820</u>
Expressed in New Taiwan dollars	\$ <u>0.68</u>	<u>0.55</u>	<u>0.97</u>	<u>0.90</u>

In computing above basic earnings (loss) per share of ordinary stock for the six months ended June 30, 2020 and 2019, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(i) Disaggregation of revenue

April to June 2020				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 416,588	-	159	416,747
USA	536	441,159	-	441,695
Others	107,500	92,477	24	200,001
Total	<u>\$ 524,624</u>	<u>533,636</u>	<u>183</u>	<u>1,058,443</u>
Major products:				
Liquid crystal display modules	\$ 221,046	161,776	-	382,822
Capacitive touch panel and capacitive touch panel module	294,108	370,429	-	664,537
Others	9,470	1,431	183	11,084
Total	<u>\$ 524,624</u>	<u>533,636</u>	<u>183</u>	<u>1,058,443</u>
April to June 2019				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 570,153	723	87	570,963
USA	-	226,187	-	226,187
Others	138,197	77,221	22	215,440
Total	<u>\$ 708,350</u>	<u>304,131</u>	<u>109</u>	<u>1,012,590</u>
Major products:				
Liquid crystal display modules	\$ 151,308	261,814	-	413,122
Capacitive touch panel and capacitive touch panel module	544,891	39,534	-	584,425
Others	12,151	2,783	109	15,043
Total	<u>\$ 708,350</u>	<u>304,131</u>	<u>109</u>	<u>1,012,590</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to June 2020			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 886,938	36	249	887,223
USA	536	597,481	-	598,017
Others	248,335	139,509	323	388,167
Total	\$ 1,135,809	737,026	572	1,873,407
Major products:				
Liquid crystal display modules	\$ 394,041	267,447	-	661,488
Capacitive touch panel and capacitive touch panel module	727,445	460,247	-	1,187,692
Others	14,323	9,332	572	24,227
Total	\$ 1,135,809	737,026	572	1,873,407

	January to June 2019			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 999,086	2,869	233	1,002,188
USA	-	480,529	-	480,529
Others	266,506	154,285	63	420,854
Total	\$ 1,265,592	637,683	296	1,903,571
Major products:				
Liquid crystal display modules	\$ 473,913	392,213	-	866,126
Capacitive touch panel and capacitive touch panel module	772,474	241,268	-	1,013,742
Others	19,205	4,202	296	23,703
Total	\$ 1,265,592	637,683	296	1,903,571

(ii) Contract balance

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable (including related parties)	\$ 684,283	556,362	632,914
Less: allowance for impairment	(19,436)	(18,771)	(19,208)
Total	\$ 664,847	537,591	613,706

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2020	December 31,2019	June 30,2019
Contract liability – Unearned revenue (recognized in other current liabilities)	\$ 23,664	13,031	10,504

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, 2020 and 2019, that was included in the contract liability balance at the beginning of the period were \$1,069, \$16, \$2,745 and \$1,577 respectively.

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

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

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

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Employee compensation	\$ 6,384	5,233	9,194	8,604
Directors’ and supervisors’ remuneration	\$ 3,830	3,140	5,516	5,163

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

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

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

(w) Other operating income and expenses

Other operating income and expenses were rental income of leased investment property.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(i) Other income

Details of other income were as follows :

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Interest income				
Bank deposits	\$ 2,553	5,265	6,748	9,730
Other loans and receivables	30	44	60	95
Dividend Revenue	2,730	-	2,730	-
Others	(1,397)	137	3,341	298
	<u>\$ 3,916</u>	<u>5,446</u>	<u>12,879</u>	<u>10,123</u>

(ii) Other gains and losses

Details of other gains and losses were as follows :

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Foreign exchange gains, net	\$ (20,883)	11,650	(2,626)	17,252
Net gains on disposal of financial assets(liabilities) at fair value through profit or loss	5,530	2,059	(4,219)	8,948
Net gains on disposal of property, plant and equipment	-	560	-	560
Others	(199)	(139)	(205)	(282)
	<u>\$ (15,552)</u>	<u>14,130</u>	<u>(7,050)</u>	<u>26,478</u>

(iii) Finance costs

Details of finance costs were as follows :

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Interest expenses				
Bank loans	\$ 1,854	2,678	4,308	5,450
Lease liability	655	813	1,342	1,666
Management fee of syndicated loan	63	63	125	125
	<u>\$ 2,572</u>	<u>3,554</u>	<u>\$ 5,775</u>	<u>7,241</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(y) Financial instruments

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

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

The Group has no significant concentration of its accounts receivable as of June 30, 2020, December 31, and June 30, 2019.

