

Stock Code : 3038

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the six months ended June 30, 2021 and 2020  
(With Independent Auditors' Review Report Thereon)**

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## Table of contents

<b>Contents</b>	<b>Page</b>
1、Cover page	1
2、Table of contents	2
3、Independent auditors' review report	3
4、Consolidated balance sheets	4
5、Consolidated statements of comprehensive income	5
6、Consolidated statements of changes in equity	6
7、Consolidated statements of cash flows	7
8、Notes to consolidated financial statements	
(1) Organization and business scope	8
(2) Financial statements authorization date and authorization process	8
(3) Application of New and Revised International Financial Reporting Standards and Interpretations	8~9
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimates uncertainty	10
(6) Explanation of significant accounts	10~38
(7) Transactions with Related Parties	38
(8) Pledged assets	39
(9) Commitments and contingencies	39
(10) Losses due to major disaster	39
(11) Significant subsequent events	39
(12) Other	39
(13) Supplementary Disclosure Requirements	
(a) Information on significant transactions	40~41
(b) Information on investees	42
(c) Information on investments in Mainland China	42~43
(d) Major shareholders	43
(14) Segment information	44~45

## **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, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2021 and 2020, and changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$244,409 thousand and \$207,986 thousand, constituting 6.77% and 5.7% of consolidated total assets as of June 30, 2021 and 2020, respectively, total liabilities amounting to \$103,173 thousand and \$74,892 thousand, constituting 6.08% and 4.23% of consolidated total liabilities as of June 30, 2021 and 2020, respectively, and total comprehensive income amounting to loss \$15,232 thousand, loss \$37,368 thousand, loss \$18,500 thousand and loss \$34,609 thousand, constituting 49.20%, 44.40%, 15.13% and 30.45% of consolidated total comprehensive income for the three months and the six months ended June 30, 2021 and 2020, respectively.

**Qualified Conclusion**

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2021 and 2020, and its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 4, 2021

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

**Consolidated Balance Sheets**

**June 30, 2021, December 31, 2020, and June 30, 2020**

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets		June 30 2021		December 31,2020		June 30, 2020		Liabilities and Equity		June 30, 2021		December 31,2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets :</b>								<b>Current liabilities :</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 582,405	16	1,242,331	34	1,196,253	33	2100	Short-term loans (Note 6(m))	\$ 107,774	3	700,000	19	320,000	9
1110	Financial assets at fair value through profit or loss, current (Note 6(b))	94,340	3	58,817	2	110,827	3	2120	Financial liability at fair value through profit or loss (Note 6(b))	153	-	195	-	463	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	523,115	15	159,760	5	177,791	5	2150	Notes payable	218	-	1,234	-	971	-
1170	Accounts receivable, net (Note 6(d) and (v))	809,128	22	589,550	16	664,847	18	2170	Accounts payable	523,666	15	400,068	11	533,885	15
1200	Other receivables (Notes 6(e))	8,409	-	6,090	-	12,695	-	2200	Other payables (Note 6(n))	427,890	12	274,518	8	439,711	12
1220	Income tax assets	11	-	18	-	192	-	2230	Income tax liabilities	18,232	1	51,559	2	41,773	1
130X	Inventories (Note 6(f))	911,940	25	870,501	24	838,765	23	2280	Lease liabilities, current (Notes 6(p))	11,620	-	7,325	-	8,370	-
1470	Other current assets (Notes 6(g) and 8)	82,029	2	83,002	2	28,480	1	2322	Long-term loans, current portion (Notes 6(o) and 8)	-	-	-	-	239,889	7
	<b>Total current assets</b>	<b>3,011,377</b>	<b>83</b>	<b>3,010,069</b>	<b>83</b>	<b>3,029,850</b>	<b>83</b>	2300	Other current liabilities (Notes 6(v))	52,323	1	43,204	1	35,795	1
									<b>Total current liabilities</b>	<b>1,141,876</b>	<b>32</b>	<b>1,478,103</b>	<b>41</b>	<b>1,620,857</b>	<b>45</b>
<b>Non-current assets:</b>								<b>Non-current liabilities :</b>							
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	93,144	3	98,691	3	104,565	3	2540	Long-term loans (Notes 6(o) and 8)	398,116	11	-	-	-	-
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)	324,425	9	331,314	9	339,736	9	2570	Deferred income tax liabilities	213	-	354	-	282	-
1755	Right-of-use assets (Notes 6(j))	82,297	2	67,228	2	69,351	2	2580	Lease liabilities, non-current (Notes 6(p))	73,036	2	61,833	2	62,640	2
1760	Investment property (Notes 6(k))	53,634	2	55,158	2	57,729	2	2640	Net defined benefit liabilities, non-current	83,651	2	87,048	2	87,174	2
1780	Intangible assets (Note 6(l))	3,674	-	4,111	-	4,537	-	2645	Guarantee deposits received	547	-	558	-	580	-
1840	Deferred income tax assets	31,887	1	31,928	1	32,804	1	2670	Other non-current liabilities—other	624	-	728	-	832	-
1915	Prepayments for business facilities	-	-	-	-	2,976	-		<b>Total non-current liabilities</b>	<b>556,187</b>	<b>15</b>	<b>150,521</b>	<b>4</b>	<b>151,508</b>	<b>4</b>
1980	Other non-current financial assets (Notes 6(g) and 8)	11,562	-	10,690	-	7,556	-		<b>Total liabilities</b>	<b>1,698,063</b>	<b>47</b>	<b>1,628,624</b>	<b>45</b>	<b>1,772,365</b>	<b>49</b>
	<b>Total non-current assets</b>	<b>600,623</b>	<b>17</b>	<b>599,120</b>	<b>17</b>	<b>619,254</b>	<b>17</b>		<b>Equity attributable to owners of parent (Note 6(t)) :</b>						
								3100	Capital stock	1,624,076	45	1,624,076	45	1,624,076	44
								3200	Capital surplus	15,423	1	15,423	-	4,397	-
								3300	Retained earnings	513,288	14	591,094	17	500,502	14
								3400	Other equity interest	(103,097)	(3)	(117,815)	(3)	(123,706)	(3)
								3500	Treasury stock	(173,021)	(5)	(173,021)	(5)	(173,021)	(5)
									Total equity attributable to shareholders of the parent	1,876,669	52	1,939,757	54	1,832,248	50
								36XX	<b>Non-controlling interests (Note 6(h))</b>	37,268	1	40,808	1	44,491	1
									<b>Total equity</b>	<b>1,913,937</b>	<b>53</b>	<b>1,980,565</b>	<b>55</b>	<b>1,876,739</b>	<b>51</b>
	<b>Total assets</b>	<b>\$ 3,612,000</b>	<b>100</b>	<b>3,609,189</b>	<b>100</b>	<b>3,649,104</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 3,612,000</b>	<b>100</b>	<b>3,609,189</b>	<b>100</b>	<b>3,649,104</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and the six months ended June 30, 2021 and 2020**  
**(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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue (Note 6(v))</b>	\$ 1,041,617	100	1,058,443	100	1,986,379	100	1,873,407	100
<b>Operating cost (Notes 6(f, r and w) and 12)</b>	867,096	83	798,051	75	1,641,220	83	1,472,278	79
<b>Gross profit</b>	174,521	17	260,392	25	345,159	17	401,129	21
<b>Operating expenses (Notes 6(r and w) 7 and 12) :</b>								
Selling expenses	50,685	5	59,474	6	101,482	5	107,853	6
General and administrative expenses	30,450	3	33,941	3	60,792	3	65,569	3
Research and development expenses	28,044	3	32,198	3	53,418	3	56,885	3
Expected credit impairment loss (Note 6(d))	407	-	128	-	612	-	669	-
<b>Total operating expenses</b>	109,586	11	125,741	12	216,304	11	230,976	12
<b>Net other income and expenses (Note 6(x))</b>	959	-	1,019	-	1,927	-	2,077	-
<b>Net operating income</b>	65,894	6	135,670	13	130,782	6	172,230	9
<b>Non-operating income and expenses (Notes 6(y)) :</b>								
Interest income	341	-	2,583	-	1,082	-	6,808	-
Other income	7,795	1	1,333	-	10,041	1	6,071	-
Other gains and losses	(13,639)	(1)	(15,552)	(1)	(18,697)	(1)	(7,050)	-
Finance costs	(2,336)	-	(2,572)	-	(4,425)	-	(5,775)	-
<b>Total Non-operating income and expenses</b>	(7,839)	-	(14,208)	(1)	(11,999)	-	54	-
<b>Profit (loss) before income tax</b>	58,055	6	121,462	12	118,783	6	172,284	9
<b>Less: Income tax expense (Note 6(s))</b>	(1,580)	-	20,856	2	8,304	-	27,825	1
<b>Profit (Loss)</b>	59,635	6	100,606	10	110,479	6	144,459	8
<b>Other comprehensive income :</b>								
<b>Items that will not be reclassified subsequently to profit or loss</b>								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(23,075)	(2)	(12,897)	(2)	19,891	1	(26,436)	(2)
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	(66)	-	57	-	(141)	-	282	-
	(23,009)	(2)	(12,954)	(2)	20,032	1	(26,718)	(2)
<b>Items that may be reclassified subsequently to profit or loss</b>								
Exchange differences on translation of foreign financial statements	(5,667)	(1)	(3,488)	-	(8,250)	(1)	(4,094)	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	-	-
	(5,667)	(1)	(3,488)	-	(8,250)	(1)	(4,094)	-
<b>Other comprehensive income, net</b>	(28,676)	(3)	(16,442)	(2)	11,782	-	(30,812)	(2)
<b>Comprehensive income</b>	\$ 30,959	3	84,164	8	122,261	6	113,647	6
<b>Profit (loss) attributable to</b>								
Shareholders of the parent	\$ 59,804	6	100,635	10	110,945	6	144,513	8
Non-controlling interests	(169)	-	(29)	-	(466)	-	(54)	-
<b>Net Profit (loss)</b>	\$ 59,635	6	100,606	10	110,479	6	144,459	8

