

**EDISON OPTO CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2020 and 2019**

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

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## Independent Auditors' Review Report

To the Board of Directors of Edison Opto Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and 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 Standard 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 non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$450,394 thousand and \$700,411 thousand, constituting 12.76% and 17.06% of consolidated total assets at March 31, 2020 and 2019, respectively, total liabilities amounting to \$131,253 thousand and \$114,566 thousand, constituting 13.79% and 10.52% of consolidated total liabilities at March 31, 2020 and 2019, respectively, and total comprehensive income(loss) amounting to \$(4,916) thousand and \$35,122 thousand, constituting 19.65% and 67.56% of consolidated total comprehensive income (loss) for the three months ended March 31, 2020 and 2019, respectively.



**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed 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’ report are HENG-SHEN LIN and SHU-CHIH YANG.

KPMG

Taipei, Taiwan (Republic of China)  
May 12, 2020

**Notes to Readers**

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

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

## EDISON OPTO CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

	Assets	March 31, 2020		December 31, 2019		March 31, 2019	
		Amount	%	Amount	%	Amount	%
11xx	Current assets:						
11100	Cash and cash equivalents (note 6(a))	\$ 1,091,957	31	1,000,536	29	1,096,799	27
11170	Accounts and notes receivable, net (note 6(c)(p))	470,720	13	424,706	12	550,275	13
1200	Other receivables	2,397	-	2,793	-	6,039	-
1310	Inventories (note 6(d))	325,596	9	244,714	7	366,395	9
1410	Prepayments	46,046	1	51,791	1	60,973	1
1470	Other current assets (note 8)	80,648	2	198,119	6	151,554	4
	<b>Total current assets</b>	<b>2,017,364</b>	<b>56</b>	<b>1,922,659</b>	<b>55</b>	<b>2,232,035</b>	<b>54</b>
15xx	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	106,124	3	106,631	3	86,625	2
1600	Property, plant and equipment (notes 6(e), 8 and 9)	1,237,840	35	1,244,786	36	1,604,114	39
1755	Right-of-use assets (note 6(f))	50,622	2	54,052	2	64,363	2
1780	Intangible assets (note 6(g))	5,670	-	6,354	-	27,265	1
	Deferred tax assets	61,753	2	61,753	2	61,753	2
1915	Prepayments for business facilities (note 9)	21,239	1	33,836	1	6,173	-
1990	Other non-current assets, others (note 8)	28,005	1	25,130	1	23,201	-
	<b>Total non-current assets</b>	<b>1,511,253</b>	<b>44</b>	<b>1,532,542</b>	<b>45</b>	<b>1,873,494</b>	<b>46</b>
	Liabilities and Equity						
	Current liabilities:						
	Short-term borrowings (note 6(h) and 8)	\$ 364,605	11	283,395	8	391,086	10
	Accounts and notes payable	361,324	10	319,740	9	443,819	11
	Other payables	112,973	3	140,594	4	105,004	3
	Current tax liabilities	12,899	-	12,049	-	15,359	-
	Current lease liabilities (note 6(i))	8,342	-	10,115	-	12,266	-
	Other current liabilities, others	29,485	1	27,243	1	24,122	1
	<b>Total current liabilities</b>	<b>889,628</b>	<b>25</b>	<b>793,136</b>	<b>22</b>	<b>991,656</b>	<b>25</b>
	Non-Current liabilities:						
	Deferred tax liabilities	2,035	-	2,035	-	28,084	1
	Non-current lease liabilities (notes 6(i))	13,094	-	14,200	1	18,560	-
	Other non-current liabilities (notes 6(j)(k))	47,127	2	47,342	2	50,389	1
	<b>Total non-current liabilities</b>	<b>62,256</b>	<b>2</b>	<b>63,577</b>	<b>3</b>	<b>97,033</b>	<b>2</b>
	<b>Total liabilities</b>	<b>951,884</b>	<b>27</b>	<b>856,713</b>	<b>25</b>	<b>1,088,689</b>	<b>27</b>
	Equity attributable to owners of parent (notes 6(m)):						
	Capital stock	1,250,014	35	1,250,014	36	1,250,014	30
	Capital surplus	1,841,558	52	1,841,558	53	1,883,244	46
	Legal reserve	701	-	701	-	-	-
	Special reserve	6,313	-	6,313	-	-	-
	Total unappropriated retained earnings (accumulated deficit)	(297,689)	(8)	(289,754)	(8)	8,843	-
	Exchange differences on translation of foreign financial statements	(211,948)	(6)	(198,918)	(6)	(73,500)	(2)
	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(46,287)	(1)	(45,780)	(1)	(65,541)	(2)
	Other equity, unearned compensation	(16,313)	-	(19,575)	-	-	-
	Treasury shares	(58,877)	(2)	(58,877)	(2)	(93,957)	(2)
	<b>Total equity attributable to owners of parent:</b>	<b>2,467,472</b>	<b>70</b>	<b>2,485,682</b>	<b>72</b>	<b>2,909,103</b>	<b>70</b>
	Non-controlling interests	109,261	3	112,806	3	107,737	3
	<b>Total equity</b>	<b>2,576,733</b>	<b>73</b>	<b>2,598,488</b>	<b>75</b>	<b>3,016,840</b>	<b>73</b>
	<b>Total liabilities and equity</b>	<b>\$ 3,528,617</b>	<b>100</b>	<b>3,455,201</b>	<b>100</b>	<b>4,105,529</b>	<b>100</b>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share)**

