Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Lee Industrial Corporation

Opinion

We have audited the accompanying consolidated financial statements of Wah Lee Industrial Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of the other independent auditors' (refer to paragraph of Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2018 are discussed as follows:

<u>Evaluation of Trade Receivables Collectability</u>

The trade receivables of the Group as of December 31, 2018 was NT$13,331,880 thousand, representing 42% of total consolidated assets. We considered the trade receivables collectability as one of the key audit matters.

The Group reviewed the collectability of trade receivables regularly, and individually evaluated those trade receivables that were overdue or had impairment concerns. After that, the Group recorded impairment allowance based on industrial categories.

Our key audit procedures performed included the following:

1. Audited the balance of trade receivables to obtain existence assurance, including obtaining confirmation from the selected customers, examining the collections of trade receivable in subsequent period, declaration forms or goods shipping documentations.

2. We obtained the aging analysis of trade receivables, inquired management of the Group for the matter of overdue receivables, and evaluated the adequacy of the allowance for impairment loss by reviewing the evaluation documentation of individual overdue trade receivables or trade receivables with impairment concerns.

Impairment of Inventories

Inventories were recorded at the lower of cost and net realizable value. The estimation was evaluated based on current market conditions and sales experience of similar products. The evaluation of net realizable value might be significantly changed by industrial market conditions. Therefore, we focused on the adequacy of impairment of inventories.

Apart from confirming that the management evaluated inventory impairment by different industries and types of products, we also performed key audit procedures as follows:

1. We obtained the inventory aging report by inventory code and assessed, on a test basis, the appropritaness of inventory aging classification.

2. We tested if the net realizable value were evaluated according to the aging and industry of the inventories and further examined the supporting documents of the selling price related to net realizable value used on the abovementioned inventory aging report.

3. We examined if the impaired inventories were recorded at net realizable value, and assessed the adequacy of the amounts of impairment of inventories.

Other Matter

Certain investee accounted for using the equity method in the Group's consolidated financial statements for the year ended December 31, 2018, were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the report of the other independent auditors.

The carrying value of the investments accounted for using the equity method was NT$667,677 thousand, representing 2% of total consolidated assets as of December 31, 2018; and the share of profit of associates was NT$50,516 thousand, representing 2% of consolidated profit before income tax for the year ended December 31, 2018.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2018 and 2017 on which we have expressed an unmodified opinion with other matter paragraph and unmodified opinion, respectively.

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

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 the

IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen-Li Chen and Chun-Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,541,851	8	$ 2,450,213	9
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	155,165	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	62,804	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	127,446	1
Notes receivable, net (Notes 4, 10, 30 and 32)	1,823,042	6	1,789,902	7
Trade receivables, net (Notes 4, 5 and 10)	13,162,764	41	10,718,844	39
Trade receivables - related parties (Notes 4, 5, 10 and 31)	169,116	1	96,598	-
Other receivables	51,595	-	41,985	-
Other receivables - related parties (Note 31)	9,802	-	7,396	-
Inventories (Notes 4, 5 and 11)	5,012,116	16	3,811,771	14
Prepayments for purchases (Note 31)	871,358	3	568,485	2
Other financial assets - current (Notes 12 and 32)	93,311	-	46,458	-
Other current assets	257,241	1	183,756	1
Total current assets	24,210,165	76	19,842,854	73
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 3, 4 and 8)	698,149	2	-	-
Available-for-sale financial assets - noncurrent (Notes 3, 4 and 9)	-	-	670,850	3
Investments accounted for using the equity method (Notes 4 and 14)	4,388,440	14	4,372,941	16
Property, plant and equipment (Notes 4, 15 and 32)	2,000,855	7	1,983,218	7
Goodwill (Note 4)	32,035	-	56,874	-
Other intangible assets	85,483	-	8,600	-
Deferred tax assets (Notes 4 and 24)	273,991	1	237,775	1
Prepayments for equipment	14,400	-	15,513	-
Refundable deposits	76,313	-	84,265	-
Other noncurrent assets	55,881	-	59,537	-
Total noncurrent assets	7,625,547	24	7,489,573	27
TOTAL	$ 31,835,712	100	$ 27,332,427	100

LIABILITIES AND EQUITY	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 32)	$ 6,899,446	22	$ 3,700,990	13
Short-term bills payable (Note 16)	100,000	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 3, 4 and 7)	4,359	-	-	-
Contract liabilities - current (Notes 3 and 22)	151,748	-	-	-
Notes payable (Note 18)	530,814	2	551,080	2
Notes payable - related parties (Notes 18 and 31)	1,548	-	321,117	1
Trade payables (Note 18)	5,742,826	18	5,178,939	19
Trade payables - related parties (Notes 18 and 31)	402,394	1	272,859	1
Other payables (Notes 19 and 31)	951,674	3	1,059,547	4
Current tax liabilities (Notes 4 and 24)	202,016	1	219,788	1
Provisions - current (Note 3)	-	-	172,248	1
Current portion of long-term borrowings (Notes 16 and 32)	257,960	1	31,908	-
Refund liabilities - current (Note 3)	132,323	-	-	-
Other current liabilities (Note 3)	19,821	-	171,580	1
Total current liabilities	15,396,929	48	11,680,056	43
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 32)	2,615,954	8	2,555,689	10
Provision for employee benefits - noncurrent	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent (Notes 4 and 20)	339,236	1	341,217	1
Guarantee deposits received	419	-	3,020	-
Deferred tax liabilities (Notes 4 and 24)	1,059,479	4	896,294	3
Total noncurrent liabilities	4,029,848	13	3,810,980	14
Total liabilities	19,426,777	61	15,491,036	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)				
Share Capital	2,313,901	7	2,313,901	8
Capital surplus	1,331,880	4	1,440,508	5
Retained earnings				
Legal reserve	1,950,063	6	1,809,112	6
Special reserve	78,160	1	197,138	1
Unappropriated earnings	6,070,997	19	5,103,755	19
Total retained earnings	8,099,220	26	7,110,005	26
Other equity	(679,347)	(2)	(78,160)	-
Total equity attributable to owners of the Corporation	11,065,654	35	10,786,254	39
NON-CONTROLLING INTERESTS (Notes 21, 26 and 27)	1,343,281	4	1,055,137	4
Total equity	12,408,935	39	11,841,391	43
TOTAL	$ 31,835,712	100	$ 27,332,427	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	$ 52,935,016	100	$ 42,915,920	100
OPERATING COSTS (Notes 11, 23 and 31)	48,724,664	92	38,998,979	91
GROSS PROFIT	4,210,352	8	3,916,941	9
OPERATING EXPENSES (Notes 10 and 23)				
Selling and marketing expenses	1,978,226	4	2,030,762	4
General and administrative expenses	481,854	1	426,283	1
Expected credit loss	2,982	-	-	-
Total operating expenses	2,463,062	5	2,457,045	5
OPERATING INCOME	1,747,290	3	1,459,896	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 31)	141,000	-	85,690	-
Gain from bargain purchase - acquisition of subsidiaries (Note 26)	-	-	10,953	-
Other gains and losses (Note 23)	(42,007)	-	67,740	-
Finance costs (Note 23)	(236,954)	-	(107,919)	-
Share of profit of associates	420,809	1	453,847	1
Total non-operating income and expenses	282,848	1	510,311	1
PROFIT BEFORE INCOME TAX	2,030,138	4	1,970,207	5
INCOME TAX EXPENSE (Notes 4 and 24)	540,777	1	432,201	1
NET PROFIT FOR THE YEAR	1,489,361	3	1,538,006	4
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	698	-	(16,136)	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(97,200)	(1)	-	-
Share of other comprehensive loss of associates accounted for using the equity method	(22,311)	-	(2,917)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(3,794)	-	2,743	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 21)	$ (94,225)	-	$ (150,381)	-
Unrealized gain on available-for-sale financial assets (Note 21)	-	-	154,582	-
Share of other comprehensive income/(loss) of associates accounted for using the equity method (Note 21)	(18,854)	-	9,414	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	16,470	-	21,535	-
Other comprehensive income/(loss) for the year, net of income tax	(219,216)	(1)	18,840	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,270,145	2	$ 1,556,846	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,345,959	3	$ 1,409,506	3
Non-controlling interests	143,402	-	128,500	1
	$ 1,489,361	3	$ 1,538,006	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,151,615	2	$ 1,439,873	4
Non-controlling interests	118,530	-	116,973	-
	$ 1,270,145	2	$ 1,556,846	4
EARNINGS PER SHARE (Note 25)				
Basic	$ 5.82		$ 6.09	
Diluted	$ 5.69		$ 5.78	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
						Other Equity							
			Retained Earnings										
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain / (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Unrealized Gain / (Loss) on Available-for-sale Financial Assets	Subtotal	Total	Non-Controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 2,313,901	$ 1,378,680	$ 1,704,573	$ 72,302	$ 4,541,549	$ (146,889)	$ -	$ (213)	$ 22,265	$ (124,837)	$ 9,886,168	$ 952,080	$ 10,838,248
Appropriation of 2016 earnings													
Legal reserve	-	-	104,539	-	(104,539)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	124,836	(124,836)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(601,615)	-	-	-	-	-	(601,615)	-	(601,615)
	-	-	104,539	124,836	(830,990)	-	-	-	-	-	(601,615)	-	(601,615)
Change in capital surplus from investments in associates accounted for using the equity method	-	61,828	-	-	-	-	-	-	-	-	61,828	-	61,828
Net profit for the year ended December 31, 2017	-	-	-	-	1,409,506	-	-	-	-	-	1,409,506	128,500	1,538,006
Other comprehensive income / (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(16,310)	(137,335)	-	213	183,799	46,677	30,367	(11,527)	18,840
Total comprehensive income / (loss) for the year ended December 31, 2017	-	-	-	-	1,393,196	(137,335)	-	213	183,799	46,677	1,439,873	116,973	1,556,846
Disposal of subsidiary (Note 27)	-	-	-	-	-	-	-	-	-	-	-	(75,258)	(75,258)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	61,342	61,342
BALANCE AT DECEMBER 31, 2017	2,313,901	1,440,508	1,809,112	197,138	5,103,755	(284,224)	-	-	206,064	(78,160)	10,786,254	1,055,137	11,841,391
Effect of retrospective application (Note 3)	-	-	-	-	397,489	-	(191,425)	-	(206,064)	(397,489)	-	-	-
BALANCE AT JANUARY 1, 2018 AS ADJUSTED	2,313,901	1,440,508	1,809,112	197,138	5,501,244	(284,224)	(191,425)	-	-	(475,649)	10,786,254	1,055,137	11,841,391
Appropriation of 2017 earnings													
Legal reserve	-	-	140,951	-	(140,951)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(118,978)	118,978	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(763,587)	-	-	-	-	-	(763,587)	-	(763,587)
	-	-	140,951	(118,978)	(785,560)	-	-	-	-	-	(763,587)	-	(763,587)
Change in capital surplus from investments in associates accounted for using the equity method	-	(108,628)	-	-	-	-	-	-	-	-	(108,628)	-	(108,628)
Net profit for the year ended December 31, 2018	-	-	-	-	1,345,959	-	-	-	-	-	1,345,959	143,402	1,489,361
Other comprehensive income / (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	2,441	(71,685)	(125,100)	-	-	(196,785)	(194,344)	(24,872)	(219,216)
Total comprehensive income / (loss) for the year ended December 31, 2018	-	-	-	-	1,348,400	(71,685)	(125,100)	-	-	(196,785)	1,151,615	118,530	1,270,145
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(20,699)	(20,699)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,971	-	(1,971)	-	-	(1,971)	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,942	-	(4,942)	-	-	(4,942)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	190,313	190,313
BALANCE AT DECEMBER 31, 2018	$ 2,313,901	$ 1,331,880	$ 1,950,063	$ 78,160	$ 6,070,997	$ (355,909)	$ (323,438)	$ -	$ -	$ (679,347)	$ 11,065,654	$ 1,343,281	$ 12,408,935