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 Comprehensive Income**

**For the three months and the six months ended June 30, 2021 and 2020**

(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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Comprehensive income attributable to :</b>								
Shareholders of the parent	\$ 36,282	3	102,442	10	125,801	6	129,031	7
Non-controlling interests	(5,323)	-	(18,278)	(2)	(3,540)	-	(15,384)	(1)
<b>Total comprehensive income</b>	<b>\$ 30,959</b>	<b>3</b>	<b>84,164</b>	<b>8</b>	<b>122,261</b>	<b>6</b>	<b>113,647</b>	<b>6</b>
<b>Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :</b>								
Basic earnings per share	<u>\$ 0.40</u>		<u>0.68</u>		<u>0.75</u>		<u>0.97</u>	
Diluted earnings per share	<u>\$ 0.40</u>		<u>0.68</u>		<u>0.74</u>		<u>0.97</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Equity attributable to shareholders of parent										
	Retained earnings					Other equity interest			Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock			
<b>Balance at January 1, 2020</b>	<u>\$ 1,624,076</u>	<u>4,397</u>	<u>57,015</u>	<u>151,307</u>	<u>330,944</u>	<u>(14,111)</u>	<u>(88,501)</u>	<u>(173,021)</u>	<u>1,892,106</u>	<u>59,875</u>	<u>1,951,981</u>
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)	-	-	-	-
<b>Balance as of June 30, 2020</b>	<u>\$ 1,624,076</u>	<u>4,397</u>	<u>82,748</u>	<u>102,612</u>	<u>315,142</u>	<u>(18,094)</u>	<u>(105,612)</u>	<u>(173,021)</u>	<u>1,832,248</u>	<u>44,491</u>	<u>1,876,739</u>
<b>Balance at January 1, 2021</b>	<u>\$ 1,624,076</u>	<u>15,423</u>	<u>82,748</u>	<u>102,612</u>	<u>405,734</u>	<u>(18,296)</u>	<u>(99,519)</u>	<u>(173,021)</u>	<u>1,939,757</u>	<u>40,808</u>	<u>1,980,565</u>
Profit	-	-	-	-	110,945	-	-	-	110,945	(466)	110,479
Other comprehensive income	-	-	-	-	-	(8,054)	22,910	-	14,856	(3,074)	11,782
Total comprehensive income	-	-	-	-	110,945	(8,054)	22,910	-	125,801	(3,540)	122,261
Appropriation and distribution of retained earnings:											
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	138	-	(138)	-	-	-	-
<b>Balance as of June 30, 2021</b>	<u>\$ 1,624,076</u>	<u>15,423</u>	<u>82,748</u>	<u>102,612</u>	<u>327,928</u>	<u>(26,350)</u>	<u>(76,747)</u>	<u>(173,021)</u>	<u>1,876,669</u>	<u>37,268</u>	<u>1,913,937</u>

See accompanying notes to consolidated financial statements.



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in thousands of New Taiwan Dollars)  
**(Reviewed, not audited)**

	For the six months ended June 30	
	2021	2020
<b>Cash flows from (used in) operating activities :</b>		
<b>Profit (Loss) before tax</b>	\$ 118,783	172,284
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit (loss) :</b>		
Depreciation expense	32,537	39,286
Amortization expense	619	764
Expected credit impairment loss	612	669
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(5,430)	3,087
Interest expense	4,425	5,775
Interest income	(1,064)	(6,748)
Dividend income	(9,870)	(2,730)
Gain on disposal of property, plant, equipment	(436)	-
Unrealized foreign exchange loss	1,470	14,458
<b>Total adjustments to reconcile profit</b>	<u>22,863</u>	<u>54,561</u>
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
Increase in accounts receivable	(225,710)	(133,971)
Decrease in other accounts receivable	3,397	332
Increase in inventories	(42,963)	(36,773)
Decrease (increase) in other current assets	(1,388)	30,998
<b>Total net changes in operating assets</b>	<u>(266,664)</u>	<u>(139,414)</u>
Changes in operating liabilities :		
Increase (decrease) in notes payable	(1,016)	664
Increase in accounts payable	126,979	108,371
Decrease in other payable	(34,856)	(27,982)
Increase in other current liabilities	9,208	11,353
Decrease in net defined benefit liability	(3,397)	(1,372)
Decrease in other non-current liabilities	(104)	(104)
<b>Total changes in operating liabilities</b>	<u>96,814</u>	<u>90,930</u>
<b>Total changes in operating assets and liabilities</b>	<u>(169,850)</u>	<u>(48,484)</u>
<b>Total adjustments</b>	<u>(146,987)</u>	<u>6,077</u>
Cash inflow generated from operations	(28,204)	178,361
Interest received	1,379	7,910
Dividends received	3,857	-
Interest paid	(4,719)	(5,521)
Income taxes paid	(41,562)	(42,949)
<b>Net cash flows from (used in) operating activities</b>	<u>(69,249)</u>	<u>137,801</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(339,284)	(101,461)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,338	50,203
Acquisition of financial assets at fair value through profit or loss	(30,135)	(60,350)
Acquisition of property, plant and equipment	(20,887)	(11,880)
Proceeds from disposal of property, plant, equipment	2,941	-
Acquisition of intangible assets	(183)	(1,525)
Acquisition of investment property	-	(900)
Other financial assets	(1,038)	(45)
Increase in prepayments on purchase of equipment	-	(2,976)
<b>Net cash flows from (used in) investing activities</b>	<u>(387,248)</u>	<u>(128,934)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	(592,084)	(80,000)
Increase in long-term loans	400,000	-
Repayments of long-term loans	-	(80,000)
Repayment of lease liabilities	(6,841)	(5,253)
<b>Net cash flows from (used in) financing activities</b>	<u>(198,925)</u>	<u>(165,253)</u>
<b>Effects of changes in foreign exchange rates</b>	<u>(4,504)</u>	<u>(15,613)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(659,926)</u>	<u>(171,999)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,242,331</u>	<u>1,368,252</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 582,405</u>	<u>1,196,253</u>

See accompanying notes to financial statements.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements  
**For the six months ended June 30, 2021 and 2020**  
**(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)**  
**(Reviewed, not audited)**

**(1) Organization and Business Scope**

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 4, 2021.

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

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

### (4) Summary of Significant Accounting Policies

#### (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, 2020. Please refer to Note 4 of 2020 consolidated financial statement for detail information.

#### (b) Basis of consolidation

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

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			June 30,2021	December 31,2019	June 30,2020	
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 2
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Tremendous Explore Corp.	Trading	Note 1	Note 1	100.00%	Note 2
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Note 2
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note 2
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note 2
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note 2

Note1: Tremendous Explore Corp. was liquidated in July, 2020. The related liquidation procedures had been completed.

Note2: Quarterly financial reports are unaudited for non-major subsidiaries.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

### (c) Income tax

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

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

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

### (d) Employee benefit

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2020.

## (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, 2020. Please refer to Note 6 of 2020 consolidated financial statements.

### (a) Cash and cash equivalents

	<u>June 30,2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Cash and cash equivalents	\$ 389	328	378
Demand deposits	573,149	565,624	345,146
Check deposits	14	82	95
Time deposits	8,853	273,962	522,513
Repurchase agreement	-	402,335	328,121
Total	<u>\$ 582,405</u>	<u>1,242,331</u>	<u>1,196,253</u>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

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

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 94,338	58,817	110,827
Forward exchange contract	2	-	-
<b>Total</b>	<b>\$ 94,340</b>	<b>58,817</b>	<b>110,827</b>
	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Current financial liabilities measured at fair value through profit or loss :			
Forward exchange contract	\$ 153	-	-
Swap Contract	-	195	463
	<b>\$ 153</b>	<b>195</b>	<b>463</b>

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

The abovementioned financial assets were not pledged as collateral.