3) Accounts receivable of credit risk

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

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

(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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6- 12months	Due in 1- 2 years	Due in 2- 5 years	Due in over 5 years
June 30, 2020							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 239,889	(240,529)	(240,529)	-	-	-	-
Unsecured loans (floating rate)	320,000	(320,445)	(320,445)	-	-	-	-
Accounts payable(non-interest bearing)	533,885	(533,885)	(533,885)	-	-	-	-
Notes payable (non-interest bearing)	971	(971)	(971)	-	-	-	-
Other payable (non-interest bearing)	439,711	(439,711)	(439,711)	-	-	-	-
Lease liability (fixed interest rate)	71,010	(105,284)	(6,468)	(4,135)	(4,958)	(11,918)	(77,805)
Guarantee deposits received (non-interest bearing)	580	(580)	-	-	(34)	(546)	-
Derivative financial liabilities							
Swap Contract :	463						
Cash in		59,260	59,260	-	-	-	-
Cash out		(59,568)	(59,568)	-	-	-	-
	<u>\$ 1,606,509</u>	<u>(1,641,713)</u>	<u>(1,542,317)</u>	<u>(4,135)</u>	<u>(4,992)</u>	<u>(12,464)</u>	<u>(77,805)</u>
December 31, 2019							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 319,555	(323,599)	(2,886)	(320,713)	-	-	-
Unsecured loans (floating rate)	400,000	(400,534)	(400,534)	-	-	-	-
Accounts payable(non-interest bearing)	431,437	(431,437)	(431,437)	-	-	-	-
Notes payable (non-interest bearing)	307	(307)	(307)	-	-	-	-
Other payable (non-interest bearing)	109,644	(109,644)	(109,644)	-	-	-	-
Lease liability (fixed interest rate)	78,482	(114,543)	(7,843)	(6,602)	(7,224)	(12,070)	(80,804)
Guarantee deposits received (non-interest bearing)	587	(587)	-	-	(34)	(553)	-
Derivative financial liabilities							
Swap Contract :	994	-	-	-	-	-	-
Cash in	-	89,940	89,940	-	-	-	-
Cash out	-	(91,191)	(91,191)	-	-	-	-
	<u>\$ 1,341,006</u>	<u>(1,381,902)</u>	<u>(953,902)</u>	<u>(327,315)</u>	<u>(7,258)</u>	<u>(12,623)</u>	<u>(80,804)</u>
June 30, 2019							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 399,221	(408,130)	(3,640)	(3,600)	(400,890)	-	-
Unsecured loans (floating rate)	150,000	(150,194)	(150,194)	-	-	-	-
Accounts payable(non-interest bearing)	451,748	(451,748)	(451,748)	-	-	-	-
Notes payable (non-interest bearing)	1,394	(1,394)	(1,394)	-	-	-	-
Other payable (non-interest bearing)	178,269	(178,269)	(178,269)	-	-	-	-
Lease liability (fixed interest rate)	84,139	(121,725)	(7,330)	(7,358)	(11,115)	(13,107)	(82,815)
Guarantee deposits received (non-interest bearing)	266	(266)	-	-	(266)	-	-
Derivative financial liabilities							
Swap Contract :	574						
Cash in		155,271	155,271	-	-	-	-
Cash out		(155,300)	(155,300)	-	-	-	-
	<u>\$ 1,265,611</u>	<u>(1,311,755)</u>	<u>(792,604)</u>	<u>(10,958)</u>	<u>(412,271)</u>	<u>(13,107)</u>	<u>(82,815)</u>

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Notes to consolidated financial statements