		<b>For the three months ended March 31</b>			
		<b>2020</b>		<b>2019</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	Operating revenue (note 6(p))	\$ 496,474	100	652,894	100
5000	Operating costs (notes 6(d)(k))	<u>419,662</u>	<u>85</u>	<u>537,910</u>	<u>82</u>
	Gross profit from operations	<u>76,812</u>	<u>15</u>	<u>114,984</u>	<u>18</u>
	Operating expenses (note 6(e)(f)(g)(i)(k)(n)):				
6100	Selling expenses	27,125	5	26,102	4
6200	Administrative expenses	39,780	8	38,264	6
6300	Research and development expenses	22,337	5	29,937	5
6450	Impairment loss (notes 6(c))	<u>1,897</u>	<u>-</u>	<u>2,148</u>	<u>-</u>
	Total operating expenses	<u>91,139</u>	<u>18</u>	<u>96,451</u>	<u>15</u>
6900	Net operating income (loss)	<u>(14,327)</u>	<u>(3)</u>	<u>18,533</u>	<u>3</u>
	Non-operating income and expenses (note 6(r)):				
7010	Total other income (notes 6(j))	9,309	2	6,070	1
7020	Other gains and losses	(1,006)	-	(6,404)	(2)
7050	Finance costs	<u>(2,576)</u>	<u>(1)</u>	<u>(2,415)</u>	<u>-</u>
	Total non-operating income and expenses	<u>5,727</u>	<u>1</u>	<u>(2,749)</u>	<u>(1)</u>
7900	Profit (loss) from continuing operations before tax	(8,600)	(2)	15,784	2
7950	Less: Income tax expenses (note 6(l))	<u>2,365</u>	<u>-</u>	<u>7,674</u>	<u>1</u>
	Profit (loss)	<u>(10,965)</u>	<u>(2)</u>	<u>8,110</u>	<u>1</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(507)	-	(7,874)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(507)</u>	<u>-</u>	<u>(7,874)</u>	<u>(1)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(13,545)	(3)	51,751	8
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(13,545)</u>	<u>(3)</u>	<u>51,751</u>	<u>8</u>
8300	Other comprehensive income	<u>(14,052)</u>	<u>(3)</u>	<u>43,877</u>	<u>7</u>
8500	Total comprehensive income	<u>\$ (25,017)</u>	<u>(5)</u>	<u>51,987</u>	<u>8</u>
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ (7,935)	(2)	6,022	1
8620	Profit (loss), attributable to non-controlling interests	<u>(3,030)</u>	<u>-</u>	<u>2,088</u>	<u>-</u>
		<u>\$ (10,965)</u>	<u>(2)</u>	<u>8,110</u>	<u>1</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ (21,472)	(4)	47,718	7
8720	Comprehensive income, attributable to non-controlling interests	<u>(3,545)</u>	<u>(1)</u>	<u>4,269</u>	<u>1</u>
		<u>\$ (25,017)</u>	<u>(5)</u>	<u>51,987</u>	<u>8</u>
	Basic earnings per share (note 6(o))				
9750	Basic earnings per share	<u>\$ (0.07)</u>		<u>0.05</u>	
	Diluted earnings per share				
9850	Diluted earnings per share	<u>\$ (0.07)</u>		<u>0.05</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Retained earnings					Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Employees' unrealized reward	Treasury shares	Total equity attributable to owners of parent		
Balance at January 1, 2019	\$ 1,250,014	1,883,244	-	-	7,014	(123,070)	(57,667)	(526)	(93,570)	2,865,439	109,287	2,974,726
Profit	-	-	-	-	6,022	-	-	-	-	6,022	2,088	8,110
Other comprehensive income	-	-	-	-	-	49,570	(7,874)	-	-	41,696	2,181	43,877
Comprehensive income	-	-	-	-	6,022	49,570	(7,874)	-	-	47,718	4,269	51,987
Appropriation and distribution of retained earnings:												
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(387)	(387)	387	-
Share-based payments	-	-	-	-	-	-	-	526	-	526	-	526
Changes in non-controlling interests	-	-	-	-	(4,193)	-	-	-	-	(4,193)	(6,206)	(10,399)
Balance at March 31, 2019	\$ 1,250,014	1,883,244	-	-	8,843	(73,500)	(65,541)	-	(93,957)	2,909,103	107,737	3,016,840
Balance at January 1, 2020	\$ 1,250,014	1,841,558	701	6,313	(289,754)	(198,918)	(45,780)	(19,575)	(58,877)	2,485,682	112,806	2,598,488
Loss	-	-	-	-	(7,935)	-	-	-	-	(7,935)	(3,030)	(10,965)
Other comprehensive income	-	-	-	-	-	(13,030)	(507)	-	-	(13,537)	(515)	(14,052)
Total comprehensive income	-	-	-	-	(7,935)	(13,030)	(507)	-	-	(21,472)	(3,545)	(25,017)
Share-based payments	-	-	-	-	-	-	-	3,262	-	3,262	-	3,262
Balance at March 31, 2020	\$ 1,250,014	1,841,558	701	6,313	(297,689)	(211,948)	(46,287)	(16,313)	(58,877)	2,467,472	109,261	2,576,733

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (8,600)	15,784
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	30,029	43,854
Amortization expense	650	440
Expected credit loss	1,897	2,148
Interest expense	2,576	2,415
Interest income	(5,264)	(4,884)
Share-based payments	3,262	526
Loss on disposal of property, plan and equipment	(218)	229
<b>Total adjustments to reconcile profit (loss)</b>	<b>32,932</b>	<b>44,728</b>
<b>Changes in operating assets and liabilities:</b>		
Accounts and notes receivable	(47,756)	(82,695)
Other receivable	(478)	(1,956)
Inventories	(80,882)	2,823
Prepayments	5,987	11,013
Other current assets	217	(56)
Other operating assets	99	(376)
Accounts and notes payable	41,584	34,699
Other payable	(27,949)	(18,903)
Other current liabilities	2,243	(286)
Net defined benefit liability	204	170
<b>Total changes in operating assets and liabilities</b>	<b>(106,731)</b>	<b>(55,567)</b>
Cash flows from (used in) operations	(82,399)	4,945
Interest received	6,138	4,891
Interest paid	(2,249)	(2,015)
Income taxes	(1,757)	403
<b>Net cash flows from (used in) operating activities</b>	<b>(80,267)</b>	<b>8,224</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(8,782)	(7,643)
Proceeds from disposal of property, plant and equipment	288	299
Increase in refundable deposits	(230)	-
Decrease in refundable deposits	-	610
Increase in other financial assets	112,209	-
Decrease in other financial assets	-	(136,165)
Decrease in restricted deposits	1,662	-
Increase in other non-current assets	(1,006)	-
Decrease in other non-current assets	-	2,760
Increase in prepayments for business facilities	(4,032)	(3,369)
<b>Net cash flows from (used in) investing activities</b>	<b>100,109</b>	<b>(143,508)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	490,621	390,550
Decrease in short-term loans	(412,691)	(239,805)
Decrease in guarantee deposits received	-	10
Payment of lease liabilities	(3,372)	(3,281)
Acquisition of ownership interests in subsidiaries	-	(10,399)
<b>Net cash flows from financing activities</b>	<b>74,558</b>	<b>137,075</b>
Effect of exchange rate changes on cash and cash equivalents	(2,979)	1,600
<b>Net increase in cash and cash equivalents</b>	<b>91,421</b>	<b>3,391</b>
Cash and cash equivalents at beginning of period	1,000,536	1,093,408
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,091,957</b>	<b>1,096,799</b>