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

Forward exchange contract :

	<b>June 30,2021</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contract			
Sell	USD 1,500	USD to CNY	2021.07.13~2021.08.17
	<b>December 31,2020</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 1,000	NTD to USD	2021.01.07
	<b>June 31,2020</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 2,000	NTD to USD	2020.08.04~2020.08.10

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<u>June 30,2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets -current:			
Innolux Corp.	\$ 23,802	16,174	9,062
Fubon Financial Holding Co., Ltd.	40,645	14,025	13,170
Synnex Technology International Co., Ltd.	45,301	-	27,406
Nan Ya Plastics Corporation	17,472	15,099	13,566
Pegatron Co., Ltd.	14,861	14,537	13,824
CoAsia Electronics Corp.	6,372	5,764	5,386
E.SUN Financial Holding Co., Ltd.	19,877	19,310	19,460
Far Eastern New Century Corp.	32,000	28,950	27,900
Quanta Computer Inc.	61,162	-	-
Shian Yih Electronic Co., Ltd.	32,276	30,637	33,065
AGV Products Corporation	-	1,011	773
Getac Technology Corporation	32,395	-	-
CTBC Financial Holding Co., Ltd.	42,676	-	-
Chicony Electronics Co., Ltd.	24,120	-	-
Lite-On Technology Corp.	35,712	-	-
MEGA FHC	40,603	-	-
Taiwan Cement Corp., Ltd.	40,290	-	-
Total	<u>509,564</u>	<u>145,507</u>	<u>163,612</u>
Common stocks listed on foreign markets – current :			
Becton, Dickinson and Company	13,551	14,253	14,179
Total	<u>\$ 523,115</u>	<u>159,760</u>	<u>177,791</u>
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 21,080	19,566	17,008
Chenfeng Optronics Corp.	71,190	78,260	86,660
Total	<u>92,270</u>	<u>97,826</u>	<u>103,668</u>
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	874	865	897
Total	<u>\$ 93,144</u>	<u>98,691</u>	<u>104,565</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

For the three months and six months ended June 30, 2021 and 2020, the Group has recognized dividend income \$7,710, \$2,730, \$9,870 and \$2,730 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

For the six months ended June 30, 2021 and 2020, the Group with the objective of investment and financial management had sold financial assets at fair value of \$1,338 and \$42,985, and accumulated gain on disposal of investments were \$138 and \$5,612, which had been reclassified from other equity interest to retained earnings, respectively.

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

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$23,802, \$16,174 and \$9,062, respectively.

#### (d) Accounts receivable

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Accounts receivable-measured as amortized cost	\$ 815,349	595,163	684,283
Allowance for impairment	(6,221)	(5,613)	(19,436)
	<b>\$ 809,128</b>	<b>589,550</b>	<b>664,847</b>

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

	<b>June 30,2021</b>		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Current	\$ 647,090	0.12%	745
Overdue less than 90 days	163,189	0.35%	577
Overdue 91~180 days	194	40%	77
Overdue 181~270 days	745	93%	691
Overdue 271 days	4,131	100%	4,131
	<b>\$ 815,349</b>		<b>6,221</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	<b>December 31, 2020</b>		
	<b>Carrying amount of Accounts Receivable</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Current	\$ 495,965	0.12%	574
Overdue less than 90 days	95,060	0.96%	908
Overdue 91~180 days	4,138	100%	4,131
Overdue 181 days	-	-	-
	<b>\$ 595,163</b>		<b>5,613</b>

	<b>June 30, 2020</b>		
	<b>Carrying amount of Accounts Receivable</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Current	\$ 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%	18,771
	<b>\$ 684,283</b>		<b>19,436</b>

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 5,613	18,771
Recognition of impairment loss	612	669
Effect of changes in foreign currency exchange rates	(4)	(4)
Ending balance	<b>\$ 6,221</b>	<b>19,436</b>

The abovementioned financial assets were not pledged as collateral.

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

#### (e) Other receivables

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Loans to employee	\$ 1,814	5,154	8,494
Dividend receivables	6,076	33	2,730
Others	519	903	1,471
Allowance for impairment	-	-	-
	<b>\$ 8,409</b>	<b>6,090</b>	<b>12,695</b>

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



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (f) Inventories

	June 30,2021	December 31,2020	June 30,2020
Raw materials and supplies	\$ 391,794	346,225	300,161
Work in process	326,908	299,441	311,790
Finished goods	186,190	215,535	220,591
Inventories in transit	7,048	9,300	6,223
	<b><u>\$ 911,940</u></b>	<b><u>870,501</u></b>	<b><u>838,765</u></b>

The details of cost of sales are as follows :

	April to June, 2021	April to June, 2020	January to June, 2021	January to June, 2020
Reclassification to cost of sales and expenses	\$ 850,023	779,722	1,609,759	1,431,000
Inventory loss of write-down (gain on reversal of inventory)	1,693	(7,669)	(9,637)	(6,581)
Unamortized manufacturing expenses	3,906	3,410	8,614	9,745
Loss on scrap	11,501	22,619	32,581	38,182
Others	(27)	(31)	(97)	(68)
	<b><u>\$ 867,096</u></b>	<b><u>798,051</u></b>	<b><u>1,641,220</u></b>	<b><u>1,472,278</u></b>

For the three months ended June 30,2021, the Group recognized an inventory valuation loss, accounted for as cost of goods sold, due to the decreasing value from the carrying amount to the net realized value. For the three months ended June 30,2020 and the six months ended June 30, 2021 and 2020, the Group recognized a gain from price recovery of inventory was due to, the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal was recorded as operating costs.

Inventories were not pledged as collaterals.

#### (g) Other current assets

The details of other current assets are as follows :

	June 30,2021	December 31,2020	June 30,2020
Income tax refund receivable	\$ 2,764	1,954	2,063
Prepayment for purchases	50,917	63,725	10,667
Prepaid expense	4,176	6,757	6,372
Prepaid sales tax	18,305	5,496	3,469
Restricted time deposits	2,045	2,051	2,096
Refundable deposits	11,046	10,164	7,009
Others	4,338	3,545	4,360
	<b><u>\$ 93,591</u></b>	<b><u>93,692</u></b>	<b><u>36,036</u></b>
Book as:			
Other current assets	\$ 82,029	83,002	28,480
Other financial assets — non-current	11,562	10,690	7,556
	<b><u>\$ 93,591</u></b>	<b><u>93,692</u></b>	<b><u>36,036</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

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

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

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		June 30,2021	December 31,2020	June 30,2020
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

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

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

	June 30,2021	December 31,2020	June 30,2020
Current asset	\$ 9,941	10,002	10,071
Non-current asset	61,020	67,080	74,280
Current liability	-	(50)	(30)
Net asset	<u>\$ 70,961</u>	<u>77,032</u>	<u>84,321</u>
Non-controlling equity closing book amount	<u>\$ 33,707</u>	<u>36,591</u>	<u>40,053</u>

	April to June, 2021	April to June, 2020	January to June, 2021	January to June, 2020
Operating revenue	\$ -	-	-	-
Net Profit (loss)	\$ 1	2	(11)	(10)
Other comprehensive income	(10,620)	(38,280)	(6,060)	(32,040)
Comprehensive income	<u>\$ (10,619)</u>	<u>(38,278)</u>	<u>(6,071)</u>	<u>(32,050)</u>
Profit (loss) attributable to non-controlling interest	<u>\$ -</u>	<u>1</u>	<u>(6)</u>	<u>(5)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (5,044)</u>	<u>(18,182)</u>	<u>(2,884)</u>	<u>(15,224)</u>

	For the six months ended June 30	
	2021	2020
Cash flow from operating activities	\$ (61)	(30)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	<u>\$ (61)</u>	<u>(30)</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Current asset	\$ 132,336	138,640	146,129
Non-current asset	36,127	15,264	18,516
Current liability	(70,730)	(53,503)	(58,981)
Non-current liability	(12,938)	-	-
Net asset	<u>\$ 84,795</u>	<u>100,401</u>	<u>105,664</u>
Non-controlling equity closing book amount	<u>\$ 3,561</u>	<u>4,217</u>	<u>4,438</u>

	<b>April to June, 2021</b>	<b>April to June, 2020</b>	<b>January to June, 2021</b>	<b>January to June, 2020</b>
Operating revenue	<u>\$ 50,751</u>	<u>52,606</u>	<u>70,834</u>	<u>86,388</u>
Net loss	\$ (4,021)	(724)	(10,951)	(1,180)
Other comprehensive income	(2,620)	(1,572)	(4,655)	(2,631)
Comprehensive income	<u>\$ (6,641)</u>	<u>(2,296)</u>	<u>(15,606)</u>	<u>(3,811)</u>
Loss attributable to non-controlling interest	<u>\$ (169)</u>	<u>(30)</u>	<u>(460)</u>	<u>(49)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (279)</u>	<u>(96)</u>	<u>(656)</u>	<u>(160)</u>