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

(iii) Market Risk

1) Exchange rate risk

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

	June 30, 2020			December 31, 2019			June 30, 2019			
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	68,089	29.63	2,017,487	69,372	29.98	2,079,789	53,081	31.06	1,648,683
JPY		10,341	0.2751	2,845	18,491	0.276	5,104	25,323	0.2886	7,308
CNY		1,863	4.191	7,807	176	4.305	757	360	4.25	1,626
EUR		9	33.27	291	7	33.59	225	67	35.38	2,381
<u>Non-monetary items</u>										
USD		3,136	29.63	92,906	3,802	29.98	113,978	1,804	31.06	56,026
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		16,870	29.63	499,854	14,135	29.98	423,768	11,244	31.06	349,244
JPY		33,305	0.2751	9,162	40,745	0.276	11,246	26,531	0.2886	7,657
EUR		-	-	-	11	33.59	386	148	35.38	5,253
TWD		-	-	-	-	-	-	2,713	1	2,713
<u>Non-monetary items</u>										
USD		2,000	29.63	59,260	3,000	29.98	89,940	5,000	31.06	155,300

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, and other payables. As of June 30, 2020 and 2019, the exchange rate of the TWD versus the USD, CNY, JPY, and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$12,812 and \$10,200, respectively, and equity will increase or decrease by \$113 and \$0, respectively. The analysis assumes that all other variables remain constant.

The Group has variety kinds of functional currencies; hence we use summarized method to disclose exchange gain or loss of monetary items. For the three months and the six months ended June 30, 2020 and 2019, the exchange gains or loss (including realized and unrealized) that resulted from monetary items translated to the functional currency was (\$20,883), \$11,650, (\$2,626) and \$17,252, respectively.

2) Interest rate analysis

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

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

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

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

For the six months ended June 30			
2020		2019	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax loss	After-tax profit	After-tax profit	After-tax loss
\$ 560	560	550	550

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

3) Other price risk

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

For the six months ended June 30				
2020			2019	
Equity price at reporting date	Other comprehensive income after tax		Other comprehensive income after tax	
	Net profit (loss)		Net profit (loss)	
Increase 3%	\$ 8,385	2,853	9,700	1,345
Decrease 3%	\$ (8,385)	(2,853)	(9,700)	(1,345)

(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, 2020				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Debt instrument with quoted market prices	\$ 110,827	110,827	-	-	110,827
Financial assets at FVOCI					
Equity instrument with quoted market prices	178,688	178,688	-	-	178,688
Equity instrument at fair value without quoted market prices	103,668			103,668	103,668
Subtotal	282,356				
Financial assets at amortized cost					
Cash and cash equivalent	1,196,253	-	-	-	-
Account receivables	664,847	-	-	-	-
Other account receivables	12,695	-	-	-	-
Restricted deposit	2,096	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	7,009	-	-	-	-
Subtotal	1,882,900				
Total	\$ 2,276,083				

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30, 2020				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial liabilities at FVTPL					
Swap Contract	\$ 463	-	463	-	463
Financial liabilities at amortized cost					
Bank loans	\$ 559,889	-	-	-	-
Notes payable	971	-	-	-	-
Account payable	533,885	-	-	-	-
Other payable	439,711	-	-	-	-
Lease liability	71,010	-	-	-	-
Guarantee deposits received	<u>580</u>	-	-	-	-
Subtotal	<u>1,606,046</u>				
Total	<u>\$ 1,606,509</u>				
	December 31, 2019				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Amount
Financial assets at FVTPL					
Derivative financial assets	\$ 76	-	76	-	76
Debt instrument with quoted market prices	<u>54,018</u>	54,018	-	-	54,018
Subtotal	<u>54,094</u>				
Financial assets at FVOCI					
Equity instrument with quoted market prices	110,444	110,444	-	-	110,444
Equity instrument at fair value without quoted market prices	<u>139,872</u>	-	-	139,872	139,872
Subtotal	<u>250,316</u>				
Financial assets at amortized cost					
Cash and cash equivalent	1,368,252	-	-	-	-
Account receivables	537,591	-	-	-	-
Other account receivables	18,684	-	-	-	-
Restricted deposit	2,096	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,080</u>	-	-	-	-
Subtotal	<u>1,933,703</u>				
Total	<u>\$ 2,238,113</u>				
Financial liabilities at FVTPL					
Swap Contract	\$ 994	-	994	-	994
Financial liabilities at amortized cost					
Bank loans	719,555	-	-	-	-
Notes payable	307	-	-	-	-
Accounts payable	431,437	-	-	-	-
Other payable	109,644	-	-	-	-
Lease liabilities	78,482	-	-	-	-
Guarantee deposits	<u>587</u>	-	-	-	-
Subtotal	<u>1,340,012</u>				
Total financial liabilities	<u>\$ 1,341,006</u>				