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## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

March 31, 2020 and 2019

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

#### (1) Company history

Edison Opto Corporation (the "Company") was approved by the Ministry of Economic Affairs on October 4, 2001 and incorporated in 5F, No.800, Chung-Cheng Rd., Chung-Ho Dist., New Taipei City, Taiwan. The Company's shares were listed on the Taiwan Stock Exchange in November 2000. The company and its subsidiaries (hereinafter referred as Group) are mainly engaged in manufacturing, selling, research and development of LED components and modules.

#### (2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on May 12, 2020.

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

##### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

##### (b) Basis of consolidation

##### (i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1)	Investment	61.80 %	61.80 %	61.80 %	
The Company	Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	5
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	100.00 %	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation (note 3)	Business of opto-electronics	100.00 %	100.00 %	- %	4
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	4
Edison Fund Investment Corporation	Edison Auto Lighting Corporation (note 2)	Business of opto-electronics	51.00 %	51.00 %	- %	4
Edison Fund Investment Corporation	Davinci Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
Edison Fund Investment Corporation	Ledionopto Lighting Inc.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
Ledionopto Lighting Inc.	Led Plus Co., Ltd.	Investment	100.00 %	100.00 %	100.00 %	4
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Led Plus Co., Ltd.	Dong Guan Davinci Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited(note 1)	Investment	0.28 %	0.28 %	0.28 %	

Note 1: The Company and Edison-Litek Opto Corporation Limited held 62.08% of Edison-Litek Opto Corporation Limited in Total.

Note 2: The subsidiary Edison Fund Investment Corporation had gained control of it on September, 2019.

Note 3: The Company has been registered in 2019.

Note 4: The Company is an non-significant subsidiary, its financial statements have not been reviewed.

Note 5: The Company is an non-significant subsidiary at March 31, 2019, its financial statements have not been reviewed.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

(Continued)



## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

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

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019.

Please refer to note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash	\$ 9,936	7,337	8,071
Demand Deposit	886,461	776,127	568,548
Time Deposit	195,560	217,072	520,180
	<u>\$ 1,091,957</u>	<u>1,000,536</u>	<u>1,096,799</u>

(Continued)

# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

	March 31, 2020	December 31, 2019	March 31, 2019
Debt investments at fair value through other comprehensive income			
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ <u>106,124</u>	<u>106,631</u>	<u>86,625</u>

The Group holds 15.39% of common shares of LED Litek Co., Ltd, and the main operating activities of the Company are researching, manufacturing and selling of car lighting module. The Group designated the investments shown above should recognize as fair value through other comprehensive income, because of these investments were intend to hold for long-term strategic purposes.

There were no disposed of investments for the three months ended March 31, 2020 and 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

The above financial assets of the Group were not pledged.

### (c) Notes and accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ 4,649	1,145	11,421
Accounts receivable	474,396	429,988	545,908
Overdue receivable	56,079	56,095	56,241
Less: Loss allowance	<u>(64,404)</u>	<u>(62,522)</u>	<u>(63,295)</u>
	\$ <u>470,720</u>	<u>424,706</u>	<u>550,275</u>

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

	March 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 454,845	0.01%	47
1 to 30 days past due	6,036	3.15%	190
31 to 90 days past due	2,995	6.01%	180
91 to 180 days past due	<u>15,169</u>	<u>52.13%</u>	<u>7,908</u>
	\$ <u>479,045</u>		<u>8,325</u>

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,079</u>	100%	<u>56,079</u>

## December 31, 2019

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 405,311	0.02%	94
1 to 30 days past due	7,345	3.50%	257
31 to 90 days past due	9,915	8.89%	881
91 to 180 days past due	<u>8,562</u>	60.86%	<u>5,195</u>
	<u>\$ 431,133</u>		<u>6,427</u>

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,095</u>	100%	<u>56,095</u>

## March 31, 2019

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 511,454	0%	-
1 to 30 days past due	22,854	5.16%	1,180
31 to 90 days past due	15,695	10.54%	1,654
91 to 180 days past due	<u>7,326</u>	57.62%	<u>4,220</u>
	<u>\$ 557,329</u>		<u>7,054</u>

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,241</u>	100%	<u>56,241</u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Movements of the loss allowance for notes and accounts receivable were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 62,522	61,054
Impairment losses recognized	1,897	2,148
Foreign exchange losses (gains)	(15)	93
Balance at March 31	<u><u>\$ 64,404</u></u>	<u><u>63,295</u></u>

Note and account receivables of the Group were not pledged.

(d) Inventories

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Raw materials	\$ 123,421	84,934	128,220
Supplies	3,591	3,131	4,419
Work in progress	71,106	69,318	90,389
Finished goods	<u>127,478</u>	<u>87,331</u>	<u>143,367</u>
	<u><u>\$ 325,596</u></u>	<u><u>244,714</u></u>	<u><u>366,395</u></u>

The details of the cost of sales were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Inventory that has been sold	\$ 415,427	512,983
Write-down of inventories	611	7,429
Unallocated production overheads	<u>3,624</u>	<u>17,498</u>
	<u><u>\$ 419,662</u></u>	<u><u>537,910</u></u>