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	\$ 6,546	724
Cash flow from investing activities	(3,789)	(845)
Cash flow from financing activities	(3,381)	(1,942)
Effects of changes in foreign exchange rates	(161)	(258)
Net decrease in cash and cash equivalents	<u>\$ (785)</u>	<u>(2,321)</u>

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

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

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Other</b>	<b>Total</b>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2021	\$ 23,940	1,048,089	2,402,579	28,273	146,461	3,649,342
Additions	-	1,159	2,627	154	17,567	21,507
Reclassification	-	-	4,756	-	(4,756)	-
Disposals	-	(65)	(41,740)	-	(6,809)	(48,614)
Effect of movements in exchange rates	(521)	(1,200)	(3,097)	(214)	(132)	(5,164)
Balance at June 30, 2021	<u>\$ 23,419</u>	<u>1,047,983</u>	<u>2,365,125</u>	<u>28,213</u>	<u>152,331</u>	<u>3,617,071</u>
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>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Depreciation:</b>						
Balance at January 1, 2021	\$ -	817,727	2,355,670	27,246	117,385	3,318,028
Depreciation	-	7,454	9,345	169	7,838	24,806
Disposals	-	(65)	(41,740)	-	(4,304)	(46,109)
Effect of movements in exchange rates	-	(792)	(2,995)	(196)	(96)	(4,079)
Balance at June 30, 2021	<u>\$ -</u>	<u>824,324</u>	<u>2,320,280</u>	<u>27,219</u>	<u>120,823</u>	<u>3,292,646</u>
Balance at January 1, 2020	\$ -	800,136	2,330,684	26,927	95,053	3,252,800
Depreciation	-	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>
<b>Carrying amount:</b>						
Balance at January 1, 2021	<u>\$ 23,940</u>	<u>230,362</u>	<u>46,909</u>	<u>1,027</u>	<u>29,076</u>	<u>331,314</u>
Balance at June 30, 2021	<u>\$ 23,419</u>	<u>223,659</u>	<u>44,845</u>	<u>994</u>	<u>31,508</u>	<u>324,425</u>
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>

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

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

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

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

	Land	Building and construction	Transportation equipment	Total
<b>Right-of-use assets cost:</b>				
Balance at January 1, 2021	\$ 66,409	27,904	326	94,639
Additions	-	22,578	348	22,926
Effect of changes in foreign exchange rates	-	(1,165)	(11)	(1,176)
Balance at June 30, 2021	<u>\$ 66,409</u>	<u>49,317</u>	<u>663</u>	<u>116,389</u>
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Disposals	(817)	-	-	(817)
Effect of changes in foreign 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>
<b>Depreciation:</b>				
Balance at January 1, 2021	\$ 5,482	21,893	36	27,411
Depreciation	1,360	5,903	141	7,404
Effect of changes in foreign exchange rates	-	(721)	(2)	(723)
Balance at June 30, 2021	<u>\$ 6,842</u>	<u>27,075</u>	<u>175</u>	<u>34,092</u>
Balance at January 1, 2020	\$ 2,757	10,857	128	13,742
Depreciation	1,364	5,398	64	6,826
Effect of changes in foreign 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>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	Land	Building and construction	Transportation equipment	Total
<b>Carrying amount:</b>				
Balance at January 1, 2021	\$ 60,927	6,011	290	67,228
Balance at June 30, 2021	<u>\$ 59,567</u>	<u>22,242</u>	<u>488</u>	<u>82,297</u>
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>

#### (k) Investment property

Investment property includes assets owned by the Group such as office buildings leased to third party.

Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(q) for information of the rental income.

Rental income of leased investment property has a fixed amount.

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

	Land	Building and construction	Total
<b>Cost or deemed cost:</b>			
Balance at January 1, 2021	\$ 45,333	15,500	60,833
Effect of changes in foreign exchange rates	(987)	(337)	(1,324)
Balance at June 30, 2021	<u>\$ 44,346</u>	<u>15,163</u>	<u>59,509</u>
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>
<b>Depreciation:</b>			
Balance at January 1, 2021	\$ -	5,675	5,675
Depreciation	-	327	327
Effect of changes in foreign exchange rates	-	(127)	(127)
Balance at June 30, 2021	<u>\$ -</u>	<u>5,875</u>	<u>5,875</u>
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation	-	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>
<b>Carrying amount:</b>			
Balance at January 1, 2021	<u>\$ 45,333</u>	<u>9,825</u>	<u>55,158</u>
Balance at June 30, 2021	<u>\$ 44,346</u>	<u>9,288</u>	<u>53,634</u>
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>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31, 2020.

The investment property was not pledged as collateral.

#### (l) Intangible assets

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

	<u>Patent</u>	<u>Computer software cost</u>	<u>Total amount</u>
<b>Initial cost:</b>			
Balance as of January 1, 2021	\$ 2,888	9,477	12,365
Individual acquisition	157	26	183
Disposals	(108)	-	(108)
Effects of changes in foreign exchange rates	-	(18)	(18)
Balance as of June 30, 2021	<u>\$ 2,937</u>	<u>9,485</u>	<u>12,422</u>
Balance as of January 1, 2020	\$ 3,557	8,018	11,575
Individual acquisition	157	1,368	1,525
Disposals	(965)	-	(965)
Effects of changes in foreign exchange rates	-	(13)	(13)
Balance as of June 30, 2020	<u>\$ 2,749</u>	<u>9,373</u>	<u>12,122</u>
<b>Amortization:</b>			
Balance as of January 1, 2021	\$ 1,433	6,821	8,254
Amortization	129	490	619
Disposals	(108)	-	(108)
Effects of changes in foreign exchange rates	-	(17)	(17)
Balance as of June 30, 2021	<u>\$ 1,454</u>	<u>7,294</u>	<u>8,748</u>
Balance as of January 1, 2020	\$ 2,137	5,661	7,798
Amortization	140	624	764
Disposals	(965)	-	(965)
Effects of changes in foreign exchange rates	-	(12)	(12)
Balance as of June 30, 2020	<u>\$ 1,312</u>	<u>6,273</u>	<u>7,585</u>
<b>Carrying amount:</b>			
Balance as of January 1, 2021	<u>\$ 1,455</u>	<u>2,656</u>	<u>4,111</u>
Balance as of June 30, 2021	<u>\$ 1,483</u>	<u>2,191</u>	<u>3,674</u>
Balance as of January 1, 2020	<u>\$ 1,420</u>	<u>2,357</u>	<u>3,777</u>
Balance as of June 30, 2020	<u>\$ 1,437</u>	<u>3,100</u>	<u>4,537</u>

Intangible assets were not pledged as collateral.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (m) Short-term loans

The details of short-term loans were as follows:

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Unsecured bank loans	<u>\$ 107,774</u>	<u>700,000</u>	<u>320,000</u>
Unused lines of credit	<u>\$ 2,068,945</u>	<u>1,173,097</u>	<u>1,408,327</u>
Range of interest rates	<u>0.80%~1%</u>	<u>0.80%~0.85%</u>	<u>0.80%~0.95%</u>

Short-term loans were not pledged as collateral.

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

#### (n) Other payables

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Salaries and wages payables	\$ 49,263	47,042	43,912
Year-end bonus payables	15,000	68,000	25,000
Employee remuneration payables	21,130	14,683	25,556
Directors' and supervisors' remuneration payables	12,678	8,810	15,333
Employee benefit liabilities	36,022	34,270	33,737
Dividends payable	188,895	-	188,889
Others	<u>104,902</u>	<u>101,713</u>	<u>107,284</u>
	<u>\$ 427,890</u>	<u>274,518</u>	<u>439,711</u>

#### (o) Long-term loans

The details of long-term loans were as follows :

	<b>June 30,2021</b>	<b>December 31,2020</b>	<b>June 30,2020</b>
Commercial paper payable	\$ 400,000	-	-
Secured bank loans	-	-	240,000
Less: discount on long-term loans	<u>(1,884)</u>	<u>-</u>	<u>(111)</u>
Total	<u>\$ 398,116</u>	<u>-</u>	<u>239,889</u>
Recognized in:			
Long-term loans, current portion	\$ -	-	239,889
Long-term loans	<u>398,116</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 398,116</u>	<u>-</u>	<u>239,889</u>
Unused long-term credit lines	<u>\$ 400,000</u>	<u>800,000</u>	<u>240,000</u>
Range of interest rates	<u>1.1543%</u>	<u>-</u>	<u>1.7895%</u>

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 Group will repay the total borrowing upon maturity. The contract had expired and the borrowed amount had been fully repaid in August, 2020.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group signed a 5 year syndicated loan contract with E.SUN bank and six other banks at May 15, 2020, with a revolving credit line of \$800,000 from the first appropriation date to maturity date, wherein \$800,000 can be appropriated by using the bank's own fund and \$600,000 by issuing commercial paper, and the combined credit line should not exceed \$800,000. According to the loan contract, the Group should repay the syndicated loan contract signed on November 17, 2016, before the first appropriation date. Additionally, the date after 9 months when the contract was signed will be considered as the first appropriation date even if the credit line is unused after 9 months. The credit line will decrease every 6 months since 36-month after the first appropriation date with total five year to decrease the credit line. The first to fourth phase will decrease by 12.5% of the effective credit line and the fifth phase will decrease by 50% which will repay the total borrowing upon maturity. The Group borrowed the amount of \$400,000 on February 5, 2021, by issued Commercial paper. Restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan the Group must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Group should improve within nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. But during the said period, the interest rate would increase additional 0.125%. If the special financial ratios cannot meet the requirement, the majority of the banks should resolve if they agree to waive the violation of the financial ratio, Before the decision of most credit banks, the violation of the financial ratio will not be regarded as breach of the contract.