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	2019.6.30				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Debt instrument with quoted market prices	\$ 56,026	56,026	-	-	56,026
Financial assets at FVOCI					
Equity instrument with quoted market prices	161,189	161,189	-	-	161,189
Equity instrument at fair value without quoted market prices	<u>162,159</u>	-	-	162,159	162,159
Subtotal	<u>323,348</u>				
Financial assets at amortized cost					
Cash and cash equivalent	953,282	-	-	-	-
Account receivables	613,706	-	-	-	-
Other account receivables	13,931	-	-	-	-
Restricted deposit	1,808	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,264</u>	-	-	-	-
Subtotal	<u>1,589,991</u>				
Total	<u>\$ 1,969,365</u>				
Financial liabilities at FVTPL					
Swap Contract	\$ 574	-	574	-	574
Financial liabilities at amortized cost					
Bank loans	\$ 549,221	-	-	-	-
Notes payable	1,394	-	-	-	-
Account payable	451,748	-	-	-	-
Other payable	178,269	-	-	-	-
Lease liability	84,139	-	-	-	-
Guarantee deposits received	<u>266</u>	-	-	-	-
Subtotal	<u>1,265,037</u>				
Total	<u>\$ 1,265,611</u>				

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

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

2) Valuation techniques and assumptions unused in fair value determination

A. Financial assets measured at amortized cost

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

B. Financial assets and financial liabilities measured at amortized cost

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

3) Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

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

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

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

Derivative instruments

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

4) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended June 30, 2020 and 2019.

5) 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, 2020	\$ 139,872
Recognized in other comprehensive income	(36,204)
Balance at June 30, 2020	<u>\$ 103,668</u>
Balance at January 1, 2019	\$ 151,668
Prepaid investment	2,700
Recognized in other comprehensive income	7,791
Balance at June 30, 2019	<u>\$ 162,159</u>

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Notes to consolidated financial statements

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

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

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

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVOCI - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Continuing growth rate (as of June 30,2020, December 31,2019 and June 30, 2019 ranged from 2.10%、2.10% and 2.14% respectively) • Weighted average cost of capital (as of June 30,2020, December 31,2019 and June 30, 2019 ranged from 9.47%、9.47% and 11.40% respectively) • Market illiquidity discount rate (as of June 30,2020, December 31,2019 and June 30, 2019 ranged from 42.12%、37.21% and 42.85% respectively) • Non-controlling interests discount rate (as of June 30,2020, December 31,2019 and June 30, 2019 were 29.87%) 	<ul style="list-style-type: none"> • If the continuing growth rate was higher, the estimated fair value would increase. • If WACC were 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.
Financial assets at FVOCI - equity investments without an active market	Net assets value Method	• Net assets value	• Not applicable

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

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

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

<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Changes in fair value reflected in OCI</u>	
		<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2020			
Continuing growth rate 2.10%	0.1%	\$ 1,330	1,400
Weighted average cost of capital 9.47%	0.1%	1,680	1,680
Market illiquidity discount rate 42.12%	1%	1,470	1,470
Non-controlling interests discount rate 29.87%	1%	1,260	1,260

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
June 30, 2019			
Continuing growth rate 2.14%	0.1%	\$ 1,680	1,610
Weighted average cost of capital 11.40%	0.5%	11,760	10,290
Market illiquidity discount rate 42.85%	1%	2,590	2,590
Non-controlling interests discount rate 29.87%	1%	2,100	2,100