The Group did not provide any inventories as collateral for its loans.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended March 31, 2020 and 2019, were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost or decked cost:						
Balance at January 1, 2020	\$ 260,051	803,349	1,367,864	38,611	214,443	2,684,318
Additions	-	1,738	7,044	-	-	8,782
Disposal	-	-	(390)	-	(430)	(820)
Reclassify	-	3,660	12,991	-	-	16,651
Effect of movements in exchange rates	-	(4,373)	(7,831)	(269)	(1,337)	(13,810)
Balance at March 31, 2020	<u>\$ 260,051</u>	<u>804,374</u>	<u>1,379,678</u>	<u>38,342</u>	<u>212,676</u>	<u>2,695,121</u>
Balance at January 1, 2019	\$ 260,051	827,817	1,406,584	46,024	232,182	2,772,658
Additions	-	872	3,736	601	1,597	6,806
Disposal	-	(1,329)	-	(6,395)	(20,292)	(28,016)
Reclassify	-	-	534	-	2,854	3,388
Effect of movements in exchange rates	-	13,937	24,845	894	4,344	44,020
Balance at March 31, 2019	<u>\$ 260,051</u>	<u>841,297</u>	<u>1,435,699</u>	<u>41,124</u>	<u>220,685</u>	<u>2,798,856</u>
Depreciation and impairments loss:						
Balance at January 1, 2020	\$ -	208,227	1,138,279	27,468	65,558	1,439,532
Depreciation	-	5,926	15,914	1,088	3,453	26,381
Disposal	-	-	(405)	-	(345)	(750)
Effect of movements in exchange rates	-	(993)	(6,090)	(188)	(611)	(7,882)
Balance at March 31, 2020	<u>\$ -</u>	<u>213,160</u>	<u>1,147,698</u>	<u>28,368</u>	<u>68,055</u>	<u>1,457,281</u>
Balance at January 1, 2019	\$ -	190,327	865,467	30,463	78,349	1,164,606
Depreciation	-	6,227	29,219	1,070	3,899	40,415
Disposal	-	(1,329)	-	(6,038)	(20,121)	(27,488)
Effect of movements in exchange rates	-	2,344	12,612	525	1,728	17,209
Balance at March 31, 2019	<u>\$ -</u>	<u>197,569</u>	<u>907,298</u>	<u>26,020</u>	<u>63,855</u>	<u>1,194,742</u>
Carrying amounts:						
Balance at January 1, 2020	\$ 260,051	595,122	229,585	11,143	148,885	1,244,786
Balance at March 31, 2020	<u>\$ 260,051</u>	<u>591,214</u>	<u>231,980</u>	<u>9,974</u>	<u>144,621</u>	<u>1,237,840</u>
Balance at January 1, 2019	\$ 260,051	637,490	541,117	15,561	153,833	1,608,052
Balance at March 31, 2019	<u>\$ 260,051</u>	<u>643,728</u>	<u>528,401</u>	<u>15,104</u>	<u>156,830</u>	<u>1,604,114</u>

Some of the property, plant and equipment that belongs to the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery equipment</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost:</b>					
Balance at January 1, 2020	\$ 31,948	31,091	173	4,659	67,871
Additions	-	-	-	579	579
Effect of changes in foreign exchange rates	(232)	(214)	(1)	-	(447)
Balance at March 31, 2020	<u>\$ 31,716</u>	<u>30,877</u>	<u>172</u>	<u>5,238</u>	<u>68,003</u>
Balance at January 1, 2019	33,280	33,273	779	-	67,332
Additions	-	739	-	-	739
Disposals	-	(1,111)	-	-	(1,111)
Effect of changes in foreign exchange rates	755	(47)	4	-	712
Balance at March 31, 2019	<u>\$ 34,035</u>	<u>32,854</u>	<u>783</u>	<u>-</u>	<u>67,672</u>
<b>Accumulated depreciation:</b>					
Balance at January 1, 2020	\$ 842	12,208	112	657	13,819
Depreciation	209	3,050	27	362	3,648
Effect of changes in foreign exchange rates	(6)	(79)	(1)	-	(86)
Balance at March 31, 2020	<u>\$ 1,045</u>	<u>15,179</u>	<u>138</u>	<u>1,019</u>	<u>17,381</u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation	9	3,359	71	-	3,439
Disposal	-	(130)	-	-	(130)
Balance at March 31, 2019	<u>\$ 9</u>	<u>3,229</u>	<u>71</u>	<u>-</u>	<u>3,309</u>
<b>Carrying amount:</b>					
Balance at January 1, 2020	<u>\$ 31,106</u>	<u>18,883</u>	<u>61</u>	<u>4,002</u>	<u>54,052</u>
Balance at March 31, 2020	<u>\$ 30,671</u>	<u>15,698</u>	<u>34</u>	<u>4,219</u>	<u>50,622</u>
Balance at January 1, 2019	<u>\$ 33,280</u>	<u>33,273</u>	<u>779</u>	<u>-</u>	<u>67,332</u>
Balance at March 31, 2019	<u>\$ 34,026</u>	<u>29,625</u>	<u>712</u>	<u>-</u>	<u>64,363</u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended March 31, 2020 and 2019 were as follows:

	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2020	\$ -	6,354	6,354
Balance at March 31, 2020	\$ -	5,670	5,670
Balance at January 1, 2019	\$ 25,086	2,598	27,684
Balance at March 31, 2019	\$ 25,086	2,179	27,265

As of March 31, 2020 and 2019, the intangible assets of the Group were not pledged.

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Secured bank loans	\$ 71,367	126,455	200,806
Unsecured bank loans	293,238	156,940	190,280
Total	\$ 364,605	283,395	391,086
Unused short-term credit lines	\$ 1,406,086	1,491,747	1,371,106
Range of interest rates	1.05%~3.05%	1.07%~2.96%	1.15%~3.44%

For the collateral for short-term borrowings, please refer to note 8.

(i) Lease liability

The carrying value of the lease liabilities were as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current	\$ 8,342	10,115	12,266
Non-current	\$ 13,094	14,200	18,560

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss was as follows:

	For the three months ended March 31,	
	2020	2019
Interest on lease liabilities	\$ <u>773</u>	<u>429</u>
Expenses relating to short-term leases	\$ <u>265</u>	<u>1,002</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>44</u>	<u>280</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31,	
	2020	2019
Total cash outflow for leases	\$ <u>4,454</u>	<u>4,992</u>

(i) Real estate leases

The Group leases building for its employee dormitories and plant offices. The lease terms ranged for a period of 1 to 2 years and 2 to 5 years for employee dormitories and plant offices, respectively. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period cannot be accounted for as lease liabilities.

(ii) Other leases

The Group leases machinery and vehicle, with lease terms ranging for a period of 4 to 5 years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period would not be accounted for as lease liabilities.

Some buildings leased by the Group have a term with no more than a year are considered as short-term leases. Therefore, the Group decided to apply the exemption for recognition to recognize its right of use assets and lease liabilities.