- (i) A minimum current ratio of 100% should be maintained.
  - (ii) A maximum debt ratio of 150% should be maintained.
  - (iii) A minimum times interest earned ratio of 2.5 should be maintained.
  - (iv) Minimum net tangible assets of \$1,400,000 should be maintained.
- Assets pledged as collateral for long-term loans are disclosed in Note 8.

**(p) Lease liabilities**

The details of lease liabilities were as follows :

	<u>June 30,2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Current	<u>\$ 11,620</u>	<u>7,325</u>	<u>8,370</u>
Non-Current	<u>\$ 73,036</u>	<u>61,833</u>	<u>62,640</u>

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

The amounts recognized in profit or loss were as follows :

	<u>April to June,2021</u>	<u>April to June,2020</u>	<u>January to June, 2021</u>	<u>January to June, 2020</u>
Interest on lease liabilities	<u>\$ 802</u>	<u>655</u>	<u>1,485</u>	<u>1,342</u>
Expenses relating to short-term leases	<u>\$ 272</u>	<u>430</u>	<u>814</u>	<u>992</u>



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>60</u>	<u>65</u>	<u>120</u>	<u>123</u>
COVID-19-related rent concessions	\$ <u>-</u>	<u>116</u>	<u>-</u>	<u>1,181</u>

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

	For the six months ended June 30	
	2021	2020
Total cash outflow for leases	\$ <u>9,341</u>	<u>7,486</u>

Please refer to Note 6(p) of 2020 consolidated financial statements for information of the lease.

#### (q) Operating lease

There was no increase for operating lease for the six months ended June 30, 2021 and 2020. Please refer to Note 6(q) of the 2020 consolidated financial statements.

#### (r) Employee benefits

##### (i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end of the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2020 and 2019.

Cost recognized in expense was as below :

	April to June,2021	April to June,2020	January to June, 2021	January to June, 2020
Operating cost	\$ 229	288	459	575
Selling expenses	12	16	24	30
General and administrative expenses	36	44	72	91
Research and development expenses	<u>27</u>	<u>35</u>	<u>54</u>	<u>69</u>
	<u>\$ 304</u>	<u>383</u>	<u>609</u>	<u>765</u>

##### (ii) Defined Contribution Plan

Cost recognized in expense was as below :

	April to June,2021	April to June,2020	January to June, 2021	January to June, 2020
Operating cost	\$ 5,961	4,489	11,737	9,931
Selling expenses	1,471	1,270	2,821	2,570
General and administrative expenses	592	329	1,176	817
Research and development expenses	<u>693</u>	<u>691</u>	<u>1,378</u>	<u>1,374</u>
	<u>\$ 8,717</u>	<u>6,779</u>	<u>17,112</u>	<u>14,692</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (s) Income tax

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

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

	April to June,2021	April to June,2020	January to June, 2021	January to June, 2020
Current tax expense (benefit)				
Current	\$ 5,286	24,255	15,165	31,207
Adjust previous current tax	(6,878)	(3,578)	(6,878)	(3,578)
	(1,592)	20,677	8,287	27,629
Deferred tax expense				
Origination and reversal of temporary differences	12	179	17	196
Income tax expense	<b>\$ (1,580)</b>	<b>20,856</b>	<b>8,304</b>	<b>27,825</b>

For the six months ended June 30,2021 and 2020, 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,2021	April to June,2020	January to June, 2021	January to June, 2020
Items that will not be reclassified subsequently to profit or loss :				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	<b>\$ (66)</b>	<b>57</b>	<b>(141)</b>	<b>282</b>

#### Approval of income tax

The Company's income tax returns for all fiscal years up to 2019 have been examined and approved by the R.O.C. tax authority.

#### (t) Share capital and other equity

The Group had no share capital change for the six months ended June 30, 2021 and 2020 except below statement. Please refer to Note 6(t) of 2020 consolidated financial statements for detail information.

##### (i) Capital Stock

As of June 30, 2021, December 31 and June 30, 2020, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock are 162,408 thousand shares. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 148,613 thousand shares.

##### (ii) Capital surplus

Capital surplus was as follows :

	June 30,2021	December 31,2020	June 30,2020
Treasury stock	\$ 14,950	14,950	4,397
Disorgement	473	473	-
Total	<b>\$ 15,423</b>	<b>15,423</b>	<b>4,397</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iii) Earnings distribution

The appropriations of earnings for 2020 have been approved to distribute cash dividend per share 1.2 in the meeting of the board of directors held on March 10, 2021, which was authorized by company's articles of incorporation; and report to the shareholders' meeting held on July 26, 2021, along with other distribution include Legal reserve \$24,072 and Reversal of special reserve \$15,203 had been approved.

The appropriations of earnings for 2019 had been approved to distribute cash dividend per share 1.2 in the shareholders' meeting held on June 20, 2020.

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	\$ (18,296)	(99,519)	(117,815)
— Changes of the Group	(8,054)	22,910	14,856
— Disposal of investments in equity instrument at FVOCI	-	(138)	(138)
Balance at June 30, 2021	<u>\$ (26,350)</u>	<u>(76,747)</u>	<u>(103,097)</u>
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	<u>\$ (18,094)</u>	<u>(105,612)</u>	<u>(123,706)</u>

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

<b>Reason to buy back</b>	<b>Beginning Shares</b>	<b>Increase shares</b>	<b>Decrease shares</b>	<b>Ending share</b>
<b>January to June, 2021</b>				
Transfer to employees	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>January to June, 2020</b>				
Transfer to employees	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>

As of June 30, 2021, December 31 and June 30, 2020, the costs 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, 2021 and 2020, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of June 30, 2021, December 31 and June 30, 2020, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of June 30, 2021, December 31 and June 30, 2020, their market values amounted to \$191,278, \$169,292 and \$186,441, respectively.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (u) Earnings per share

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

	April to June, 2021	April to June, 2020	January to June, 2021	January to June, 2020
<b>Basic earnings per share</b>				
Profit attributable to owners of parent	<u>59,804</u>	<u>100,635</u>	<u>110,945</u>	<u>144,513</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>148,613</u>
Expressed in New Taiwan dollars	<u>\$ 0.40</u>	<u>0.68</u>	<u>0.75</u>	<u>0.97</u>
<b>Diluted earnings per share</b>				
Profit attributable to owners of parent	<u>59,804</u>	<u>100,635</u>	<u>110,945</u>	<u>144,513</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,613	148,613	148,613	148,613
Effect of potentially dilutive ordinary stock:				
— Employee bonus	144	300	581	834
(expressed in thousands of shares)				
Weighted-average number of ordinary shares-diluted (expressed in thousands of shares)	<u>148,757</u>	<u>148,913</u>	<u>149,194</u>	<u>149,447</u>
Expressed in New Taiwan dollars	<u>\$ 0.40</u>	<u>0.68</u>	<u>0.74</u>	<u>0.97</u>

In computing above basic earnings (loss) per share of ordinary stock for the six months ended June 30, 2021 and 2020, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

#### (v) Revenue from Contracts with Customers

##### (i) Disaggregation of revenue

	April to June 2021				
	Domestic	North America	Other		Total
			operating department		
Primary geographical markets:					
Europe	\$ 590,667	-	482	591,149	
USA	42	206,799	-	206,841	
Others	<u>196,826</u>	<u>46,659</u>	<u>142</u>	<u>243,627</u>	
Total	<u>\$ 787,535</u>	<u>253,458</u>	<u>624</u>	<u>1,041,617</u>	
Major products:					
Liquid crystal display modules	\$ 170,434	109,567	-	280,001	
Capacitive touch panel and capacitive touch panel module	603,484	138,345	-	741,829	
Others	<u>13,617</u>	<u>5,546</u>	<u>624</u>	<u>19,787</u>	
Total	<u>\$ 787,535</u>	<u>253,458</u>	<u>624</u>	<u>1,041,617</u>	