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

(z) Financial risk management

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

(aa) Capital management

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

(ab) Financing activities of non-cash transaction

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January 1, 2020	Cash flows	Non-cash changes			Changes of lease payments	June 30, 2020
			Foreign exchange movement	Amortized	Other		
Short-term loans	\$ 400,000	(80,000)	-	-	-	-	320,000
Long-term loans							
(including long term loans, current portion)	319,555	(80,000)	-	334	-	-	239,889
Lease liabilities	78,482	(5,253)	(221)	-	(817) ^(Note)	(1,181)	71,010
Guarantee deposits	587	-	(7)	-	-	-	580
Total liabilities from financing activities	<u>\$ 798,624</u>	<u>(165,253)</u>	<u>(228)</u>	<u>334</u>	<u>(817)</u>	<u>(1,181)</u>	<u>631,479</u>

Note: Reduce the right-of-use assets

	January 1, 2019	Cash flows	Non-cash changes			June 30, 2019
			Foreign exchange movement	Amortized	Other	
Short-term loans	\$ 370,000	(220,000)	-	-	-	150,000
Long-term loans						
(including long term loans, current portion)	398,888	-	-	333	-	399,221
Lease liabilities	90,510	(6,394)	23	-	-	84,139
Guarantee deposits	264	-	2	-	-	266
Total liabilities from financing activities	<u>\$ 859,662</u>	<u>(226,394)</u>	<u>25</u>	<u>333</u>	<u>-</u>	<u>633,626</u>

(7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	April to June, 2020	April to June, 2019	January to June, 2020	January to June, 2019
Short-term employee benefits	\$ 7,327	6,928	13,289	13,793
Post-employment benefits	33	128	207	255
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 7,360</u>	<u>7,056</u>	<u>13,496</u>	<u>14,048</u>

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Notes to consolidated financial statements

(8) Pledged Assets

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

<u>Pledged Assets</u>	<u>Purpose</u>	June 30,2020	December 31,2019	June 30,2019
Restricted time deposits-current	Guarantee for customs	\$ 1,549	1,543	1,235
Restricted time deposits-non-current	Performance guarantee	547	553	573
Property, plant and equipment – buildings	Guarantee for long-term loans	<u>217,210</u>	<u>225,474</u>	<u>227,461</u>
		<u>\$ 219,306</u>	<u>227,570</u>	<u>229,269</u>

(9) Commitments and Contingencies

- (a) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$6,508, \$16,074 and \$5,355, respectively.
- (b) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of equipments amounted to \$5,902, \$806 and \$6,166, respectively.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events:

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

(12) Other

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

By function	April to June					
	2020			2019		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (NOTE)	125,036	66,249	191,285	114,189	60,307	174,496
Depreciation	15,923	3,019	18,942	17,559	3,184	20,743
Amortization	82	301	383	205	113	318

By function	January to June					
	2020			2019		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (NOTE)	233,650	126,570	360,220	230,588	116,404	346,992
Depreciation	32,897	6,389	39,286	35,614	6,420	42,034
Amortization	168	596	764	348	234	582

NOTE: The Government subsidy related to COVID-19 for the three months and six months ended June 30, 2020, amounted to \$1,249 and \$2,059, respectively, and was recognized in decrease of Employee benefits.

- (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, 2020 were as follows :

(i) Loans extended to other parties :

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of Financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Remarks
					(Note1)	(Note1)	(Note1)						Item	Item			
0	The Company	Emerging Display Technologies Corp., U.S.A.	Other receivable-related parties	Yes	42,964 (USD 1,450,000)	-	-	3.96%	The need for short-term financing	-	Working capital	-	-	-	183,225 (Note 2)	732,899 (Note 2)	(Note 3)

Note1: It used the rate of exchange at June 30, 2020.

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

Note 3: It was eliminated in the consolidation.