(j) Deferred income

The agreement between Yangzhou Edison Opto Corporation and Yangzhou Land And Resources Bureau entitled right of land use of Yangzhou Economic Development Zone, from December, 2006 to December, 2056. The right of land use of CNY9,788 thousand is subsidized by the Administrative Commission of Yangzhou Economic Development Zone, generating the long-term deferred revenue of CNY9,393 thousand recognized under other non-current liabilities and is amortized for 50 years to recognize revenue. As of March 31, 2020, December and March 31, 2019, the amount of unamortized deferred revenue was \$29,431, \$29,851 and \$32,662, respectively.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

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

		<b>For the three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
Operating cost	\$	104	105
Operating expenses		<u>145</u>	<u>103</u>
	\$	<u><u>249</u></u>	<u><u>208</u></u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2020 and 2019 were as follows:

		<b>For the three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
Operating cost	\$	2,060	3,544
Operating expenses		<u>1,512</u>	<u>2,113</u>
	\$	<u><u>3,572</u></u>	<u><u>5,657</u></u>

(l) Income taxes

(i) The components of income tax for the three months ended March 31, 2020 and 2019 were as follows:

		<b>For the three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
Current tax expense			
Current period	\$	2,365	7,674
Adjustment for prior periods		-	-
Income tax expense	\$	<u><u>2,365</u></u>	<u><u>7,674</u></u>

(ii) Assessment of tax

The Company's tax returns for the years through 2017 were assessed by the Taipei National Tax Administration.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2020 and 2019. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2019.

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Share capital	\$ 1,738,499	1,738,499	1,789,185
Employee share options	72,142	72,142	72,142
Restricted stock	30,917	30,917	21,917
	<u><u>\$ 1,841,558</u></u>	<u><u>1,841,558</u></u>	<u><u>1,883,244</u></u>

A resolution was decided during the board of directors' meeting held on March 3, 2020 to distribute the cash dividend of \$12,300, which will be submitted in the general meeting of the shareholders for approval. Each share could receive a cash dividend of \$0.10081853 from capital reserve. On June 18, 2019, the Company's shareholders approved to distribute the cash dividend of \$36,000 by capital surplus. Each share could receive a cash dividend of \$0.2999 from capital reserve.

(ii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company is coordinated with the share capital, financial structure, operating status, future development plan, fund requirements, competitions, shareholders' benefits, etc. by distributing no less than 60% of the distributable earnings every year. Nonetheless, when the distributable earnings are lower than 20% of the common stock outstanding, no distribution shall be made during the year. Dividends may be distributed either by cash or by share. However, if the dividends are to be distributed in cash, it shall be no less than 10% of the total dividends issued.

1) Legal reserve

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

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

#### 3) Earnings distribution

The board of directors approved a resolution to cover the deficit on March 3, 2020, so there were no earnings distributed for 2019. A resolution was approved during the shareholders' meeting on June 18, 2019 to reclassify the distributable earnings of the Company to legal reserve and special reserve. Therefore, there were no earnings distributed for 2018.

#### (iii) Treasury shares

- 1) In the fourth quarter of 2018, under section 28(2) of the Securities and Exchange Act, the Company repurchased 3,000 thousand shares as treasury shares in order to motivate employees. As of March 31, 2019, 5,000 thousand shares of treasury shares had not been sold.
- 2) The Company has decided to retire 2,000 thousand treasury shares via the Board Meeting in May 2019. The amount was \$34,836, and the related registration procedures were completed. As of March 31, 2020, 3,000 thousand shares of treasury shares had not been sold.
- 3) The board of directors agreed to purchase 3,000 thousand treasury shares to maintain the credit of the Company and shareholders' benefits via the general meeting held on March 31, 2020.
- 4) Ledionopto Lighting Inc., sub-subsidiary of the Company, held 500 thousand shares of the Company's treasury share. As of March 31, 2020, all treasury shares were not sold and the market price on March 31, 2020, December and March 31, 2019 was 9.05, 13.25 and 14.30 per share, respectively.
- 5) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholder rights are not entitled before the transfer.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to March 31, 2020 and 2019. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2019.

(i) Restricted stocks

Details of the restricted stock of the Company are as follows:

	For the three months ended March 31,	
	2020	2019
Outstanding at January 1 (number)	\$ 2,000	263
Granted during the year (number)	-	-
Forfeited during the year (number)	-	-
Outstanding at March 31 (number)	<u>\$ 2,000</u>	<u>263</u>

(ii) Expense recognized in profit or loss

The Group incurred expenses of share-based arrangements as follows:

	For the three months ended March 31,	
	2020	2019
Expenses resulting from restricted stocks	<u>\$ 3,262</u>	<u>526</u>

(o) Earnings (loss) per share

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

	For the three months ended March 31,	
	2020	2019
<b>Basic earnings per share</b>		
Profit/(loss) of the Company for the year	<u>\$ (7,935)</u>	<u>6,022</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>120,001</u>	<u>119,738</u>
Basic earnings(loss) per share	<u>\$ (0.07)</u>	<u>0.05</u>
<b>Diluted earnings per share</b>		
Profit (loss) of the Company for the year	<u>\$ (7,935)</u>	<u>6,022</u>
Weighted average number of ordinary shares (in thousands of shares)	120,001	119,738
Effect of employee share bonus (in thousands of shares)	-	25
Weighted average number of ordinary shares (in thousands of shares)	<u>120,001</u>	<u>119,763</u>
Diluted earnings (loss) per share	<u>\$ (0.07)</u>	<u>0.05</u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Revenue from contracts with customers