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 22, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,030,138	$ 1,970,207
Adjustments for:		
Depreciation expenses	113,209	108,593
Amortization expenses	11,253	2,133
Expected credit loss	2,982	-
Impairment losses recognized on trade receivables	-	4,613
Net loss of financial instruments at fair value through profit or loss	5,300	-
Finance costs	236,954	107,919
Interest income	(9,675)	(9,701)
Dividend income	(7,445)	(10,830)
Share of profit of associates accounted for using the equity method	(420,809)	(453,847)
Gain/(Loss) on disposal of property, plant and equipment	(404)	460
Gain on disposal of investments	-	(10,469)
Gain on disposal of investments accounted for using the equity method	-	(112,577)
Impairment loss on non-financial assets	64,737	56,808
Net loss/(gain) on foreign currency exchange	(9,186)	40,841
Others	4,038	(2,469)
Changes in operating assets and liabilities		
Notes receivable	(33,150)	(531,423)
Trade receivables	(2,174,176)	(1,229,064)
Trade receivables - related parties	(72,518)	35,103
Other receivables	(2,681)	(12,111)
Other receivables - related parties	(2,406)	14,434
Inventories	(1,054,802)	(693,979)
Prepayments for purchases	(285,568)	(374,999)
Other current assets	(55,744)	29,627
Contract liabilities	(5,407)	-
Financial liabilities held for trade	483	-
Notes payable	(20,266)	(46,073)
Notes payable - related parties	(319,569)	44,714
Trade payables	469,593	9,476
Trade payables - related parties	129,535	12,848
Other payables	(142,701)	126,113
Refund liabilities/provisions	(39,925)	6,892
Other current liabilities	(1,912)	45,238
Net defined benefit liabilities	(4,596)	(19,699)
Cash used in operations	(1,594,718)	(891,222)
Interest received	9,675	9,701
Dividends received	341,902	370,584
Interest paid	(233,133)	(94,011)
Income tax paid	(433,861)	(292,214)
Net cash used in operating activities	(1,910,135)	(897,162)

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2018	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (155,970)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	19,597	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	489	-
Purchase of financial assets at fair value through profit or loss	(89,344)	-
Purchase of available-for-sale financial assets	-	(85,025)
Proceeds from available-for-sale financial assets	-	285,531
Purchase of investments accounted for using the equity method	(91,263)	-
Net cash inflow (outflow) on acquisition of subsidiaries (Note 26)	(102,645)	21,812
Net cash inflow on disposal of subsidiaries (Note 27)	-	267,706
Payments for property, plant and equipment	(105,566)	(80,710)
Proceeds from disposal of property, plant and equipment	990	211
Increase in refundable deposits	(11,834)	(22,468)
Decrease in refundable deposits	20,472	32,961
Payments for intangible assets	(12,505)	(7,983)
Increase in other financial assets	(109,095)	(70,680)
Decrease in other financial assets	165,747	105,089
Increase in other non-current assets	(39)	(8,227)
Net cash generated from (used in) investing activities	(470,966)	438,217
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,799,969	12,088,235
Repayments of short-term borrowings	(17,777,178)	(10,462,548)
Proceeds from short-term bills payable	100,000	-
Repayments of bond payables	-	(1,015,075)
Proceeds from long-term borrowings	4,300,000	5,500,000
Repayment of long-term borrowings	(4,032,260)	(4,882,800)
Increase in guarantee deposits received	-	2,595
Decrease in guarantee deposits received	(2,601)	-
Cash dividends	(763,587)	(601,615)
Change in non-controlling interests	(14,731)	-
Net cash generated from financing activities	2,609,612	628,792
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(136,873)	(185,202)

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 91,638	$ (15,355)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,450,213	2,465,568
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,541,851	$ 2,450,213

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 22, 2019) (Concluded)

1. ORGANIZATION

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The consolidated financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March, 22 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   1) IFRS 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      Classification, measurement and impairment of financial assets

      On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

      The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,450,213	$ 2,450,213	a)
Notes receivable, trade receivables (including related parties) and other receivables (including related parties)	Loans and receivables	Amortized cost	12,654,725	12,654,725	a)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	46,458	46,458	a)
Refundable deposits	Loans and receivables	Amortized cost	84,265	84,265	a)
Equity securities	Available-for-sale	Fair value through other comprehensive income (FVTOCI) - equity instruments	731,051	731,051	b)
Mutual funds	Available-for-sale	Mandatorily at FVTPL	67,245	67,245	c)

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi -cations	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Amortized cost						
Reclassification from loans and receivables (IAS 39)	$ -	$ 15,235,661	$ 15,235,661	$ -	$ -	a)
FVTPL						
Reclassification from available-for-sale (IAS 39)	-	67,245	67,245	5,326	(5,326)	d)
FVTOCI						
Equity instruments Reclassification from available-for-sale (IAS 39)	-	731,051	731,051	376,262	(376,262)	b)
	-	16,033,957	16,033,957	381,588	(381,588)	
Investments accounted for using the equity method	4,372,941	-	4,372,941	15,901	(15,901)	c)
	$ 4,372,941	$ 16,033,957	$ 20,406,898	$ 397,489	$ (397,489)	

a) Financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost under IFRS 9.

b) The Group elected to designate all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain on available-for-sale financial assets of $155,274 thousand was reclassified to other equity - unrealized gain on financial assets at FVTOCI.

The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as available-for-sale and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $376,262 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $376,262 thousand in retained earnings on January 1, 2018.

c) As a result of the retrospective application of IFRS 9 by investments accounted for using the equity method, there was a decrease in other equity - unrealized gain on available-for-sale financial assets of $45,464 thousand, an increase in other equity - unrealized gain (loss) on financial assets at FVTOCI of $29,563 thousand and an increase in retained earnings of $15,901 thousand on January 1, 2018.

d) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $5,326 thousand in other equity - unrealized gain on available-for-sale financial assets and an increase of $5,326 thousand in retained earnings on January 1, 2018.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivables were recognized or deferred revenue was reduced when revenue was recognized for the relevant contract under IAS 18.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and there is no cumulative effect of the change in retained earnings on January 1, 2018.

	As Originally Stated	**Adjustments Arising from Initial Application**	**Restated**
Contract assets - current	$ -	$ 151,208	$ 151,208
Provisions	172,248	(172,248)	-
Refund liabilities	-	172,248	172,248
Other current liabilities	171,580	(151,208)	20,372
Total effect on liabilities	$ 343,828	$ -	$ 343,828

Had the Group applied IAS 18 in the current year, the difference only effect the line items in assets and liabilities and didn't effect line items in equity and comprehensive income.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group can elect early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

3. Impact on assets, liabilities and equity as of January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Other noncurrent liabilities	$ 55,881	$ (3,649)	$ 52,232
Right-of-use assets	-	133,613	133,613
Total effect on assets	$ 55,881	$ 129,964	$ 185,845
Lease liabilities - current	$ -	$ 44,089	$ 44,089
Lease liabilities - noncurrent	-	85,875	85,875
Total effect on liabilities	$ -	$ 129,964	$ 129,964

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are 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); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 13, tables 6 and 7.

e. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquired company over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value.

f. Foreign Currencies

In preparing the company's financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Corporation) are translated into New Taiwan dollars as follows:

Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

Inventory write-downs are made by item. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in Associates

The Group uses the equity method to account for its investments in associates. An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the change in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, Plant, and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Impairment of Tangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial Instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables, other receivables, other financial assets and refundable deposits, that are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables.

i Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

ii Loans and receivables

Loans and receivables (including cash and cash equivalents, notes and trade receivables, other receivables, other financial assets and refundable deposits) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial assets, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial assets at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as trade receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity instruments, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2018

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings.

2017

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Revenue Recognition

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from sale of goods comes from sales of composite materials, engineering plastic and semiconductor. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Revenue from rendering of services

Commission revenue comes from providing intermediary service of merchandise for the client as an agent. The Group recognizes revenue as control of the goods is transferred to the customer, and the Group has no further obligations to the customer. Other Revenue from rendering of services is recognized as fulfilling the obligation.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns based on previous experience and other relevant factors.

1) Sale of goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Rendering of services

Commission revenues are recognized as agreed ratio when goods are shipped to customers, according to the contracted percentage.

Other service income is recognized when services are fully provided.

n. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor, the Group recognizes rental income from operating lease on a straight-line basis over the term of the relevant lease.