(ii) Guarantees provided to other parties: None

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(iii) Securities owned as of June 30, 2020 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	June 30, 2020				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,470,000	17,008	5.25%	17,008	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	12,380	1.56%	12,380	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	897	-	897	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	9,062	0.01%	9,062	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	13,170	-	13,170	-
The Company	E.SUN Financial Holding Co., Ltd.	-	Financial assets at FVOCI – current	70,000	19,460	0.01%	19,460	-
The Company	Far Eastern New Century Corp.	-	Financial assets at FVOCI – current	1,000,000	27,900	0.02%	27,900	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI – current	658,000	27,406	0.04%	27,406	-
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI – current	210,000	13,566	-	13,566	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	13,824	0.01%	13,824	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	441,508	5,386	0.32%	5,386	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	11,256	0.78%	11,256	-
The Company	Becton, Dickinson and Company	-	Financial assets at FVOCI – current	2,000	14,179	0.01%	14,179	-
The Company	Edmond de Rothschild Fund – Europe Convertibles(A)-USD	-	Financial assets at FVTPL – current	8,468.12	23,528	-	23,528	-
The Company	JPMorgan Multiple Income Fund (USD)	-	Financial assets at FVTPL – current	10,053.08	55,199	-	55,199	-
The Company	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at FVTPL – current	3,000,000	32,100	-	32,100	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	12,898	0.90%	12,898	-
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI – current	101,500	773	0.02%	773	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	113,349	3.29%	113,349	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	380,000	8,911	0.62%	8,911	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	73,092	2.12%	73,092	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	74,280	9.38%	74,280	-

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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	699,282	38.13%	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.	428,187	54.50%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	699,282	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.	428,187	100.00%	(Note)

Note: It was eliminated in the consolidation.

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Amount			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 428,187	3.9	-	-	98,562	-	(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			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts receivable	699,282 428,187	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.	37.33% 11.73%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses - Commission Other payable	91 90	No non-related-party transaction to compare to.	- -
0	The Company	EDT-Europe ApS	1	Selling expenses - Commission Other payable	29,187 4,495	No non-related-party transaction to compare to.	1.56% 0.12%

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No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Korea	1	Selling expenses - Commission	1,993	No non-related-party transaction to compare to.	0.11%
0	The Company	EDT-Japan Corp.	1	Selling expenses - Commission	7,292	No non-related-party transaction to compare to.	0.39%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Interest revenue Other receivable	103	Adjust by floating interest rate of Bank of America.	0.01%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	86,388 103,640	No non-related-party transaction to compare to.	4.61% 2.84%

Note: Relationship notes as follows :

- 1) Parent Group to subsidiary

(b) Information on investees :

Relevant information about investees for the six months ended June 30, 2020 was as follows:

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				June 30, 2020	December 31, 2019	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	77,682 (Note 1)	8,792	9,100	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	82,936	(1,180)	(926)	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	2,673	704	704	Subsidiary (Note 2)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	- (Note 3)	(65)	(65)	Subsidiary (Note 2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,217	106	106	Subsidiary (Note 2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	5,160	791	791	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	19,014	(81)	(81)	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	35,459	(144)	(144)	Subsidiary (Note 2)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	44,269	(10)	(5)	Subsidiary (Note 2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,234	(1,180)	(70)	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	12,056	(1,180)	(135)	Subsidiary (Note 2)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Note 1: It was deducted unrealized profit from sales \$19,531.

Note 2: It was eliminated in the consolidation.

Note 3: As at June 30, 2020, Tremendous Explore Corp.'s liquidation is in progress.

(c) Information on investees in Mainland China:

(i) Information on investments in Mainland China :

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2020	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March. 31, 2020	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March. 31, 2020	Accumulated investment income repatriated to Taiwan as of March. 31, 2020
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(1,115)	95.80% (Note2)	loss of \$1,068 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	92,217 (Note4)	-

(ii) Limitation on investments in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2020	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
205,474(Note 8) (US\$6,934,668)(Note 5)	413,390(Note 8) (US\$13,951,732)(Note 6)	1,243,897(Note 7)

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

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

Note 3: The amount includes a loss of \$66 which was recognized by Ying Dar Investment Development Corp. and a loss of \$127 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$5,679 which was invested by Ying Dar Investment Development Corp. and \$10,983 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 \$79,418 for Ying Dar Investment Development Corp. and \$65,130 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at June 30, 2020.

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Notes to consolidated financial statements

(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, 2020.