(i) Revenue detail

For the three months ended March 31,							
2020							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 5,308	60,089	60,684	9,069	-	909	136,059
America and Europe	39,813	-	-	1,976	91,982	18,446	152,217
Taiwan	19,653	-	-	-	-	29	19,682
Africa	110,298	-	-	-	-	3,936	114,234
Others	73,133	-	115	18	887	129	74,282
	<u>\$ 248,205</u>	<u>60,089</u>	<u>60,799</u>	<u>11,063</u>	<u>92,869</u>	<u>23,449</u>	<u>496,474</u>
Major product:							
LED transmitter component	\$ 5,011	32,329	-	-	-	-	37,340
LED lighting component	70,377	27,435	53,294	-	-	4,916	156,022
LED lighting module and product	171,387	-	191	-	-	18,095	189,673
Automotive LED lighting module	-	-	-	11,058	92,869	-	103,927
Others	1,430	325	7,314	5	-	438	9,512
	<u>\$ 248,205</u>	<u>60,089</u>	<u>60,799</u>	<u>11,063</u>	<u>92,869</u>	<u>23,449</u>	<u>496,474</u>
For the three months ended March 31,							
2019							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 6,491	72,177	69,814	4,645	-	-	153,127
America and Europe	92,219	-	-	268	211,152	22,575	326,214
Taiwan	21,541	-	-	-	-	-	21,541
Africa	23,689	-	-	-	-	1,660	25,349
Others	126,088	92	72	2	409	-	126,663
	<u>\$ 270,028</u>	<u>72,269</u>	<u>69,886</u>	<u>4,915</u>	<u>211,561</u>	<u>24,235</u>	<u>652,894</u>
Major product:							
LED transmitter component	\$ 4,566	38,939	-	-	-	-	43,505
LED lighting component	160,178	4,308	60,561	-	-	7,598	232,645
LED lighting module and product	101,296	28,948	3,973	-	-	16,537	150,754
Automotive LED lighting module	-	-	-	3,370	211,561	-	214,931
Others	3,988	74	5,352	1,545	-	100	11,059
	<u>\$ 270,028</u>	<u>72,269</u>	<u>69,886</u>	<u>4,915</u>	<u>211,561</u>	<u>24,235</u>	<u>652,894</u>

(Continued)

# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019
Note receivables	\$ 4,649	1,145	11,421
Accounts receivables	474,396	429,988	545,908
Less: Loss allowance	(8,325)	(6,427)	(7,054)
Total	<u>\$ 470,720</u>	<u>424,706</u>	<u>550,275</u>

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

### (q) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 5%~15% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months ended March 31, 2020, the Company has suffered in loss so there is no estimated employee and directors' remuneration. For the three months ended March 31, 2019, the employee compensation and directors' remuneration were \$315 and \$63, respectively.

The Company has suffered in loss so there is no estimated employee and directors' remuneration in 2019. In 2018, the employee compensation and directors' remuneration were \$539 and \$108 respectively and there is no difference between the actual amount and the estimated amount. Related information would be available at the Market Observation Post System website.

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

#### (i) Other income

The details of net other income were as follows:

	For the three months ended March 31,	
	2020	2019
Interest income	\$ 5,264	4,884
Others	4,045	1,186
	<u>\$ 9,309</u>	<u>6,070</u>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net gains (losses) on disposal of Property, plant, and equipment	\$ 218	(229)
Net gains(losses) on foreign exchange	860	(7,114)
Others	(2,084)	939
	<u>\$ (1,006)</u>	<u>(6,404)</u>

(iii) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Interest expenses	\$ <u>2,576</u>	<u>2,415</u>

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note6(v) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Accounts receivable were due from many customers. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer's financial situation. Otherwise, the customer will have to provide bank guarantees or collaterals.

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**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Receivable

For credit risk exposure of note and trade receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2019.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2020</b>							
Non-derivative financial liabilities							
Secured loans	\$ 71,367	(71,561)	(71,561)	-	-	-	-
Unsecured loans	293,238	(293,437)	(293,437)	-	-	-	-
Lease liabilities	21,436	(25,369)	(6,704)	(3,828)	(7,640)	(7,197)	-
Notes payable and accounts payable	360,655	(360,655)	(360,655)	-	-	-	-
Other payable	112,973	(112,973)	(112,973)	-	-	-	-
	<u>\$ 859,669</u>	<u>(863,995)</u>	<u>(845,330)</u>	<u>(3,828)</u>	<u>(7,640)</u>	<u>(7,197)</u>	<u>-</u>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Secured loans	\$ 126,455	(126,860)	(126,860)	-	-	-	-
Unsecured loans	156,940	(157,035)	(157,035)	-	-	-	-
Lease liabilities	24,135	(28,914)	(8,076)	(4,480)	(7,463)	(8,895)	-
Notes payable and accounts payable	319,740	(319,740)	(319,740)	-	-	-	-
Other payable	140,594	(140,594)	(140,594)	-	-	-	-
	<u>\$ 767,864</u>	<u>(773,143)</u>	<u>(752,305)</u>	<u>(4,480)</u>	<u>(7,463)</u>	<u>(8,895)</u>	<u>-</u>
<b>March 31, 2019</b>							
Non-derivative financial liabilities							
Secured loans	\$ 200,806	(204,960)	(204,960)	-	-	-	-
Unsecured loans	190,280	(191,080)	(191,080)	-	-	-	-
Lease liabilities	30,826	(30,826)	(5,923)	(6,343)	(5,183)	(13,377)	-
Notes payable and accounts payable	443,819	(443,819)	(443,819)	-	-	-	-
Other payable	105,004	(105,004)	(105,004)	-	-	-	-
	<u>\$ 970,735</u>	<u>(975,689)</u>	<u>(950,786)</u>	<u>(6,343)</u>	<u>(5,183)</u>	<u>(13,377)</u>	<u>-</u>

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2020			December 31, 2019			March 31, 2019			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	11,641 USD/TWD=	30.2250	351,849	11,106 USD/TWD=	29.9800	332,958	8,949 USD/TWD=	30.8200	275,808
USD		6,842 USD/CNY=	7.0851	206,737	8,380 USD/CNY=	6.9762	251,154	18,043 USD/CNY=	6.7335	556,043
CNY		29,631 CNY/TWD=	4.2647	126,367	36,288 CNY/TWD=	4.2961	155,988	20,022 CNY/TWD=	4.5768	91,636
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		15,211 USD/TWD=	30.2250	459,752	12,455 USD/TWD=	29.9800	373,401	11,023 USD/TWD=	30.8200	339,729
USD		2,301 USD/CNY=	7.0851	69,527	799 USD/CNY=	6.9762	23,947	6,385 USD/CNY=	6.7335	196,771
CNY		2,227 CNY/TWD=	4.2647	9,497	3,574 CNY/TWD=	4.2961	15,354	3,639 CNY/TWD=	4.5768	16,665

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 5% of the TWD against the USD and CNY as at March 31, 2020 and 2019 would have increased (decreased) the equity by \$7,309 and \$18,516 due to cash flow hedges. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

3) Foreign exchange gain and loss on monetary items

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$860 and \$(7,114), respectively.