As lessee, the Group recognizes rental expense for operating lease on a straight-line basis over the lease term.

o. Employee benefits

1) Short-term employee benefits
Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivables

2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

2017

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31 2018	December 31 2017
Cash on hand	$ 9,178	$ 23,809
Demand deposits	2,225,484	2,259,316
Checking accounts	210,170	103,793
Cash equivalents		
Time deposits with original maturities less than 3 months	97,019	63,295
	$ 2,541,851	$ 2,450,213

a. The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	December 31 2018	December 31 2017
Time deposits (%)	2.25-2.85	1.00-1.10

b. The Group interacts with a variety of financial institutions with high credit equity to disperse credit risk. Thus, there are no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31, 2018
Financial assets	
Financial assets mandatorily classified as at FVTPL	
Hybrid financial assets - structured deposits (a)	$ 89,344
Non-derivative financial assets - mutual funds	65,821
	$ 155,165
Financial liabilities	
Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting) - foreign exchange forward contracts (b)	$ 4,359

a. The Group entered into a structured deposit contract with the Bank in 2018. Under IFRS 9, the entire contract is assessed and mandatorily classified as at FVTPL, since the contractual cash flow are not solely payments of principal and interest on the principal outstanding.

b. The Group entered into foreign exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. As of December 31, 2018, outstanding foreign exchange forward contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	RMB/USD	2019.01-2019.04	RMB106,408/USD15,500
Buy	IDR/USD	2019.01-2019.03	IDR4,329,809/USD300

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 62,804
Noncurrent	
Domestic investments in equity instruments	
Listed shares	$ 42,873
Unlisted shares	474,535
	517,408
Foreign investments in equity instruments	
Listed shares	85,983
Unlisted shares	94,758
	180,741
	$ 698,149

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3 and 9, for information relating to their reclassification and comparative information for 2017.

In March 2018, the subsidiary, Hong Kong Meidei Investment (Holding) Ltd. transferred the ordinary shares of Wuhan Kaidi water service Co. Ltd. under contract ratio to the ordinary share of Darco Water Technologies Ltd., Hong Kong Meidei transferred an unrealized gain on financial assets at FVTOCI of $13,768 thousand from other equity to retained earnings. The Corporation recognized the adjustment in retained earning by percentage of ownership interests in subsidiary for $11,014 thousand.

During 2018, the Group acquired the ordinary shares of Chang Wah Technology co., Ltd., Eleocom, Forcera Materials Co., Ltd., and Minima Co., Ltd., in additional of the ordinary shares transfer of Darco Water Technologies Ltd. for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

During 2018, the Group sold its shares in Daily Polymer Co., Zehn Ding Tech., Tacbright Optronics Co., and ApexBio in order to manage credit concentration risk. The sold shares had a fair value of $19,597 thousand and the Group transferred a loss of $9,043 thousand from other equity to retained earnings.

Dividends of $7,445 thousand were recognized during 2018 which are all related to investments held at December 31, 2018.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2017
Domestic investments	
Listed shares	$ 113,938
Emerging market shares	3,721
Unlisted shares	420,384
Mutual funds	67,245
	605,288
Foreign investments	
Listed shares	60,281
Unlisted shares	132,727
	193,008
	$ 798,296
Current	$ 127,446
Noncurrent	670,850
	$ 798,296

10. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2018	2017
Notes receivable		
Notes receivable - operating	$ 1,823,083	$ 1,789,933
Less: Allowance for impairment loss	41	31
	$ 1,823,042	$ 1,789,902
Trade receivables - unrelated parties		
At amortized cost		
Gross carrying amount	$ 13,177,471	$ 10,729,301
Less: Allowance for impairment loss	14,707	10,457
	$ 13,162,764	$ 10,718,844
Trade receivables - related parties (Note 31)		
At amortized cost		
Gross carrying amount	$ 169,116	$ 96,598

a. Notes receivable

For the amounts and related terms of factored notes receivable and the carrying amount of notes receivable pledged as collateral for borrowing, please refer to Notes 32.

b. Trade receivables

In 2018

The average credit period of sales of goods was 30-180 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a professional responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The provision for loss allowance based on different customers industry categories.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	Customers without Signs of Default						Customers With Signs of Default	
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		Total
Expected credit loss rate (%)	0.02-0.06	0.04-0.44	0.04-2.00	0.0027	0.12-0.21	0.04-0.13	50-100	
Gross carrying amount	$ 1,335,018	$ 1,035,341	$ 843,455	$ 1,581,663	$ 416,175	$ 8,130,015	$ 4,920	$ 13,346,587
Loss allowance (Lifetime ECL)	(664)	(1,372)	(314)	(33)	(285)	(8,385)	(3,654)	(14,707)
Amortized cost	$ 1,334,354	$ 1,033,969	$ 843,141	$ 1,581,630	$ 415,890	$ 8,121,630	$ 1,266	$ 13,331,880

The aging of receivables based on the past due days from invoice date was as follows:

	December 31, 2018
Up to 90 days	$ 11,850,075
91-150 days	2,760,190
151-180 days	224,167
Over 181 days	335,238
	$ 15,169,670

The movements of the allowance for notes receivable and trade receivables were as follows:

	Notes Receivable	Trade Receivables
Balance at January 1, 2018 per IAS 39	$ 31	$ 10,457
Adjustment on initial application of IFRS 9	-	-
Balance at January 1, 2018 per IFRS 9	31	10,457
Acquisitions through business combinations	-	1,791
Add: Impairment losses recognized on receivables	10	2,972
Less: Amounts written off	-	(321)
Foreign exchange translation losses	-	(192)
Balance at December 31, 2018	$ 41	$ 14,707

In 2017

The Group applied the same credit policy in 2018 and 2017.

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to each balance sheet date. The Group assessed the trade receivables during the period of credit and recognized allowance for impairment loss based on estimated irrecoverable amount, which determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed customers' credit limits. The evaluation of notes receivable and trade receivables that were neither past due nor impaired is with good credit scores according to internal credit review system.

The concentration level of credit risk was restrictive due to the fact that the customer base was large.

The aging of receivables based on the past due days from invoice date was as follow:

	December 31, 2017
Up to 90 days	$ 9,979,241
91-150 days	2,519,565
151-180 days	162,350
Over 181 days	314,676
	$ 12,615,832

There are no receivables that were past due that did not recognized impaired as of December 31, 2017.

In addition, the amount of individually impaired trade receivables was $6,058 thousand under aging over 181 days.

The movements of the allowance for doubtful receivables were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2017	$ 9,042	$ 21,207	$ 30,249
Impairment losses recognized on receivables	873	3,740	4,613
Amounts from consolidated subsidiaries	-	411	411
Amounts written off during the year as uncollectible	(4,177)	(19,894)	(24,071)
Foreign exchange translation gains and losses	(89)	(625)	(714)
Balance at December 31, 2017	$ 5,649	$ 4,839	$ 10,488

11. INVENTORIES

All inventories are merchandises. The cost of inventories recognized in cost of goods sold for the years ended December 31, 2018 and 2017 was $48,360,091 thousand and $38,844,755 thousand respectively, which included the following items:

	For the Year Ended December 31	
	2018	2017
Inventory write-downs	$ 21,757	$ 31,758
Loss on disposal of inventories	17,584	25,006
Loss (gain) on physical inventories	(85)	44
Others	(1,988)	-
	$ 37,268	$ 56,808

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2018	2017
Time deposits with original maturity more than 3 months	$ 58,356	$ 45,158
Pledged deposits (Note 32)	34,955	1,300
	$ 93,311	$ 46,458

a. The market rate intervals of other financial assets at the end of the reporting period were as follows:

	December 31	
	2018	2017
Time deposits (%)	0.85-2.75	1.06-1.20

b. The counterparties of the Group's time deposits were banks with good credit and no significent default concerns. Thus, there was no expected credit loss.

c. Refer to note 32 for other financial assets pledged as collateral information.

13. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

			Percentage of Ownership		
Investor	Investee	Main Businesses	December 31, 2018	December 31, 2017	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	
	Wah Lee Japan Corp.	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts.	83.33	83.33	Note 1
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts.	100.00	100.00	Note 1

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership December 31, 2018	December 31, 2017	Remark
	Skypower Ltd.	Trading business of solar energy materials and equipment	-	-	Refer to Note 27
	Okayama Solar Ltd.	Solar power generation business	99.99	99.99	Note 1
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	Notes 1 and 4
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	60.00	60.00	Notes 1 and 3
	Hong Kong Meidi Investment (Holding) Ltd. (Meidi H.K.)	International investment	80.00	80.00	Notes 1 and 6
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	Note 1
	QuanShun logistics Co., Ltd. (QuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	Refer to Note 26
	Wah Tech Industrial Co., Ltd. (WT industrial)	Trading business of industrial materials	51.00	-	Refer to Note 26
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	Note 1
	WL Singapore	Agency of semiconductor materials and equipment	100.00	100.00	Note 1
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	
	Regent King International Limited (Regent King H.K.)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	Note 1
Raycong H.K.	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying Shenzhen)	Trading business of industrial materials	100.00	100.00	Note 1
Shanghai Yikang	Yadi international Trading Co., (Shanghai) Ltd. (Yadi Shanghai)	Trading business of technology	100.00	100.00	Notes 1 and 2
Huaying Shenzhen	Hua Chen Da, Xiamen	Freight business	70.00	-	Notes 1 and 5

(Concluded)

Note 1: This is not a significant subsidiary; its financial statements were not audited. The Corporation's management considers that the financial statements of the above companies would not significantly impact on the Group's consolidated financial statements even if the financial statements have been audited.

Note 2: In July 2017, the Group invested $455 thousand (CNY 100 thousand) in Yadi Shanghai, which was established in China.

Note 3: In January 2018, the Group participated in a transaction of cash capital increase of WL Indonesia with an investment amount of 8,952 thousand (USD 306 thousand).

Note 4: In August 2018, the Group invested $ 27,800 thousand (JPY 100,000 thousand) in Miyazaki Solar Ltd.

Note 5: In December 2018, Huaying Shenzhen invested $9,381 thousand (CNY 2,100 thousand) in Hua Chen Da, Xiamen which was established in China.

Note 6: Meidi H.K. reduced its capital by 86% in March 2018. The Group's assessed of the investment in Meidi H.K. has been impaired and RMB 25,396 thousand of goodwill impairment loss was recognized.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2018	2017
Investments in associates		
Material associates		
Chang Wah Electromaterials Inc.	$ 1,774,121	$ 1,847,075
Associates that are not individually material	2,614,319	2,525,866
	$ 4,388,440	$ 4,372,941

a. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2018**	**2017**
Chang Wah Electromaterials Inc.	30.98%	30.98%

Refer to Table 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
Name of Associate	**2018**	**2017**
Chang Wah Electromaterials Inc.	$ 2,681,575	$ 2,849,791

The summarized financial information below represents amount shown in the financial statements of Chang Wah Electromaterial Inc. prepared in accordance with IFRSs adjustment for the equity accounting purpose.