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	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	<b><u>\$ 524,624</u></b>	<b><u>533,636</u></b>	<b><u>183</u></b>	<b><u>1,058,443</u></b>
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	<b><u>\$ 524,624</u></b>	<b><u>533,636</u></b>	<b><u>183</u></b>	<b><u>1,058,443</u></b>
	January to June 2021			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,164,667	-	950	1,165,617
USA	214	377,387	-	377,601
Others	360,887	82,066	208	443,161
Total	<b><u>\$ 1,525,768</u></b>	<b><u>459,453</u></b>	<b><u>1,158</u></b>	<b><u>1,986,379</u></b>
Major products:				
Liquid crystal display modules	\$ 328,453	213,012	-	541,465
Capacitive touch panel and capacitive touch panel module	1,180,885	238,934	-	1,419,819
Others	16,430	7,507	1,158	25,095
Total	<b><u>\$ 1,525,768</u></b>	<b><u>459,453</u></b>	<b><u>1,158</u></b>	<b><u>1,986,379</u></b>
	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	<b><u>\$ 1,135,809</u></b>	<b><u>737,026</u></b>	<b><u>572</u></b>	<b><u>1,873,407</u></b>
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	<b><u>\$ 1,135,809</u></b>	<b><u>737,026</u></b>	<b><u>572</u></b>	<b><u>1,873,407</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(ii) Contract balance

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable (including related parties)	\$ 815,349	595,163	684,283
Less: allowance for impairment	(6,221)	(5,613)	(19,436)
Total	<u>\$ 809,128</u>	<u>589,550</u>	<u>664,847</u>
Contract liability – Unearned revenue (recognized in other current liabilities)	<u>\$ 38,745</u>	<u>33,286</u>	<u>23,664</u>

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

The amount of revenue recognized for the three months and six months ended June 30, 2021 and 2020, that was included in the contract liability balance at the beginning of the period were \$746, \$1,069, \$2,728 and \$2,745 respectively.

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

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

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

	<u>April to June 2021</u>	<u>April to June 2020</u>	<u>January to June 2021</u>	<u>January to June 2020</u>
Employee’s remuneration	<u>\$ 3,137</u>	<u>6,384</u>	<u>6,447</u>	<u>9,194</u>
Directors’ and supervisors’ remuneration	<u>\$ 1,882</u>	<u>3,830</u>	<u>3,868</u>	<u>5,516</u>

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The accrued compensation of employees amounted to \$14,683 and \$16,362 for 2020 and 2019, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$8,810 and \$9,817 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website: <http://emops.twse.com.tw>.

**(x) Other operating income and expenses**

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

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

(i) Interest income

The details of interest income were as follows :

	<b>April to June 2021</b>	<b>April to June 2020</b>	<b>January to June 2021</b>	<b>January to June 2020</b>
Bank deposits	\$ 334	2,553	1,064	6,748
Others	7	30	18	60
	<b>\$ 341</b>	<b>2,583</b>	<b>1,082</b>	<b>6,808</b>

(ii) Other income

The details of other income were as follows :

	<b>April to June 2021</b>	<b>April to June 2020</b>	<b>January to June 2021</b>	<b>January to June 2020</b>
Dividend income	\$ 7,710	2,730	9,870	2,730
Others	85	(1,397)	171	3,341
	<b>\$ 7,795</b>	<b>1,333</b>	<b>10,041</b>	<b>6,071</b>

(iii) Other gains and losses

Details of other gains and losses were as follows :

	<b>April to June 2021</b>	<b>April to June 2020</b>	<b>January to June 2021</b>	<b>January to June 2020</b>
Foreign exchange losses	\$ (15,741)	(20,883)	(23,830)	(2,626)
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	1,926	5,530	4,701	(4,219)
Net gains on disposal of property, plant and equipment	180	-	436	-
Others	(4)	(199)	(4)	(205)
	<b>\$ (13,639)</b>	<b>(15,552)</b>	<b>(18,697)</b>	<b>(7,050)</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iv) Finance cost

Details of finance costs were as follows :

	April to June 2021	April to June 2020	January to June 2021	January to June 2020
Interest expenses				
Bank loans	\$ 1,484	1,854	2,840	4,308
Lease liabilities	802	655	1,485	1,342
Management fee of syndicated loan	50	63	100	125
	<b>\$ 2,336</b>	<b>2,572</b>	<b>4,425</b>	<b>5,775</b>

(z) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(z) of 2020 consolidated financial statements.

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of June 30, 2021 and December 31, 2020, one customer accounted for 36.55% and 45.56% of total accounts receivable. The Group has no significant concentration of its accounts receivable as of June 30, 2020.

3) Accounts receivable of credit risk

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

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

(ii) Liquidity risk

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

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6- 12months	Due in 1- 2 years	Due in 2- 5 years	Due in over 5 years
<b>June 30, 2021</b>							
Non-derivative financial liabilities							
Secured Long-term loans(including long term loans, current portion) (floating rate)	\$ 398,116	(421,252)	(2,315)	(2,290)	(4,617)	(412,030)	-
Unsecured Short-term loans (floating rate)	107,774	(107,850)	(107,850)	-	-	-	-
Accounts payable (non-interest bearing)	523,666	(523,666)	(523,666)	-	-	-	-
Notes payable (non-interest bearing)	218	(218)	(218)	-	-	-	-
Other payable (non-interest bearing)	427,890	(427,890)	(427,890)	-	-	-	-
Lease liability (fixed interest rate)	84,656	(118,539)	(7,823)	(6,890)	(12,588)	(17,406)	(73,832)
Guarantee deposits received (non-interest bearing)	547	(547)	-	-	-	(547)	-



# 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
Derivative financial liabilities							
Forward exchange contract :	153						
Cash in		33,297	33,297	-	-	-	-
Cash out		(33,432)	(33,432)	-	-	-	-
	<b><u>\$1,543,020</u></b>	<b><u>(1,600,097)</u></b>	<b><u>(1,069,897)</u></b>	<b><u>(9,180)</u></b>	<b><u>(17,205)</u></b>	<b><u>(429,983)</u></b>	<b><u>(73,832)</u></b>

### December 31, 2020

Non-derivative financial liabilities							
Unsecured Short-term loans (floating rate)	\$ 700,000	(700,756)	(700,756)	-	-	-	-
Accounts payable (no interest)	400,068	(400,068)	(400,068)	-	-	-	-
Notes payable (no interest)	1,234	(1,234)	(1,234)	-	-	-	-
Other payable (no interest)	274,518	(274,518)	(274,518)	-	-	-	-
Lease liability (fixed interest)	69,158	(102,319)	(5,700)	(3,737)	(5,068)	(11,996)	(75,818)
Guarantee deposits received (no interest)	558	(558)	-	-	-	(558)	-
Derivative financial liabilities							
Swap Contract:	195						
Cash in		28,480	28,480	-	-	-	-
Cash out		(28,703)	(28,703)	-	-	-	-
	<b><u>\$1,445,731</u></b>	<b><u>(1,479,676)</u></b>	<b><u>(1,382,499)</u></b>	<b><u>(3,737)</u></b>	<b><u>(5,068)</u></b>	<b><u>(12,554)</u></b>	<b><u>(75,818)</u></b>

### June 30, 2020

Non-derivative financial liabilities							
Secured Long-term loans							
(including long term loans, current portion) (floating rate)	\$ 239,889	(240,529)	(240,529)	-	-	-	-
Unsecured Short-term 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)	-	-	-	-
	<b><u>\$ 1,606,509</u></b>	<b><u>(1,641,713)</u></b>	<b><u>(1,542,317)</u></b>	<b><u>(4,135)</u></b>	<b><u>(4,992)</u></b>	<b><u>(12,464)</u></b>	<b><u>(77,805)</u></b>

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

### (iii) Market Risk

#### 1) Currency risk

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

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<b>Financial assets</b>									
<b>Monetary items</b>									
USD	\$ 48,105	27.86	1,340,217	62,555	28.48	1,781,570	68,089	29.63	2,017,487
JPY	23,978	0.2521	6,045	52,538	0.2763	14,516	10,341	0.2751	2,845
CNY	742	4.309	3,195	4,021	4.377	17,601	1,863	4.191	7,807
EUR	292	33.15	9,692	75	35.02	2,627	9	33.27	291
<b>Non-monetary items</b>									
USD	2,991	27.86	83,338	2,566	28.48	73,070	3,136	29.63	92,906

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	21,377	27.86	595,577	14,997	28.48	427,119	16,870	29.63	499,854
JPY	19,430	0.2521	4,898	16,437	0.2763	4,541	33,305	0.2751	9,162
EUR	-	-	-	72	35.02	2,534	-	-	-
<u>Non-monetary items</u>									
USD	1,200	27.86	33,432	1,000	28.48	28,480	2,000	29.63	59,260

The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivables, other receivables, financial assets and liabilities at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payables, and other payables. As of June 30, 2021 and 2020, if the exchange rate of the TWD versus the USD, CNY, JPY, and EUR have increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by \$5,319 and \$12,812, respectively, and equity will increase or decrease by \$108 and \$113, respectively. The analysis is performed on the same basis of prior year.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months and the six months ended June 30, 2021 and 2020, foreign exchange gain or loss (including realized and unrealized) amounted to loss \$15,741, loss \$20,883, loss \$23,830 and loss \$2,626, respectively.