(Continued)

# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iv) Fair value of financial instruments

- 1) The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

March 31, 2020				
Book Value	Fair Value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	\$ <u>106,124</u>	<u>-</u>	<u>-</u>	<u>106,124</u>
December 31, 2019				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	\$ <u>106,631</u>	<u>-</u>	<u>-</u>	<u>106,631</u>
March 31, 2019				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	\$ <u>86,625</u>	<u>-</u>	<u>-</u>	<u>86,625</u>

### 2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2020	\$ 106,631
Total gains and losses recognized:	
In other comprehensive income	(507)
March 31, 2020	\$ <u>106,124</u>
January 1, 2019	\$ 94,499
Total gains and losses recognized:	
In other comprehensive income	(7,874)
March 31, 2019	\$ <u>86,625</u>

(Continued)



# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the years ended March 31, 2020 and 2019, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended March 31,	
	2020	2019
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (507)	(7,874)

- 3) 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 profit or loss – debt investments” and “fair value through other comprehensive income (available-for-sale financial assets) – equity investments”.

Most fair values in Level 3 include one significant unobservable input, and the fair values of investments in equity instrument without active market consist of multiple significant unobservable inputs. Therefore, significant unobservable inputs of investments in equity instrument without active market are independent with no inter-relationship.

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	Market comparable companies	<ul style="list-style-type: none"> <li>Assets multiple (1.45% and 1.32% on March 31, 2020 and 2019, respectively)</li> <li>Discount for lack of marketability (25% on March 31, 2020 and 2019)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the assets multiple, the higher the fair value</li> <li>The higher the discount for lack of marketability, the lower the fair value</li> </ul>

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 4) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Consolidated Company is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

	Input	Change	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
<b>March 31, 2020</b>				
Financial assets fair value through other comprehensive income	1.45	1%	1,061	(1,061)
<b>March 31, 2019</b>				
Financial assets fair value through other comprehensive income	1.32	1%	630	(630)

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

- (t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(w) of the consolidated financial statements for the year ended December 31, 2019.

- (u) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2019 for further details.

- (v) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended March 31, 2020 and 2019, were as follows:

	January 1, 2020	Cash Flows	Non-cash changes Foreign exchange movement	March 31, 2020
Short-term borrowings	\$ 283,395	77,930	3,280	364,605
Total liabilities from financing activities	<u>\$ 283,395</u>	<u>77,930</u>	<u>3,280</u>	<u>364,605</u>

(Continued)

# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	January 1, 2019	Cash Flows	Non-cash changes Foreign exchange movement	March 31, 2019
Short-term borrowings	\$ 239,145	150,745	1,196	391,086
Total liabilities from financing activities	<u>\$ 239,145</u>	<u>150,745</u>	<u>1,196</u>	<u>391,086</u>

### (7) Related-party transactions:

#### (a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Wu, Pei-Chun	First degree kinship of the Company's chairman
Wu, Chien-Jung	The Company's chairman

#### (b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2020	2019
Short-term employee benefits	\$ 13,484	13,438
Share-based payments (reversed)	-	158
	<u>\$ 13,484</u>	<u>13,596</u>

Please refer to note 6(n) for further explanations related to share-based payment transactions.

#### (c) Significant transactions with related parties

(i) The acquisitions of shares from related parties by March 31, 2019 are summarized as follows:

	Number of shares	Company	Price of acquisition
Other related parties	336 thousand of shares	LedionOpto Lighting Inc.	<u>\$ 3,695</u>

Price per share from related parties, which is similar to one from non-related parties, is determined by Board of Directors with reference of external appraisal.

#### (ii) Guarantee

A key management personnel provided a joint guarantee for the borrowings of the Group from certain financial institutions.

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**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Deposits (classified under current assets)	The guarantee letter of credit	\$ 19,419	9,252	11,821
Deposits (classified under current assets)	Short-term loans	53,309	64,442	137,304
Deposits (classified under non-current assets)	Deposit to customs	5,926	2,787	2,767
Property, plant, and equipment	Short-term loans	56,010	56,452	57,778
		<u>\$ 134,664</u>	<u>132,933</u>	<u>209,670</u>

**(9) Commitments and contingencies:**

The Consolidated Company's unrecognized contractual commitments are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
Acquisition of property, plant and equipment	<u>\$ 15,036</u>	<u>18,023</u>	<u>5,921</u>

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

For the three months ended March 31,						
By function	2020			2019		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	36,128	42,459	78,587	40,522	42,680	83,202
Labor and health insurance	2,225	2,960	5,185	2,732	2,933	5,665
Pension	2,164	1,657	3,821	3,649	2,216	5,865
Director's remuneration	-	192	192	-	213	213
Others	4,001	2,504	6,505	4,360	3,465	7,825
Depreciation	23,883	6,146	30,029	36,142	7,712	43,854
Amortization	50	600	650	39	401	440

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) The operation of the Group is not affected by seasonal or periodic factors.

#### (13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Corporation	Other receivables due from related parties	Yes	26,302 (CNY6,000 thousand)	25,588 (CNY6,000 thousand)	-	0%~2.5%	2	-	Short-term financing	-	-	-	282,631 (Note1)	565,262 (Note1)

Note 1: The allowable aggregate amount of financing provided to others cannot exceed 40% of the lender's stockholders' equity, the maximum amount of financing provided to an individual counterparty cannot exceed 20% of the lender's stockholders' equity.

Note 2: The amount was the financing facility approved by the board of directors.

Note 3: Based on the Company's guidelines, the allowable amounts of financing are as follows:

- (1) Loan arrangement for business transaction
- (2) Short-term financing purpose

Note 4: The amount was eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of March 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements- non-current	124	106,124	15.39 %	106,124	

Note: Those without public market price will be shown in market approach.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Edison Opto Corporation	The Company	Parent Company	Sales	(126,687)	(100.00)%	90 days	No sales to other customers	-	51,423	100.00 %	
The Company	Edison Opto Corporation	Subsidiary	Purchase	126,687	44.34 %	90 days	No significant difference	-	(51,423)	(23.13)%	

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
Yangzhou Edison Opto Corporation	The Company	Sub-subsidiary company	110,635 (USD3,660 thousand)	3.19	-		38,902	-

Note 1: As of April 27, 2020.