	December 31	
	2018	2017
Current assets	$ 8,573,425	$ 9,008,597
Noncurrent assets	7,343,877	6,962,211
Current liabilities	(5,063,389)	(4,897,902)
Noncurrent liabilities	(2,698,306)	(2,499,423)
Equity	8,155,607	8,573,483
Non-controlling interests	(2,646,648)	(2,829,039)
	$ 5,508,959	$ 5,744,444

(Continued)

	December 31	
	2018	2017
Proportion of the Group's ownership (%)	30.98	30.98
Equity attributable to the Group	$ 1,706,694	$ 1,779,648
Goodwill	67,427	67,427
Carrying amount	$ 1,774,121	$ 1,847,075

(Concluded)

	For the Year Ended December 31	
	2018	2017
Operating revenue	$ 15,756,626	$ 14,130,623
Net profit for the year	$ 1,316,458	$ 1,113,022
Other comprehensive income (loss) for the year	(27,653)	52,078
Total comprehensive income for the year	$ 1,288,805	$ 1,165,100
Cash dividends received and return of capital reduction	$ 217,692	$ 197,902

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2018	2017
The Group's share of		
Net profit for the year	$ 153,785	$ 183,853
Other comprehensive loss for the year	(42,110)	(22,248)
Total comprehensive income for the year	$ 111,675	$ 161,605

In March 2018, the Group newly invested in Wahlee Green Energy Co., Ltd., which was established in Taiwan with a total investment of $ 5,000 thousand, and in December 2018, the Group invested $ 80,000 thousand in Eco Energy Corporation, which was established in Taiwan. Thereafter, in the second quarter, the Group obtained $ 2,279 thousand of P.T. Wah Tech Indonesia (WT Indonesia) shares due to the acquisition of WT Industrial. Please refer to Note 26 for the acquisition of WT Industrial.

Huaying Shenzhen newly invested in China Jianyinrong Logistics Co., Ltd. and Xiamen Jiashengyuan trade development Co., Ltd. in December 2018, with an amount of $5,458 thousand (RMB 1,220 thousand) and $805 thousand (RMB 180 thousand), respectively.

The Group's shareholding in Eco Energy Co., exceeds 50%. However, it has been assessed that the Group does not control the board of directors of Eco Energy Co. The Group does exercise significant influence over Eco Energy Co., therefore, it is classified as associates of the Group.

Except for certain companies, the share of profit or loss and other comprehensive income of those investments accounted for using the equity method were calculated based on financial statements which have been audited for the years ended December 31 2018 and 2017. Management believes there is no material impact from the financial statements of some companies which has not been audited.

Refer to Table 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

15. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2018

	Freehold Land	Buildings	Machinery and Equipment	Office and Miscellaneous Equipment	Other Equipment	Property under construction	Total
Cost							
Balance at January 1, 2018	$ 736,708	$ 1,041,193	$ 255,171	$ 503,384	$ 155,997	$ 8,678	$ 2,701,131
Additions	2,270	367	10,508	68,413	17,460	13,931	112,949
Disposals	-	-	(34)	(15,702)	(681)	-	(16,417)
Acquisitions through business combinations	-	-	232	2,224	13,822	-	16,278
Effect of foreign currency exchange differences	2,938	(6,582)	12,765	(1,119)	255	471	8,728
Balance at December 31, 2018	$ 741,916	$ 1,034,978	$ 278,642	$ 557,200	$ 186,853	$ 23,080	$ 2,822,669
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 244,182	$ 17,752	$ 351,278	$ 104,701	$ -	$ 717,913
Depreciation expense	-	30,353	10,209	51,041	21,606	-	113,209
Disposals	-	-	(34)	(15,116)	(681)	-	(15,831)
Acquisitions through business combinations	-	-	98	1,060	7,918	-	9,076
Effect of foreign currency exchange differences	-	(2,700)	916	(982)	213	-	(2,553)
Balance at December 31, 2018	$ -	$ 271,835	$ 28,941	$ 387,281	$ 133,757	$ -	$ 821,814
Carrying amounts at December 31, 2018	$ 741,916	$ 763,143	$ 249,701	$ 169,919	$ 53,096	$ 23,080	$ 2,000,855

For the year ended December 31, 2017

	Freehold Land	Buildings	Machinery and Equipment	Office and Miscellaneous Equipment	Other Equipment	Property under construction	Total
Cost							
Balance at January 1, 2017	$ 764,161	$ 947,774	$ 591,252	$ 476,949	$ 77,394	$ 160,617	$ 3,018,147
Additions	-	174,481	4,414	40,346	3,086	(155,666)	66,661
Disposals	-	-	(305)	(26,995)	(10,856)	-	(38,156)
Acquisitions through business combinations	-	-	-	16,352	87,302	3,924	107,578
Disposal of subsidiaries	(24,315)	(62,789)	(319,473)	(2,103)	-	-	(408,680)
Effect of foreign currency exchange differences	(3,138)	(18,273)	(20,717)	(1,165)	(929)	(197)	(44,419)
Balance at December 31, 2017	$ 736,708	$ 1,041,193	$ 255,171	$ 503,384	$ 155,997	$ 8,678	$ 2,701,131
Accumulated depreciation							
Balance at January 1, 2017	$ -	$ 231,045	$ 69,899	$ 327,785	$ 67,106	$ -	$ 695,835
Depreciation expense	-	32,490	26,741	44,789	4,573	-	108,593
Disposals	-	-	-	(26,895)	(10,590)	-	(37,485)
Acquisitions through business combinations	-	-	-	7,306	44,207	-	51,513
Disposal of subsidiaries	-	(17,408)	(76,192)	(673)	-	-	(94,273)
Effect of foreign currency exchange differences	-	(1,945)	(2,696)	(1,034)	(595)	-	(6,270)
Balance at December 31, 2017	$ -	$ 244,182	$ 17,752	$ 351,278	$ 104,701	$ -	$ 717,913
Carrying amounts at December 31, 2017	$ 736,708	$ 797,011	$ 237,419	$ 152,106	$ 51,296	$ 8,678	$ 1,983,218

Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	For the Year Ended December 31	
	2018	2017
Additions of property, plant and equipment	$ 112,949	$ 66,661
Increase (decrease) in prepayments for equipment	(1,113)	14,705
Increase in payables for equipment	(6,270)	(656)
Cash payments paid	$ 105,566	$ 80,710

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	20-63 years
Office interior decoration	5-11 years
Machinery and equipment	3-17 years
Office and miscellaneous equipment	
Fire extinguishing equipment and safeguard monitoring system	4-6 years
Steel cylinder	3-9 years
Hoist	8 years
Others	3-15 years
Others	3-11 years

Refer to Note 32 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2018	2017
Secured bank loans (Note 32)	$ 669,793	$ 57,374
Unsecured bank loans	6,229,653	3,643,616
	$ 6,899,446	$ 3,700,990
Annual interest rate (%)	0.53-4.90	0.93-5.13

b. Short-term bills payable

	December 31, 2018
Short-term bills payable	
China Bills Finance Corporation	$ 100,000
Annual interest rate (%)	0.93

c. Long-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Syndicated bank loans (Note 1)	$ 1,000,000	$ 1,000,000
Less: Syndicated loan fee	1,440	2,880
	998,560	997,120
Bank loans (Note 2)	1,219,990	917,204
	2,218,550	1,914,324
Secured borrowings (Note 32)		
Bank loans (Note 2)	649,160	663,988
Others	6,204	9,285
	655,364	673,273

(Continued)

	December 31	
	2018	2017
	$ 2,873,914	$ 2,587,597
Less: Current portions	257,960	31,908
	$ 2,615,954	$ 2,555,689
Annual interest rate (%)		
Syndicated bank loans	1.80	1.80
Bank loans	1.06-3.30	1.00-2.91
Others	3.00	3.00

(Concluded)

Note1: The Corporation signed a syndicated loan agreement with nine banks led by Taiwan Cooperative Bank in December 2014. The main contents of the syndicated loan agreement are as follows:

1) The total amount of syndicated bank loans is 3 billion, which is a medium-term cyclical loan (the term of the loan is 5 years from the initial drawdown date, and 3 years after the initial drawdown date, the loan is divided into 5 periods by every 6 months. The amount of the first four periods is reduced by 450 million per period, and the fifth period is reduced by 1.2 billion. Fractional reserve and debt recycling is available within the loan amount.

2) Pursuant to the bank loan agreement, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2018 and 2017.

Note2: Pursuant to certain bank loan agreements, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2018 and 2017.

17. BONDS PAYABLE – ONLY FOR THE YEAR ENDED DECEMBER 31, 2017

In August 2014, the Corporation issued $1 billion (issued in 10 thousand notes and the domination of each note was $100 thousand), 3 year, 0% NT-denominated unsecured convertible bonds in Taiwan. The movements since August 2014 till August 2017 were as follow:

	Denomination of Convertible Bonds	Payable of Interest	Discount (Included Issuance Cost of Bonds Payable $5,494 Thousand)	Total
Liability component at January 1, 2017	$ 1,000,000	$ 12,092	$ (5,538)	$ 1,006,554
Amortization expenses	-	2,983	5,538	8,521
Repayment	(1,000,000)	(15,075)	-	(1,015,075)
Liability component at December 31, 2017	$ -	$ -	$ -	$ -

The convertible bonds issued by the Corporation were not converted into the Corporation's ordinary shares. The capital surplus - share options arising from the convertible bonds in the amount of $22,374 thousand was fully transferred to capital surplus - others, upon maturity of the bonds.

18. NOTES PAYABLE AND TRADE PAYABLES

Operating Notes payable and trade payables (including related parties) are mainly occurs due to operating. Trading conditions are negotiated separately. The Group has formulated a financial risk management policy, in order to ensure all payables are reimbursement within the pre-agreed credit period, therefore no interest is required.