(d) Major shareholders

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

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

(14) Segment Information

Reportable segment information was as follows :

	April to June, 2020					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 524,624	533,636	-	183	-	1,058,443
Sales among consolidated entities	491,278	45	52,606	19,209	(563,138)	-
Total revenue	\$ 1,015,902	533,681	52,606	19,392	(563,138)	1,058,443
Segment Income	\$ 110,794	16,424	(227)	1,551	(7,080)	121,462

	April to June, 2019					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 708,350	304,131	-	109	-	1,012,590
Sales among consolidated entities	271,636	107	62,444	18,016	(352,203)	-
Total revenue	\$ 979,986	304,238	62,444	18,125	(352,203)	1,012,590
Segment Income	\$ 93,460	2,112	1,127	1,162	(1,134)	96,727

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to June, 2020					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 1,135,809	737,026	-	572	-	1,873,407
Sales among consolidated entities	<u>699,282</u>	<u>91</u>	<u>86,388</u>	<u>38,472</u>	<u>(824,233)</u>	<u>-</u>
Total revenue	<u>\$ 1,835,091</u>	<u>737,117</u>	<u>86,388</u>	<u>39,044</u>	<u>(824,233)</u>	<u>1,873,407</u>
Segment Income	<u>\$ 165,672</u>	<u>11,095</u>	<u>(546)</u>	<u>1,719</u>	<u>(5,656)</u>	<u>172,284</u>

	January to June, 2019					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 1,265,592	637,683	-	296	-	1,903,571
Sales among consolidated entities	<u>583,803</u>	<u>212</u>	<u>107,322</u>	<u>35,796</u>	<u>(727,133)</u>	<u>-</u>
Total revenue	<u>\$ 1,849,395</u>	<u>637,895</u>	<u>107,322</u>	<u>36,092</u>	<u>(727,133)</u>	<u>1,903,571</u>
Segment Income	<u>\$ 157,097</u>	<u>4,622</u>	<u>635</u>	<u>1,617</u>	<u>(4,754)</u>	<u>159,217</u>

	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Segment Assets						
June 30,2020	<u>\$ 3,476,420</u>	<u>550,420</u>	<u>155,241</u>	<u>24,865</u>	<u>(557,842)</u>	<u>3,649,104</u>
December 31,2019	<u>\$ 3,465,228</u>	<u>413,535</u>	<u>162,884</u>	<u>24,805</u>	<u>(429,586)</u>	<u>3,636,866</u>
June 30,2019	<u>\$ 3,200,693</u>	<u>478,549</u>	<u>164,349</u>	<u>22,617</u>	<u>(490,376)</u>	<u>3,375,832</u>
Segment Liabilities						
June 30,2020	<u>\$ 1,782,673</u>	<u>453,751</u>	<u>58,981</u>	<u>15,815</u>	<u>(538,855)</u>	<u>1,772,365</u>
December 31,2019	<u>\$ 1,544,022</u>	<u>324,510</u>	<u>62,618</u>	<u>17,042</u>	<u>(263,307)</u>	<u>1,684,885</u>
June 30,2019	<u>\$ 1,540,872</u>	<u>390,240</u>	<u>64,286</u>	<u>13,665</u>	<u>(478,035)</u>	<u>1,531,028</u>

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Notes to consolidated financial statements

The following is the explanation of material reconciliation item :

- (a) For the three and six months ended June 30, 2020 and 2019, the operating segments revenue eliminated from the consolidated entities were \$563,138, \$352,203, \$824,233 and \$727,133, respectively.
- (b) For the three months and six months ended June 30, 2020 and 2019, the operating segments profit and loss eliminated from the consolidated entities were profit \$7,080, profit \$1,134, profit \$5,656 and profit \$4,754, respectively.
- (c) As of June 30, 2020, December 31, 2019 and June 30, 2019, the operating segments assets eliminated from the consolidated entities were \$557,842, \$429,586 and \$490,376, respectively.
- (d) As of June 30, 2020, December 31, 2019 and June 30, 2019, the operating segments liabilities eliminated from the consolidated entities were \$538,855, \$263,307 and \$478,053, respectively.