### 2) Interest rate analysis

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

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

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

For the six months ended June 30			
2021		2020	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax profit	After-tax profit	After-tax profit	After-tax profit
\$ 508	508	560	560

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 :

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Equity price at reporting date	For the six months ended June 30			
	2021		2020	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	\$ 18,406	2,461	8,385	2,853
Decrease 3%	\$ (18,406)	(2,461)	(8,385)	(2,853)

(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, 2021				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	\$ 94,338	94,338	-	-	94,338
Derivative financial assets-Forward exchange contract	<u>2</u>	-	2	-	2
Subtotal	<u>94,340</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	523,989	523,989	-	-	523,989
Equity instrument at fair value without quoted market prices	<u>92,270</u>	-	-	92,270	92,270
Subtotal	<u>616,259</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	582,405	-	-	-	-
Account receivables	809,128	-	-	-	-
Other account receivables	8,409	-	-	-	-
Restricted deposit	2,045	-	-	-	-
Refundable deposits	<u>11,046</u>	-	-	-	-
(recognized in other assets - noncurrent)					
Subtotal	<u>1,413,033</u>				
<b>Total</b>	<b><u>\$ 2,123,632</u></b>				
<b>Financial liabilities at FVTPL</b>					
Forward exchange contract	\$ 153	-	153	-	153
<b>Financial liabilities at amortized cost</b>					
Bank loans	505,890	-	-	-	-
Notes payable	218	-	-	-	-
Accounts payable	523,666	-	-	-	-
Other payable	427,890	-	-	-	-
Lease liabilities	84,656	-	-	-	-
Guarantee deposits	<u>547</u>	-	-	-	-
Subtotal	<u>1,542,867</u>				
<b>Total financial liabilities</b>	<u>1,543,020</u>				
	December 31, 2020				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	\$ 58,817	58,817	-	-	58,817
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	160,625	160,625	-	-	160,625

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	December 31, 2020				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Equity instrument at fair value without quoted market prices	97,826	-	-	97,826	97,826
Subtotal	258,451				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,242,331	-	-	-	-
Account receivables	589,550	-	-	-	-
Other account receivables	6,090	-	-	-	-
Restricted deposit	2,051	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	10,164	-	-	-	-
Subtotal	1,850,186				
<b>Total</b>	<b>\$ 2,167,454</b>				
<b>Financial liabilities at FVTPL</b>					
Swap contract	\$ 195	-	195	-	195
<b>Financial liabilities at amortized cost</b>					
Bank loans	700,000	-	-	-	-
Notes payable	1,234	-	-	-	-
Accounts payable	400,068	-	-	-	-
Other payable	274,518	-	-	-	-
Lease liabilities	69,158	-	-	-	-
Guarantee deposits	558	-	-	-	-
Subtotal	1,445,536				
<b>Total financial liabilities</b>	<b>\$ 1,445,731</b>				
<b>June 30, 2020</b>					
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	110,827	110,827	-	-	110,827
<b>Financial assets at FVOCI</b>					
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				
<b>Financial assets at amortized cost</b>					
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				
<b>Total</b>	<b>\$ 2,276,083</b>				
<b>Financial liabilities at FVTPL</b>					
Swap Contract	\$ 463	-	463	-	463
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 559,889	-	-	-	-
Notes payable	971	-	-	-	-
Account payable	533,885	-	-	-	-
Other payable	439,711	-	-	-	-
Lease liability	71,010	-	-	-	-
Guarantee deposits received	580	-	-	-	-
Subtotal	1,606,046				
<b>Total</b>	<b>\$ 1,606,509</b>				

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

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

#### 2) Valuation techniques and assumptions 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

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. 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, 2021 and 2020.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
<b>Balance at January 1, 2021</b>	\$ 97,826
Recognized in other comprehensive income	(5,556)
<b>Balance at June 30, 2021</b>	<b>\$ 92,270</b>
<b>Balance at January 1, 2020</b>	\$ 139,872
Recognized in other comprehensive income	(36,204)
<b>Balance at June 30, 2020</b>	<b>\$ 103,668</b>

- 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 :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Continuing growth rate</li> <li>• (as of June 30,2021, December 31,2020 and June 30, 2020 ranged from 0.48%、0.48% and 2.10% respectively)</li> <li>• Weighted average cost of capital (as of June 30, 2021, December 31,2020 and June 30, 2020 ranged from 10.20%、10.52% and 9.47% respectively)</li> <li>• Market illiquidity discount rate (as of June 30,2021, December 31,2020 and June 30 2020 ranged from 59.80%、60.73% and 42.12% respectively)</li> <li>• Non-controlling interests discount rate</li> <li>• (as of June 30,2021, December 31,2020 and June 30, 2020 were 29.87%)</li> </ul>	<ul style="list-style-type: none"> <li>• If the continuing growth rate was higher, the estimated fair value would increase.</li> <li>• If WACC was higher, the estimated fair value would decrease.</li> <li>• If the market illiquidity discount rate was higher, the estimated fair value would decrease.</li> <li>• If the non-controlling interests discount rate was higher, the estimated fair value would decrease.</li> </ul>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	• Net Asset Value	N/A

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

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

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>June 30, 2021</b>			
Continuing growth rate 0.48%	0.1%	\$ 560	560
Weighted average cost of capital 10.20%	0.1%	770	700
Market illiquidity discount rate 59.80%	1%	2,030	2,030
Non-controlling interests discount rate 29.87%	1%	980	1,050
<b>December 31, 2020</b>			
Continuing growth rate 0.48%	0.1%	\$ 700	700
Weighted average cost of capital 10.52%	0.1%	350	350
Market illiquidity discount rate 60.73%	1%	1,960	1,960
Non-controlling interests discount rate 29.87%	1%	1,120	1,120
<b>June 30, 2020</b>			
Continuing growth rate 2.10%	0.1%	\$ 1,330	1,400
Market illiquidity discount rate 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

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

**(aa) Financial risk management**

There was no significant change of the Group’s financial risk management objectives and policy as disclosed in 2020 consolidated report. Please refer to Note 6(aa) of 2020 consolidated financial statements.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (ab) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2020 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2020 consolidated financial statements. Please refer to Note 6(ab) of 2020 consolidated financial statements.

### (ac) Financing activities of non-cash transaction

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

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

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

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

	January 1, 2020	Cash flows	Non-cash changes				June 30, 2020
			Foreign exchange movement	Amortized	Other (Note 2)	Changes in lease payments	
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)	(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 1) Previous prepaid syndicated related expense

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

### (7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	April to June, 2021	April to June, 2020	January to June, 2021	January to June, 2020
Short-term employee benefits	\$ 5,783	7,327	14,602	13,289
Post-employment benefits	107	33	212	207
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 5,890</u>	<u>7,360</u>	<u>14,814</u>	<u>13,496</u>



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (8) Pledged Assets

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

<u>Pledged Assets</u>	<u>Purpose</u>	<u>June 30,2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Restricted time deposits-current	Guarantee for customs	\$ 1,530	1,525	1,549
Restricted time deposits-non-current	Performance guarantee	515	526	547
Property, plant and equipment-buildings	Guarantee for long-term loans	176,212	-	217,210
		<u>\$ 178,257</u>	<u>2,051</u>	<u>219,306</u>

#### (9) Commitments and Contingencies

(a) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$2,283, \$4,422 and \$6,508, respectively.

(b) As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of equipments amounted to \$1,864, \$1,995 and \$5,902, respectively.