19. OTHER PAYABLES

	December 31	
	2018	**2017**
Payable for salaries or bonuses	$ 459,816	$ 451,061
Payable for employees' compensation and remuneration of directors and supervisors	229,904	229,295
Payable for freight fee	42,712	58,953
Payable for commission	49,036	56,587
Payable for business tax	34,965	47,793
Payable for insurance premium	25,317	20,766
Others	109,924	195,092
	$ 951,674	$ 1,059,547

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries are required by local regulations to make contributions to central provident fund and retirement insurance.

b. Defined benefit plan

Part of the employees of the Corporation adopted the defined benefit plan under the Labor Standards Law, in which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts, equal to 8% of total monthly salaries and wages, to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The subsidiary Raycong H.K. and WT Industrial have each pension plan covering eligible employees.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2018	2017
Present value of funded defined benefit obligation	$ 456,907	$ 451,363
Fair value of plan assets	(117,671)	(110,146)
Net defined benefit liability	$ 339,236	$ 341,217

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2017	$ 455,649	$ (109,845)	$ 345,804
Service cost			
Current service cost	3,905	-	3,905
Net interest expense (income)	5,335	(1,315)	4,020
Recognized in profit or loss	9,240	(1,315)	7,925
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	254	254
Actuarial loss - changes in demographic assumptions	17	-	17
Actuarial loss - changes in Financial assumptions	10,238	-	10,238
Actuarial loss - experience adjustments	5,627	-	5,627
Recognized in other comprehensive income	15,882	254	16,136
Contributions from the employer	-	(12,485)	(12,485)
Benefits paid	(28,384)	13,245	(15,139)
Exchange differences on foreign plans	(1,024)	-	(1,024)
Balance at December 31, 2017	451,363	(110,146)	341,217
Business combinations	2,943	-	2,943
Service cost			
Current service cost	4,503	-	4,503
Net interest expense (income)	4,245	(1,075)	3,170
Recognized in profit or loss	8,748	(1,075)	7,673
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,442)	(3,442)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Actuarial loss - changes in Financial assumptions	$ 9,854	$ -	$ 9,854
Actuarial gain - experience adjustments	(7,110)	-	(7,110)
Recognized in other comprehensive income	2,744	(3,442)	(698)
Contributions from the employer	-	(12,275)	(12,275)
Benefits paid	(9,267)	9,267	-
Exchange differences on foreign plans	376	-	376
Balance at December 31, 2018	$ 456,907	$ (117,671)	$ 339,236

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	2017
Discount rate(s) (%)	0.75-2.00	1.00-1.75
Expected rate(s) of salary increase (%)	2.00-2.50	2.00

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate(s)		
0.25% increase	$ (10,120)	$ (10,513)
0.25% decrease	$ 10,482	$ 10,905
Expected rate(s) of salary increase		
0.25% increase	$ 10,062	$ 10,481
0.25% decrease	$ (9,770)	$ (10,162)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
The expected contributions to the plan for the next year	$ 27,404	$ 26,178
The average duration of the defined benefit obligation	8 years	9 years

21. EQUITY

a. Share Capital

	December 31	
	2018	2017
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital Surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Recognized from issuance of share capital	$ 1,160,519	$ 1,160,519
Recognized from the difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	29

(Continued)

	December 31	
	2018	2017
May be used to offset a deficit only		
Recognized from donations	$ 11,867	$ 11,867
Others - expired share warrants (Note 17)	22,374	22,374
May not be used for any purpose		
Recognized from share of changes in capital surplus of associates	137,091	245,719
	$ 1,331,880	$ 1,440,508

(Concluded)

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained Earnings and Dividends Policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividend policy of the Corporation is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings is less than 1% of the Corporation's paid-in capital, the Corporation should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2017 and 2016 had been approved in the shareholders' meetings on May 30, 2018 and May 26, 2017, respectively; the amounts were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2017	2016	2017	2016
Legal reserve	$ 140,951	$ 104,539		
Special reserve	-	124,836		
Cash dividends to shareholders	763,587	601,615	$ 3.3	$ 2.6
	$ 904,538	$ 830,990		

The appropriations of earnings for 2018 had been proposed by the Corporation's board of directors on March 22, 2019. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 134,596	
Special reserve reverse	601,187	
Cash dividends to shareholders	740,448	$ 3.2
	$ 1,476,231	

The appropriations of earnings for 2018 are subject to the resolution in the shareholders' meeting to be held on May 30, 2019.

d. Special Reserve

On first-time adoption of Taiwan-IFRSs, the Group appropriated to the special reserve only the amount of $72,302 thousand.

The Corporation's board of directors subjected to reverse and to appropriate to the special reserve the amount of $118,978 thousand and $124,836 thousand for the years ended December 31, 2018 and 2017 respectively through the shareholders' meeting. The special reserve as of December 31, 2018 and 2017 were $78,160 thousand and $197,138 thousand, respectively.

e. Other Equity Items

1) Exchange Differences on Translating the Financial Statements of Foreign Operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (284,224)	$ (146,889)
Effect of change in tax rate	2,610	-
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(69,301)	(168,489)
Share from associates accounted for using the equity method	(18,854)	(21,439)
Income tax	13,860	21,535
Reclassification adjustment		
Disposal of foreign operations	-	31,058
Balance at December 31	$ (355,909)	$ (284,224)

2) Unrealized loss on available-for-sale financial assets

	For the Year Ended December 31, 2018
Balance, beginning of year	$ 206,064
Adjustment on initial application of IFRS 9	(206,064)
Balance, end of year	$ -

	For the Year Ended December 31, 2017
Balance, beginning of year	$ 22,265
Recognized for the year	
Unrealized loss on revaluation of available-for-sale financial assets	163,628
Share from associates accounted for using the equity method	30,640
Reclassification adjustment	
Disposal of available-for-sale financial assets	(10,469)
Balance, end of year	$ 206,064

3) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	(191,425)
Balance at January 1 per IFRS 9	(191,425)
Effect of change in tax rate	1,008
Recognized for the year	
Unrealized loss - equity instruments	(97,252)
Share from associates accounted for using the equity method	(21,258)
Income tax	(7,598)
Cumulative unrealized gain of equity instruments transferrd to retained earning due to dispoal	
Equity instruments of the Group	(1,971)
Share from associates accounted for using the equity method	(4,942)
Balance at December 31	$ (323,438)

4) Cash flow hedge

	For the Year Ended December 31, 2017
Balance, beginning of year	$ (213)
Share of cash flow hedging reserve of associates accounted for using the equity method	213
Balance, end of year	$ -

f. Non-Controlling Interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 1,055,137	$ 952,080
Other comprehensive income/(loss) during the year		
Share in profit for the year	143,402	128,500
Unrealized gain on financial assets at FVTOCI	52	-
Unrealized gain on available-for-sale financial assets	-	1,423
Exchange difference on translating the financial statements of foreign entities	(24,924)	(12,950)
Non-controlling interests arising from subsidiaries capital increased	5,968	-
Non-controlling interests reducing from subsidiaries capital decreased	(7,812)	-
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	192,157	61,342
Non-controlling interests reducing from disposal of subsidiaries (Note 27)	-	(75,258)
Cash dividends distributed to non-controlling interests	(20,699)	-
Balance at December 31	$ 1,343,281	$ 1,055,137

22. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers (Note 4)		
Revenue from sale of goods	$ 52,431,497	$ 42,558,439
Other operating revenue	503,519	357,481
	$ 52,935,016	$ 42,915,920

a. Contract balances

	December 31	
	2018	2017
Notes receivable (Note 10)	$ 1,823,042	$ 1,789,902
Net trade receivables (including related parties) (Note 10)	13,331,880	10,815,442
	$ 15,154,922	$ 12,605,344

	December 31, 2018
Contract liabilities	
Sale of goods	$ 151,748

The changes in the balance of contract liabilities primarily result from the timing difference between when the Group fulfills its performance obligation and when receiving the customer's payment. There are no significant changes for the year ended December 31, 2018.

Revenue of the reporting period recognized from the beginning contract liabilities is as follows:

	For the Year Ended December 31, 2018
Sale of goods	$ 151,208

b. Disaggregation of revenue

Refer to Note 37 for information about the disaggregation of revenue.

23. NET PROFIT

The details of net profit were as follows:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income	$ 9,675	$ 9,701
Rental income	13,849	13,948
Dividends	7,445	10,830
Others (Note 31)	110,031	51,211
	$ 141,000	$ 85,690

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain (Loss) on disposal of property, plant and equipment	$ 404	$ (460)
Fair value changes of financial instruments designated as at FVTPL	(5,300)	-
Gain on sale of available-for-sale financial assets	-	10,469
Net foreign exchange loss	(257)	(41,315)
Impairment loss (Note 13)	(25,396)	-
Gain on disposal investment under equity method	-	112,577
Others	(11,458)	(13,531)
	$ (42,007)	$ 67,740

c. Financial costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 235,174	$ 97,866
Syndicated loan fee amortization	1,440	1,440
Discount on bonds payable amortization	-	8,521
Others	340	92
	$ 236,954	$ 107,919

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 113,209	$ 108,593
Intangible assets	11,253	2,133
	$ 124,462	$ 110,726
An analysis of depreciation by function		
Operating costs	$ 19,760	$ 588
Operating expenses	93,449	108,005
	$ 113,209	$ 108,593
An analysis of amortization by function		
Operating expenses	$ 11,253	$ 2,133

e. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 1,322,365	$ 1,256,833
Post-employment benefits (Note 20)		
Defined contribution plans	51,019	45,162
Defined benefit plans	7,673	7,925
	58,692	53,087
	$ 1,381,057	$ 1,309,920
An analysis of employee benefits by function		
Operating costs	$ 44,950	$ 4,820
Operating expenses	1,336,107	1,305,100
	$ 1,381,057	$ 1,309,920

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company approved by the shareholders in their meeting, the Corporation accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 9%-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2018 and 2017 which have been approved by the Corporation's board of directors on March 22, 2019 and March 26, 2018, were 11% and 1.15% of the base net profit ,respectively, the amount were as follows:

	For the Year Ended December 31	
	2018	2017
Employees' compensation	$ 208,144	$ 207,579
Remuneration of directors and supervisors	21,760	21,701

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2019 and 2018 are available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. The major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 356,318	$ 354,395
Income tax on unappropriated earnings	53,533	27,915
In respect of prior periods	(7,282)	(650)
	402,569	381,660
Deferred tax		
In respect of the current year	5,146	50,541
Effect of tax rate changes	133,062	-
	138,208	50,541
Income tax expense recognized in profit or loss	$ 540,777	$ 432,201

The reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2018	2017
Profit before tax	$ 2,030,138	$ 1,970,207
Income tax expense calculated at the statutory rate	$ 413,918	$ 356,755
Nondeductible expenses in determining taxable income	5,853	9,924
Tax-exempt income	(82,200)	(73,819)
Deferred tax effect of earnings of subsidiaries	21,397	116,027
Other adjustments	1,192	(3,951)
Income tax on unappropriated earnings	53,533	27,915
Adjustments for prior years' tax	(7,282)	(650)
Effect of tax rate changes	133,062	-
Nondeductible withholding tax	1,304	-
Income tax expense recognized in profit or loss	$ 540,777	$ 432,201