Note 2: The amount was eliminated in the consolidated financial statements.

- (ix) Trading in derivative instruments: None

- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Yangzhou Edison Opto Corporation	1	Sales	13,055	90 days	2.63%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	20,093	90 days	4.05%
1	Edison Opto Corporation	The Company	2	sales	126,687	90 days	25.52%
1	Edison Opto Corporation	The Company	2	Accounts receivable	51,423	90 days	1.46%
2	Yangzhou Edison Opto Corporation	The Company	2	sales	91,751	90 days	18.48%
2	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	110,635	90 days	3.14%
3	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	sales	27,540	90 days	5.55%
3	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	7,581	90 days	0.21%
4	Yangzhou Edison Litek Opto Corporation	Edison Litek Opto Corporation	3	sales	60,935	90 days	12.27%
4	Yangzhou Edison Litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	46,191	90 days	1.31%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

Note 2: The relationships between guarantor and guarantee are as follows:

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

Note 3: Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	1,041	1,041	30	100.00 %	7,785	3,398	3,398	-
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	236,857	1,017	1,017	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,841,964	1,841,964	60,000	100.00 %	1,404,123	(6,802)	(6,802)	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	655,000	655,000	21,900	100.00 %	140,272	(1,516)	(1,516)	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	61.80 %	146,859	(4,895)	(3,027)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	48,900	48,900	7,300	100.00 %	132,123	8,643	8,777	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	47,940	47,940	4,794	100.00 %	34,913	(5,157)	(5,157)	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,841,964	1,841,964	60,000	100.00 %	1,413,157	(6,832)	(6,832)	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	18,564	(1,678)	(923)	-
Edison Fund Investment Corporation	Ledison Opto Lighting Inc.	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	15,337	(133)	(133)	-
Edison Fund Investment Corporation	Davinci Opto Corporation (Note 2)	Taiwan	Selling of LED components and modules	5,000	5,000	500	100.00 %	959	-	-	-
Ledison Opto Lighting Inc.	Led Plus Limited	Samoa	Investment	61,715	61,715	2,000	100.00 %	8,621	(118)	(118)	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	770	770	25	0.28 %	662	(4,895)	(14)	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation (Note1)	Taiwan	Selling of LED components and modules	5,100	5,100	510	51.00 %	4,563	(856)	(437)	-

Note 1: The establishment of Company has registered in 2019.

Note 2: The dissolution of Company has registered in 2020.

Note 3: The amount was eliminated in the consolidated financial statements.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	145,991 (USD 4,500 thousand)	( 2 )	145,991 (USD 4,500 thousand)	-	-	145,991 (USD 4,500 thousand)	1,017 (USD 34 thousand)	100.00%	1,017 (USD 34 thousand)	240,040 (USD 7,942 thousand)	-
DongGuan Davinci Opto Co., Ltd.	Manufacturing and selling of LED components and modules	60,767 (USD 2,000 thousand)	( 2 )	60,767 (USD 2,000 thousand)	-	-	60,767 (USD 2,000 thousand)	(118) (USD 4 thousand)	100.00%	(118) (USD 4 thousand)	8,620 (USD 285 thousands)	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,841,964 (USD 60,000 thousand)	( 2 )	1,841,964 (USD 60,000 thousand)	-	-	1,841,964 (USD 60,000 thousand)	(6,832) (USD 227 thousand)	100.00%	(6,832) (USD 227 thousand)	1,413,156 (USD 46,755 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation (Note 2)	Selling of LED components and modules	2,148 (RMB 500 thousand)	( 3 )	-	-	-	-	(RMB 0 thousand)	100.00	(RMB 0 thousand)	2,134 (RMB 500 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (USD 8,875 thousand)	( 2 )	167,661 (USD 5,500 thousand)	-	-	167,661 (USD 5,500 thousand)	(4,895) (USD 163 thousand)	62.08%	(3,039) (USD 101 thousand)	146,362 (USD 4,842 thousand)	-

Note 1: Investments are made through one of three ways:

- (a) Direct investment from Mainland China
- (b) Indirect investment from third-party country
- (c) Others

Note 2: Yangzhou Aichuan Electronic Trade Corporation is 100% invested by Yangzhou Edison Opto Corporation.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,155,616 (USD70,000 thousand)	2,229,698 (USD73,770 thousand)	Note
Ledionopto Lighting Inc.	60,767 (USD2,000 thousand)	99,742 (USD3,300 thousand)	9,202

Note: Since the Company acquired the permission from Industrial Development Bureau at September 9, 2019, Ministry of Economic Affairs, the upper limit on investment is not applicable, under "Regulations Governing The Permission of Commercial Behavior in Mainland China", Article 3 (documentation reference number: 10820423850).

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# EDISON OPTO CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions."

### (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		16,556,182	13.24 %
Epistar Corporation		9,424,000	7.53 %

Note: The information on major shareholders in the table above was calculated by TDCC using the data on the last business day at the end of each quarter, wherein the shareholders hold ordinary shares and preference shares (including treasury shares) exceeding 5% of the shares outstanding. As for the number of capital stocks shown in the Group's financial statements and the actual number of shares outstanding, differences may occur due to their calculation basis.

### (14) Information on investment in mainland China:

The Consolidated Company operating segment information and reconciliation are as follows:

For the three months ended March 31, 2020								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues :								
Revenue from external customers	\$ 248,205	60,089	60,799	11,063	92,869	23,449	-	496,474
Intersegment revenues	35,276	28,124	101,504	60,935	-	-	(225,839)	-
Total revenue	\$ 283,481	88,213	162,303	71,998	92,869	23,449	(225,839)	496,474
Reportable segment profit or loss	\$ (7,936)	1,170	(6,832)	(4,895)	10,803	(4,427)	3,517	(8,600)
For the three months ended March 31, 2019								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues :								
Revenue from external customers	\$ 270,028	72,269	69,886	4,915	211,562	24,234	-	652,894
Intersegment revenues	48,653	46,264	335	166,196	-	3,989	(265,437)	-
Total revenue	\$ 318,681	118,533	70,221	171,111	211,562	28,223	(265,437)	652,894
Reportable segment profit or loss	\$ 6,022	1,599	(18,570)	3,658	29,480	5,576	(11,981)	15,784