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

#### (11) Significant Subsequent Events: None

#### (12) Other

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

By function	For the three months ended June 30					
	2021			2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (Note)	120,770	59,982	180,752	125,036	66,249	191,285
Depreciation	12,715	3,598	16,313	15,923	3,019	18,942
Amortization	68	227	295	82	301	383

By function	For the six months ended June 30					
	2021			2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (Note)	245,988	121,936	367,924	233,650	126,570	360,220
Depreciation	25,491	7,046	32,537	32,897	6,389	39,286
Amortization	142	477	619	168	596	764

Note : The Government subsidy related to COVID-19 for the three months and six months ended June 30, 2021, amounted to \$1,249 and \$2,059, 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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (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, 2021 were as follows :

(i) Loans extended to other parties : None

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of June 30, 2021 (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, 2021				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	21,080	5.25%	21,080	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	10,170	1.47%	10,170	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	874	-	874	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	23,802	0.01%	23,802	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	40,645	-	40,645	-
The Company	E.SUN Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	755,785	19,877	0.01%	19,877	-
The Company	Far Eastern New Century Corp. stock	-	Financial assets at FVOCI – current	1,000,000	32,000	0.02%	32,000	-
The Company	Quanta Computer Inc. stock	-	Financial assets at FVOCI – current	699,000	61,162	0.02%	61,162	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI – current	890,000	45,301	0.05%	45,301	-
The Company	Getac Technology Corporation. stock	-	Financial assets at FVOCI – current	589,000	32,395	0.10%	32,395	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI – current	210,000	17,472	-	17,472	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	14,861	0.01%	14,861	-
The Company	Ctbc financial holding co., ltd. Getac Technology Corporation. stock	-	Financial assets at FVOCI – current	1,880,000	42,676	0.01%	42,676	-
The Company	Chicony electronics co., ltd. stock	-	Financial assets at FVOCI – current	300,000	24,120	0.04%	24,120	-
The Company	Lite-On Technology Corp. stock	-	Financial assets at FVOCI – current	620,000	35,712	0.03%	35,712	-
The Company	MEGA FHC. stock	-	Financial assets at FVOCI – current	1,236,000	40,603	0.01%	40,603	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	790,000	40,290	0.01%	40,290	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	450,338	6,372	0.32%	6,372	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	10,872	0.78%	10,872	-
The Company	Becton, Dickinson and Company. stock	-	Financial assets at FVOCI – current	2,000	13,551	-	13,551	-
The Company	JPMorgan Multiple Income Fund (USD)	-	Financial assets at FVTPL – current	10,053.075	61,430	-	61,430	-
The Company	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at FVTPL – current	2,175,045.00	32,908	-	32,908	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	12,457	0.90%	12,457	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	116,290	3.29%	116,290	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	395,000	8,947	0.65%	8,947	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	74,988	2.12%	74,988	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	61,020	8.83%	61,020	-

Note: It was eliminated in the consolidation

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	412,119	21.27%	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.	259,586	30.28%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	412,119	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.	(259,586)	100.00%	(Note)

Note: It was eliminated in the consolidation.

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 259,586	3.57	-	-	61,225	-	(Note)

Note: It was eliminated in the consolidation.

- (ix) Derivative financial instrument transactions :  
Please refer to note 6(b).

- (x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subject	Amount	Term of trading	
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts payable	412,119 259,586	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.	20.75% 7.19%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses-Commission	21	No non-related-party transaction to compare to.	-
0	The Company	EDT-Europe ApS	1	Selling expenses-Commission Other payable	33,467 5,750	No non-related-party transaction to compare to.	1.68% 0.16%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses-Commission	2,007	No non-related-party transaction to compare to.	0.10%
0	The Company	EDT-Japan Corp.	1	Selling expenses-Commission	6,878	No non-related-party transaction to compare to.	0.35%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	70,834 62,324	No non-related-party transaction to compare to.	3.57% 1.73%

Note : Relationship notes as follows :

- 1) Parent Group to subsidiary.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

Relevant information about investees for the six months ended June 30, 2021 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, 2021	December 31, 2020	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	82,996 (Note1)	936	980	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	66,555	(10,951)	(8,595)	Subsidiary (Note2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	3,572	2,033	2,033	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,499	138	138	Subsidiary (Note2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,322	1,189	1,189	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	19,342	(662)	(662)	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	34,559	(1,260)	(1,260)	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	37,255	(12)	(6)	Subsidiary (Note2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	5,003	(10,951)	(646)	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	9,675	(10,951)	(1,250)	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$8,618.

Note2: It was eliminated in the consolidation.

**(c) Information on investees in Mainland China :**

**(i) Information on investments in Mainland China :**

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of June 30, 2021	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of June 30, 2021	Accumulated investment income repatriated to Taiwan as of June 30, 2021
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(10,764)	95.80% (Note2)	loss of \$10,312 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	72,752 (Note4)	-

**(ii) Limitation on investments in Mainland China :**

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2021	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
193,200 (Note8) (USD6,934,668) (Note5)	388,695 (Note8) (USD13,951,732) (Note6)	1,273,108 (Note7)

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

- 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 \$635 which was recognized by Ying Dar Investment Development Corp. and a loss of \$1,228 which was recognized by Bae Haw Investment Development Corp.
- Note 4 : The amount includes \$4,481 which was invested by Ying Dar Investment Development Corp. and \$8,665 which was invested by Bae Haw Investment Development Corp.
- Note 5 : The amount includes the remaining capital amounting to US\$188 thousands dollars 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 \$81,379 for Ying Dar Investment Development Corp. and \$65,728 for Bae Haw Investment Development Corp.
- Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at June 30, 2021.

(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, 2021.

(d) Major shareholder :

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

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (14) Segment Information

Reportable segment information was as follows :

	April to June, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 787,535	253,458	-	624	-	1,041,617
Sales among consolidated entities	226,806	-	50,751	21,589	(299,146)	-
<b>Total revenue</b>	<b><u>\$ 1,014,341</u></b>	<b><u>253,458</u></b>	<b><u>50,751</u></b>	<b><u>22,213</u></b>	<b><u>(299,146)</u></b>	<b><u>1,041,617</u></b>
<b>Segment Income</b>	<b><u>\$ 72,078</u></b>	<b><u>779</u></b>	<b><u>(4,080)</u></b>	<b><u>2,782</u></b>	<b><u>(13,504)</u></b>	<b><u>58,055</u></b>
	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)	-
<b>Total revenue</b>	<b><u>\$ 1,015,902</u></b>	<b><u>533,681</u></b>	<b><u>52,606</u></b>	<b><u>19,392</u></b>	<b><u>(563,138)</u></b>	<b><u>1,058,443</u></b>
<b>Segment Income</b>	<b><u>\$ 110,794</u></b>	<b><u>16,424</u></b>	<b><u>(227)</u></b>	<b><u>1,551</u></b>	<b><u>(7,080)</u></b>	<b><u>121,462</u></b>
	January to June, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 1,525,768	459,453	-	1,158	-	1,986,379
Sales among consolidated entities	411,745	21	70,834	42,352	(524,952)	-
<b>Total revenue</b>	<b><u>\$ 1,937,513</u></b>	<b><u>459,474</u></b>	<b><u>70,834</u></b>	<b><u>43,510</u></b>	<b><u>(524,952)</u></b>	<b><u>1,986,379</u></b>
<b>Segment Income</b>	<b><u>\$ 131,469</u></b>	<b><u>1,210</u></b>	<b><u>(11,098)</u></b>	<b><u>3,849</u></b>	<b><u>(6,647)</u></b>	<b><u>118,783</u></b>
	January to June, 2020					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 1,135,809	737,026	-	572	-	1,873,407
Sales among consolidated entities	699,282	91	86,388	38,472	(824,233)	-
<b>Total revenue</b>	<b><u>\$ 1,835,091</u></b>	<b><u>737,117</u></b>	<b><u>86,388</u></b>	<b><u>39,044</u></b>	<b><u>(824,233)</u></b>	<b><u>1,873,407</u></b>
<b>Segment Income</b>	<b><u>\$ 165,672</u></b>	<b><u>11,095</u></b>	<b><u>(546)</u></b>	<b><u>1,719</u></b>	<b><u>(5,656)</u></b>	<b><u>172,284</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	<u>Domestic</u>	<u>North America</u>	<u>Mainland China</u>	<u>Other operating Department</u>	<u>Adjustment s and Eliminations</u>	<u>Total</u>
<b>Segment Assets</b>						
June 30,2021	<u>\$ 3,377,948</u>	<u>380,791</u>	<u>159,610</u>	<u>30,897</u>	<u>(337,246)</u>	<u>3,612,000</u>
December 31,2020	<u>\$ 3,441,342</u>	<u>310,291</u>	<u>144,865</u>	<u>31,559</u>	<u>(318,868)</u>	<u>3,609,189</u>
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>
<b>Segment Liabilities</b>						
June 30,2021	<u>\$ 1,634,341</u>	<u>289,325</u>	<u>83,668</u>	<u>19,505</u>	<u>(328,776)</u>	<u>1,698,063</u>
December 31,2020	<u>\$ 1,639,092</u>	<u>217,736</u>	<u>53,503</u>	<u>21,956</u>	<u>(303,663)</u>	<u>1,628,624</u>
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>

The following is the explanation of material reconciliation item :

- (a) For the three and six months ended June 30, 2021 and 2020, the operating segments revenue eliminated from the consolidated entities were \$299,146, \$563,138, \$524,952 and \$824,233, respectively.
- (b) For the three and six months ended June 30, 2021 and 2020, the operating segments profit and loss eliminated from the consolidated entities were \$13,504, \$7,080, \$6,647 and \$5,656, respectively.
- (c) As of June 30, 2021, December 31, 2020 and June 30, 2020, the operating segments assets eliminated from the consolidated entities were \$337,246, \$318,868 and \$557,842, respectively.
- (d) As of June 30, 2021, December 31, 2020 and June 30, 2020 the operating segments liabilities eliminated from the consolidated entities were \$328,776, \$303,663 and \$538,855, respectively.