In 2017, the applicable corporate income tax rate used by the entities in the ROC was 17%. In February 2018, the Income Tax Act of the ROC was amended. Starting from 2018, the corporate income tax rate was adjusted from 17% to 20%. In addition, the tax rate applicable to unappropriated earnings of 2018 will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of appropriations of earnings for 2019 is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Income tax expense recognized in other comprehensive income

Deferred tax	For the Year Ended December 31 2018	2017
Effect of tax rate changes	$ 6,553	$ -
In respect of the current year		
Unrealized loss on financial assets at FVTOCI	(7,598)	-
Remeasurement on defined benefit plan	(139)	2,743
Translation of foreign operations	13,860	21,535
	$ 12,676	$ 24,278

c. Current tax liabilities

	December 31 2018	2017
Income tax payable	$ 202,016	$ 219,788

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other - Subsidiaries Gained	Exchange Differences	Closing Balance
Deferred Tax Assets						
Temporary differences						
Provision for loss on inventories	$ 28,504	$ 10,229	$ -	$ -	$ (633)	$ 38,100
Unpaid bonuses	48,999	5,864	-	-	(378)	54,485
Refund liability	29,282	(3,123)	-	-	-	26,159
Unrealized management and consulting expenses	21,111	7,109	-	-	(640)	27,580
Defined benefit plans	57,953	5,863	2,796	-	55	66,667
Exchange difference on foreign operations	20,505	27,132	(18,232)	-	-	29,405
Others	31,421	15	-	5	154	31,595
	$ 237,775	$ 53,089	$ (15,436)	$ 5	($ 1,442)	$ 273,991
Deferred Tax Liabilities						
Temporary differences						
Foreign operations income and exchange differences on translating financial statements of foreign operations	$ 886,921	$ 188,177	$ (28,112)	$ -	$ -	$ 1,046,986
Others	9,373	3,120	-	-	-	12,493
	$ 896,294	$ 191,297	$ (28,112)	$ -	$ -	$ 1,059,479

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other - Subsidiaries Gained	Exchange Differences	Closing Balance
Temporary differences						
Provision for loss on inventories	$ 22,705	$ 5,834	$ -	$ -	$ (35)	$ 28,504
Unpaid bonuses	42,295	6,857	-	-	(153)	48,999
Unrealized management and consulting expenses	14,067	7,117	-	-	(73)	21,111
Provision	30,811	980	-	-	-	31,791
Defined benefit plans	58,728	(3,349)	2,743	-	(169)	57,953
Exchange difference on foreign operations	5,713	-	14,792	-	-	20,505
Others	23,958	5,132	-	192	(370)	28,912
	$ 198,277	$ 22,571	$ 17,535	$ 192	$ (800)	$ 237,775
Deferred Tax Liabilities						
Temporary differences						
Foreign operations income and exchange differences on translating financial statements of foreign operations	$ 817,795	$ 76,494	$ (6,743)	$ -	$ (625)	$ 886,921
Others	12,755	(3,382)	-	-	-	9,373
	$ 830,550	$ 73,112	$ (6,743)	$ -	$ (625)	$ 896,294

e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31 2018	2017
Evaluation loss of foreign investments	$ 116,383	$ 127,883

f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2018, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized was $561,753 thousand.

g. Income tax assessments

The tax returns of the Corporation and the subsidiary QuanShan logistics through 2016 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

a. Net profit for the year attributable to the Corporation’s shareholders

	For the Year Ended December 31 2018	2017
Basic earnings per share		
Net profit for the year attributable to ordinary shareholders	$ 1,345,959	$ 1,409,506

(Continued)

	For the Year Ended December 31	
	2018	2017
Effect of dilutive potential share capital		
Convertible bonds	$ -	$ 8,521
Earnings used in the computation of diluted earnings per share	$ 1,345,959	$ 1,418,027

(Concluded)

b. Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390
Effect of dilutive potential ordinary shares		
Convertible bonds	-	9,567
Bonus shares issued to employees	4,981	4,425
Weighted average number of ordinary shares outstanding used in computation of diluted earnings per share	236,371	245,382

The Group is allowed to settle compensation paid to employees in cash or shares; therefore, in the computation of diluted earnings per share (except the effect of dilutive convertible bonds), the Group assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
WT Industrial	Trading business of industrial materials	June 1, 2018	51.00	$ 200,000
QuanShun Logistics Co.,	Logistics service and warehouse service	November 27, 2017	63.33	$ 95,000

In order to expand the operation, the Group acquired WT Industrial and QuanShun Logistics Co., in 2018 and 2017, respectively.

b. Assets acquired and liabilities assumed at the date of acquisition

	WT Industrial	QuanShan
Current assets		
Cash and cash equivalents	$ 97,355	$ 116,812
Notes receivable	-	14,626
Trade receivables	272,524	38,384
Other receivables	6,929	2,731
Inventories	181,866	-
Other financial assets - current	104,484	1,300
Prepayments to suppliers	17,305	-
Other current assets	17,741	10,694
Noncurrent assets		
Investments accounted for using equity method	2,279	-
Property, plant and equipment	7,202	56,065
Other intangible assets	75,540	-
Other noncurrent assets	842	7,781
Current liabilities		
Short-term borrowings	(247,668)	-
Contract liabilities - current	(5,947)	-
Notes payable	-	(13,971)
Trade payables	(94,294)	(6,880)
Other payables	(26,177)	(41,906)
Current tax liabilities	(13,520)	-
Other current liabilities	(1,361)	(8,833)
Noncurrent liabilities		
Long-term borrowings (including due within one year)	-	(9,508)
Net defined benefit liability - noncurrent	(2,943)	-
	$ 392,157	$ 167,295

c. Goodwill recognized on acquisition

	WT Industrial
Transfer pricing	$ 200,000
Plus: Non-controlling interests (49% in WT Industrial)	192,157
Less: Fair value of identifiable net assets acquired	(392,157)
Goodwill recognized on acquisition	$ -

d. Bargain purchase recognized on acquisition

	QuanShan
Transfer pricing	$ 95,000
Plus: Non-controlling interests (36.67% in QuanShan)	61,342
Less: Fair value of identifiable net assets acquired	(167,295)
Bargain purchase recognized on acquisition	$ (10,953)

The bargain purchase recognized on the acquisition of QuanShan is caused by the discounts from the investors.

e. Net cash outflow (inflow) on the acquisition of subsidiaries

	WT Industrial	QuanShan
Consideration paid in cash	$ 200,000	$ 95,000
Less: Cash and cash equivalent balances acquired	(97,355)	(116,812)
	$ 102,645	$ (21,812)

f. Impact of acquisition on the results of the Group

The results of acquisition since the acquisition date were as follows:

	WT Industrial	QuanShan
Revenue	$ 852,508	$ 11,147
Profit	$ 16,046	$ (2,134)

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's pro-forma revenue would have been $53,482,980 thousand and $43,017,025 thousand, and the pro-forma profit would have been $1,506,777 thousand and $1,552,360 thousand for the years ended December 31, 2018 and 2017, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on the beginning of acquisition year, nor is it intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARIES

The Group sold the equity of subsidiary Skypower Ltd. to unrelated party for $319,237 thousand (JPY 1,194,750 thousand) on November 29, 2017, on which date control of Skypower Ltd. had passed to the acquirer.

a. Analysis of assets and liabilities on the date control was lost

	Skypower
Current assets	
Cash	$ 51,531
Other receivables	5,681
Prepayments and others	11,478
Noncurrent assets	
Property, building and equipment	314,407
Other assets	534
Noncurrent liabilities	
Long-term borrowings (includes due within one year)	(132,771)
Net assets disposed of Skypower Ltd.	$ 250,860

b. Gain on disposal of subsidiary

	Skypower
Consideration received	$ 319,237
Net assets disposed of Skypower Ltd.	(250,860)
Non-controlling interests	75,258
Reclassification of profit or loss in respect of the subsidiary	(31,058)
Gain on disposal	$ 112,577

c. Net cash inflow on disposal of subsidiary

	Skypower
Consideration received in cash and cash equivalents	$ 319,237
Less: Cash and cash equivalent balances disposed of	51,531
	$ 267,706

28. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses. The Group does not have a bargain purchase option to acquire the leased warehouses at the expiry of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31	
	2018	2017
Not later than 1 year	$ 50,245	$ 21,706
More than 1 year and up to 5 years	77,672	26,347
Later than 5 years	15,668	-
	$ 143,585	$ 48,053

The lease payments recognized as expenses were as follows:

	For the Year Ended December 31	
	2018	2017
Minimum lease payment	$ 173,011	$ 168,222

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements, expect the financial requirement in Note 16.

30. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

The management of the Group considered the carrying amount of financial assets and financial liabilities that are not measured at fair value approximate their fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 65,821	$ -	$ -	$ 65,821
Structured deposits	-	89,344	-	89,344
	$ 65,821	$ 89,344	$ -	$ 155,165
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 105,677	$ -	$ -	$ 105,677
Unlisted shares	-	-	569,293	569,293
Foreign listed shares	85,983	-	-	85,983
	$ 191,660	$ -	$ 569,293	$ 760,953
Financial liabilities at FVTPL				
Foreign exchange forward contracts	$ -	$ 4,359	$ -	$ 4,359

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	$ 113,938	$ -	$ -	$ 113,938
Emerging market shares	-	3,721	-	3,721
Unlisted shares	-	-	553,111	553,111
Mutual funds	67,245	-	-	67,245
Foreign listed shares	60,281	-	-	60,281
	$ 241,464	$ 3,721	$ 553,111	$ 798,296

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2018 and 2017.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2018

Financial assets at FVTOCI - equity instruments	Amount
Balance at January 1, 2018	$ 553,111
purchases	116,552
Recognized in other comprehensive income	(61,310)
Disposal	(39,060)
Balance at December 31, 2018	$ 569,293

For the Year Ended December 31, 2017

Available-for-sale financial assets - equity instruments	Amount
Balance at January 1, 2017	$ 464,131
Recognized in other comprehensive income	88,980
Balance at December 31, 2017	$ 553,111

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic emerging market shares	Refer to the transaction price assessment of the observable market price.
Structured deposits	Based on the financial product information provided by financial institutions, the evaluation method is based on the rate of return of the deposit principal and its linked targets.
Derivative financial assets	The estimated future cash flows are based on the observable forward exchange rate at the end of the year and the exchange rate stipulated in the contract, and are discounted separately at a discount rate that reflects the credit risk of each counterparty.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of the unlisted shares held by the Group were measured by using the market approach, which refer to the public market peer-to-peer analogy of the company's stock price ratio information or the latest net value estimate.

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 155,165	$ -
Financial assets at FVTOCI		
Equity instruments	760,953	-
Available-for-sale financial assets	-	798,296
Loans and receivables (Note 1)	-	15,235,661
Financial assets at amortized cost (Note 1)	17,927,794	-
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	4,359	-
Financial liabilities at amortized cost (Note 2)	17,503,035	13,675,149

Note 1: Include cash and cash equivalents, notes and trade receivables (including related parties), other receivables (including related parties), other financial assets and refundable deposits, etc.

Note 2: Include short-term borrowings, short-term bills payable, notes and trade payables (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received, etc.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes and trade receivables, notes and trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks as follows:

a) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD.
The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding assets and liabilities items on the end of the reporting date. For a 1% weakening of the NTD against the USD, the

pre-tax profit will increase by $5,465 thousand and $6,702 thousand for the years ended December 31, 2018 and 2017, respectively.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 190,330	$ 109,753
Financial liabilities	3,844,367	1,539,060
Cash flow interest rate risk		
Financial assets	2,322,503	2,259,316
Financial liabilities	6,028,994	4,749,527

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liability outstanding at the end of the reporting period was outstanding for the whole year.

The sensitivity rate used when reporting interest rate risk internally to key management personnel is 1%.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2018 and 2017 would have been lower/higher by $37,065 thousand and $24,902 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments of note quote open market unlisted shares.

Sensitivity analysis

The sensitivity analysis below shows the exposure to equity price risk at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $658 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $7,610 thousand, as a result of the changes in fair value of financial assets at FVTOCI. Pre-tax profit for the year ended December

31, 2017 would have increased/decreased by $7,983 thousand, as a result of the changes in fair value of available for sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties could comprise the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
December 31, 2018					
Non-interest bearing	$ 6,921,413	$ 707,843	$ 419	$ -	$ 7,629,675
Variable interest rate liabilities	3,042,374	701,688	1,347,937	864,077	5,956,076
Fixed interest rate liabilities	3,366,889	189,689	506,988	-	4,063,566
Financial guarantee contracts	811,403	35,276	-	-	846,679
	$ 14,142,079	$ 1,634,496	$ 1,855,344	$ 864,077	$ 18,495,996

(Continued)

December 31, 2017	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
Non-interest bearing	$ 6,732,302	$ 648,487	$ 1,624	$ -	$ 7,382,413
Variable interest rate liabilities	2,129,840	271,986	1,553,426	916,703	4,871,955
Fixed interest rate liabilities	1,146,921	296,869	208,673	978	1,653,441
Financial guarantee contracts	-	789,472	-	-	789,472
	$ 10,009,063	$ 2,006,814	$ 1,763,723	$ 917,681	$ 14,697,281

(Concluded)

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if variable interest rates differ from those estimates of interest rates at the end of the reporting period.

e. Transfers of financial assets

The Group signed a discounted notes receivable agreement with a bank. If the notes receivable are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these notes receivable, it continues to recognize the full carrying amount of the notes receivable and has recognized the cash received on the transfer as a secured loan.

The carrying amount of the notes receivable that have been transferred but have not been derecognized that is equal to the carrying amount of the related loans were $669,793 thousand and 57,374 thousand as of December 31, 2018 and 2017, respectively.

31. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group had been eliminated upon consolidation. Except as disclosed in other notes, details of transactions between the Group and other related parties were disclosed as follows:

a. Name of related parties and relation

Related Parties	Relation with the Corporation
Chang Wah Electromaterials Inc.	Associated company
Nagase Wahlee Plastics Corp.	Associated company
Wah Hong Industrial Corp.	Associated company
ORC Technology Corp.	Associated company
Shanghai Hua Chang Trading Co. Ltd.	Associated company
Shanghai Chang Wah Electromaterials Inc.	Associated company
WT Indonesia	Associated company
Wahlee Green Energy Co., Ltd.	Associated company
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Xiamen Guang Hong Optronics Ltd.	Associate's subsidiary

(Continued)

Related Parties	Relation with the Corporation
Ningbo Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Qingdao Changhong Optoelectronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
Daily Polymer Corp.	Other related party
Raycon Industries Inc.	Other related party
Asahi Kasei Wah Lee Hi-tech Corp.	Other related party
JingYi Technology Co.	Other related party
Shilian Fine Chemicals Co.	Other related party
Forcera Materials Co., Ltd.	Other related party
BaoGuang Investment Co., Ltd.	Other related party
Taigene Biotechnology Co., Ltd.	Other related party
Sin Hao Co., Ltd.	Other related party
Eleocom Co., Ltd.	Other related party

(Concluded)

b. Operating transactions

1) Sales of goods

Related Parties Category	For the Year Ended December 31 2018	2017
Associates and their subsidiaries	$ 494,951	$ 434,740
Other related parties	41,342	12,013
	$ 536,293	$ 446,753

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

Related Parties Category	For the Year Ended December 31 2018	2017
Associates and their subsidiaries	$ 444,754	$ 446,741
Other related parties	1,335,141	1,453,424
	$ 1,779,895	$ 1,900,165

The purchases from related parties were made under arm’s length terms and prices and did not have similar transactions in the market for comparison; payment terms were similar to third parties.

3) Commission expenses

Related Party Category	For the Year Ended December 31 2018	2017
Other related parties	$ 193	$ 293

4) Receivables from related parties

Related Party Category	December 31 2018	December 31 2017
Trade receivables - related parties		
Associates and their subsidiaries	$ 145,097	$ 95,341
Other related parties	24,019	1,257
	$ 169,116	$ 96,598
Other receivables - related parties		
Associates and their subsidiaries		
Wah Hong Industrial Corp.	$ 8,921	$ 7,175
Others	195	122
Other related parties	686	99
	$ 9,802	$ 7,396

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

Related Party Category	December 31 2018	December 31 2017
Notes payable - related parties		
Associates and their subsidiaries	$ 1,548	$ 904
Other related parties		
Asahi Kasei Wah Lee Hi-tech Corp.	-	320,213
	$ 1,548	$ 321,117
Trade payables - related parties		
Associates and their subsidiaries	$ 92,415	$ 94,114
Other related parties	309,979	178,745
	$ 402,394	$ 272,859
Other payables		
Associates and their subsidiaries	$ -	$ 127
Other related parties	225	275
	$ 225	$ 402

The outstanding payables to related parties are unsecured and will be settled in cash.

6) Prepayments to suppliers

Related Party Category	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Associates and their subsidiaries	$ 30,237	$ 315
Other related parties	-	34,822
	$ 30,237	$ 35,137

c. Management consulting service income

The management services agreements, industry consulting and SAP-use contracts were signed by the Corporation and related parties, and the contracts expired on various dates with December 31, 2018 as the latest. According to the agreements and contracts, the Corporation provided certain management services to related parties. Consulting and service fee recognized as non-operating income was as follows:

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates and their subsidiaries	$ 8,192	$ 10,768

d. Rental income

The Corporation rented parts of buildings and computer software to related parties. The rental income was as follows:

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates	$ 2,205	$ 2,801
Other related parties	48	48
	$ 2,253	$ 2,849

e. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Party Category	December 31	
	2018	2017
Associates and their subsidiaries		
Amount endorsed	$ 1,241,337	$ 1,059,118
Amount utilized	$ 846,679	$ 773,968
Other related parties		
Amount endorsed	$ 25,194	$ 25,194
Amount utilized	$ -	$ 15,504

2) Fee income from endorsements and guarantees

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates	$ 603	$ 498
Other related parties	28	36
	$ 631	$ 534

f. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 131,085	$ 128,294
Post-employment benefits	1,859	1,873
	$ 132,944	$ 130,167

The remuneration of directors, supervisors and other key management was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets at carrying amounts as collaterals for part of short-term loans and long-term loans, subsidiaries from the Bureau of Foreign Trade Ministry of Economic Affairs, commitments to vendors, and guarantee for payment of tariffs on imported merchandise.

	December 31	
	2018	2017
Notes receivable	$ 669,793	$ 57,374
Other financial assets - current	34,955	1,300
Property, plant and equipment		
Freehold land	501,229	501,229
Buildings	452,449	464,948
Miscellaneous equipment	9,563	17,004
	$ 1,667,989	$ 1,041,855

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at each balance sheet date were as follows:

a. The Group's unused letter of credit for purchase of merchandise were $342,140 thousand and $225,819 thousand as of December 31, 2018 and 2017, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2018	2017
Acquisition of property, plant and equipment	$ 48,000	$ 32,748

c. As of December 31, 2018, the guarantee notes for purchases of goods was $89,344 thousand (RMB 20,000 thousand).

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In order to increase investment income, on December 26, 2018, the Corporation's board of directors decided to purchase or participate in cash replenishment with unrelated party with $468,384 thousand to obtain 51% equity of Guoxuan Technology Co., Ltd. At the end of the reporting period, the Corporation had paid $ 268,170 thousand and had obtained 29% equity.

35. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant financial assets and financial liabilities denominated in foreign currencies were as follows (amounts are in thousands, except exchange rate):

	Foreign Currency Amount	Exchange Rate		Carrying Amount
December 31, 2018				
Monetary financial assets				
USD	$ 172,108	30.715	(USD:NTD)	$ 5,286,298
USD	30,005	7.8335	(USD:HKD)	921,610
USD	41,520	6.8757	(USD:RMB)	1,275,275
USD	2,722	32.22	(USD:THB)	83,605
Nonmonetary financial assets				
Investments accounted for using equity method				
USD	10,080	30.715	(USD:NTD)	309,604
RMB	157,850	4.4672	(RMB:NTD)	705,143
RMB	1,044,753	1.1393	(RMB:HKD)	4,667,099
JPY	769,413	0.2782	(JPY:NTD)	241,051
HKD	1,371,147	3.921	(HKD:NTD)	5,376,267
THB	157,294	0.9532	(THB:NTD)	149,932
Monetary financial liabilities				
USD	162,870	30.715	(USD:NTD)	5,002,559
USD	23,767	7.8335	(USD:HKD)	729,998
USD	36,672	6.8757	(USD:RMB)	1,126,377
USD	3,180	25,595.83	(USD:VND)	97,682
USD	2,075	32.22	(USD:THB)	63,720
December 31, 2017				
Monetary financial assets				
USD	151,279	29.76	(USD:NTD)	4,502,073
USD	32,236	7.82	(USD:HKD)	959,332
USD	22,256	6.5058	(USD:RMB)	662,338
Nonmonetary financial assets				
Investments accounted for using equity method				
USD	9,128	29.76	(USD:NTD)	271,661
RMB	150,107	4.5744	(RMB:NTD)	686,646
RMB	858,310	1.2016	(RMB:HKD)	3,926,237
JPY	569,427	0.2642	(JPY:NTD)	150,443
HKD	1,196,917	3.807	(HKD:NTD)	4,556,664

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Monetary financial liabilities				
USD	$ 130,228	29.76	(USD:NTD)	$ 3,875,582
USD	12,338	7.82	(USD:HKD)	367,173
USD	40,719	6.5058	(USD:RMB)	1,211,788
USD	2,083	25,008	(USD:VND)	61,980

(Concluded)

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange losses were $257 thousand and $41,315 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5

9) Trading in derivative instruments: Note 7

The Group incurred a net loss of $3,876 thousand for forward foreign exchange transactions for the year ended December 31 2018, and the transaction amount was not significant.

10) Intercompany relationships and significant intercompany transactions: Table 9

11) Information on investees: Table 6

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds,

ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

For the year ended December 31 2018, the Corporation purchased a total of $18,626 thousand of goods from Shanghai Yikang and Dong guan Huagang. The transaction amount was not significant.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Corporation's other significant transactions with investee companies in mainland China as of December 31, 2018 and for the year ended were as follow:

Account	Trade Partners	Amount
Management consulting service income	Shanghai Yikang Co., Ltd.	$ 37,880
Endorsements and guarantees and related fee income	Shanghai Yikang Co., Ltd.	1,233
Endorsements and guarantees and related fee income	Shanghai Chang Hwa Electromaterials Inc.	377
Commission expenses	Shanghai Yikang Co., Ltd.	91,003
Other receivables	Shanghai Yikang Co., Ltd.	120,288
Other payables	Shanghai Yikang Co., Ltd.	25,422

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

- Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

- Raycong Ltd. and its subsidiary Dong Guan Hua Gang ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.

- Shanghai Yikang is mainly engaged in trade of manufacturing materials and import/export business.

- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 11 for details.

Segment revenue and results

a. The following was an analysis of the Group's revenue and results from operations by reportable segment:

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
For the year ended December 31, 2018						
Revenue from external customers	$ 25,848,598	$ 11,806,557	$ 12,582,011	$ 2,697,850	$ -	$ 52,935,016
Inter-segment revenue	3,995,472	34,220	178,319	320,223	(4,528,234)	-
Segment revenue	$ 29,844,070	$ 11,840,777	$ 12,760,330	$ 3,018,073	$ (4,528,234)	$ 52,935,016
Segment income	$ 573,758	$ 397,622	$ 586,756	$ 99,833	$ 89,321	$ 1,747,290
Other income	148,902	20,285	38,747	38,540	(105,474)	141,000
Other gains and losses	7,929	(25,694)	(27,201)	(4,941)	7,900	(42,007)
Financial costs	(117,627)	(88,619)	(12,776)	(19,152)	1,220	(236,954)
Profit before income tax	612,962	303,594	585,526	114,280	(7,033)	1,609,329
Income tax expense	(316,357)	(56,407)	(146,063)	(21,391)	(559)	(540,777)
Net profit after tax	$ 296,605	$ 247,187	$ 439,463	$ 92,889	$ (7,592)	1,068,552
Share of profit or loss of associates under the equity method						420,809
Consolidated net profit						$ 1,489,361
Identifiable assets	$ 12,742,954	$ 6,837,051	$ 6,494,335	$ 2,664,959	$ (1,324,062)	$ 27,415,237
Goodwill						32,035
Investment accounted for using equity method						4,388,440
Total assets						$ 31,835,712
For the year ended December 31, 2017						
Revenue from external customers	$ 22,232,972	$ 8,421,123	$ 9,775,526	$ 2,486,299	$ -	$ 42,915,920
Inter-segment revenue	4,158,482	920,543	195,408	442,453	(5,716,886)	-
Segment revenue	$ 26,391,454	$ 9,341,666	$ 9,970,934	$ 2,928,752	$ (5,716,886)	$ 42,915,920
Segment income	$ 521,221	$ 414,626	$ 433,567	$ 90,482	$ -	$ 1,459,896
Other income	57,392	8,013	14,260	6,025	-	85,690
Other gains and losses	74,552	19,474	4,394	(30,680)	-	67,740
Financial costs	(67,222)	(26,856)	(13)	(13,828)	-	(107,919)
Profit before income tax	585,943	415,257	452,208	51,999	-	1,505,407
Income tax expense	(248,302)	(78,263)	(90,778)	(14,858)	-	(432,201)
Net profit after tax	$ 337,641	$ 336,994	$ 361,430	$ 37,141	$ -	1,073,206
Share of profit or loss of associates under the equity method						453,847
Gain from bargain purchase						10,953
Consolidated net profit						$ 1,538,006

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Identifiable assets	$ 11,785,822	$ 5,535,831	$ 5,057,397	$ 1,899,306	$ (1,375,744)	$ 22,902,612
Goodwill						56,874
Investment accounted for using equity method						4,372,941
Total assets						$ 27,332,427

(Concluded)

Segment profit represented the profit before tax earned by each segment without share of profits of associates and gain from bargain purchase. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, all assets were allocated to reportable segments other than interests in associates accounted for using the equity method.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2018	2017
IT Industry	$ 18,415,238	$ 15,514,931
FPD Industry	13,694,392	7,775,815
Semiconductor Industry	10,577,033	10,160,345
PCB Industry	4,793,708	4,405,636
Opto-electronics	3,176,817	3,053,491
Others	2,277,828	2,005,702
	$ 52,935,016	$ 42,915,920

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below.

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	$ 15,442,928	$ 14,686,320	$ 1,257,274	$ 1,244,954
China	29,366,275	22,366,255	344,892	483,259
Others	8,125,813	5,863,345	554,453	338,655
	$ 52,935,016	$ 42,915,920	$ 2,156,619	$ 2,066,868

Noncurrent assets exclude noncurrent assets classified as financial instruments, deferred tax assets, and goodwill.

d. Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2018 and 2017.

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 1)	Actual Amount Drawn (Note 1)	Interest Rate (%)	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limit (Note 3)	Note
													Item	Value			
1	Shanghai Yikang	Yadi Shanghai	Other receivables - related parties	Yes	$ 67,391	$ 67,008	$ 34,531	5.83	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 1,092,031	$ 1,092,031	

Note 1: RMB is converted by spot exchange CNY$1＝$4.4672.

Note 2: Individual financing should not exceed 30% of the entity of Shanghai Yikang.

Note 3: The total amount of the financing should not exceed 30% of the entity of Shanghai Yikang.

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Year	Ending Balance (Note 3)	Amount Actually Drawn (Note 3)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	The Corporation	Nagase Wahlee Plastics Corp.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	$ 2,213,131	$ 430,000	$ 430,000	$ 306,386	$ -	3.89	$ 7,745,958	N	N	N	
0	The Corporation	Asahi Kasei Wah Lee Hi-tech Corp.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	2,213,131	25,194	25,194	-	-	0.23	7,745,958	N	N	N	
0	The Corporation	Raycong H.K.	Subsidiary of the Corporation	3,319,696	189,767	-	-	-	-	7,745,958	Y	N	N	
0	The Corporation	Shanghai Yikang	Subsidiary of the Corporation	2,213,131	335,917	119,789	82,503	-	1.08	7,745,958	Y	N	Y	
0	The Corporation	Dong Guan Hua Gang	Subsidiary of the Corporation	3,319,696	806,510	340,579	331,386	-	3.08	7,745,958	Y	N	Y	
0	The Corporation	Raycong H.K., Shanghai Yikang and Dong Guan Hua Gang	Subsidiary of the Corporation	2,213,131	120,000	120,000	44,354	-	1.08	7,745,958	Y	N	Y	
0	The Corporation	Shanhai Chang Wah Electromaterials Inc.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	2,213,131	764,589	758,661	505,017	-	6.86	7,745,958	N	N	Y	
0	The Corporation	WL Singapore	Subsidiary of the Corporation	3,319,696	829,492	583,585	301,769	-	5.28	7,745,958	Y	N	N	
0	The Corporation	Sakuragawa Solar Ltd.	Subsidiary of the Corporation	2,213,131	175,822	175,822	147,237	-	1.59	7,745,958	Y	N	N	
0	The Corporation	Miyazaki Solar Ltd.	Subsidiary of the Corporation	2,213,131	317,426	317,426	172,753	-	2.87	7,745,958	Y	N	N	
0	The Corporation	WL Indonesia	Subsidiary of the Corporation	2,213,131	87,585	46,072	46,072	-	0.42	7,745,958	Y	N	N	
0	The Corporation	WL Vietnam	Subsidiary of the Corporation	3,319,696	184,290	184,290	41,491	-	1.67	7,745,958	Y	N	N	
0	The Corporation	WT Industrial	Subsidiary of the Corporation	2,213,131	657,715	657,715	240,783	-	5.94	7,745,958	Y	N	N	
1	Shanghai Yikang	Shanhai Chang Wah Electromaterials Inc.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	728,021	53,088	52,676	35,276	-	1.45	1,820,052	N	N	Y	

(Continued)

Note 1: The ceilings on the amounts for any single entity shall not exceed 20% of the equity of the guarantee provider. If the Corporation directly or indirectly hold over 100% of the equity of the endorsee or guarantee, the ceilings on the amounts for any single entity shall not exceed 30% of the equity of the guarantee provider.

Note 2: The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 70% of the equity of the Corporation.

The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: USD is converted by spot exchange US$1=$30.715; JPY is converted by spot exchange JPY$1=$0.2782; RMB is converted by spot exchange RMB$1=$4.4672; THB is converted by spot exchange THB$1=$0.9532.

(Concluded)

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Apex biotechnology Co.	-	Financial assets at FVTOCI - current	155,000	$ 4,604	-	$ 4,604	
	Chang Hwa Technology Co. Ltd.	-	Financial assets at FVTOCI - current	200,000	58,200	-	58,200	
					$ 62,804		$ 62,804	
	Daily Polymer Corp.	Other related party	Financial assets at FVTOCI - noncurrent	2,154,410	$ 42,873	2.87	$ 42,873	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	94,758	0.75	94,758	
	JingYi Technology Co.	Other related party	Financial assets at FVTOCI - noncurrent	2,066,432	62,324	16.94	62,324	
	High Power OPTO. Inc.	-	Financial assets at FVTOCI - noncurrent	67,991	-	0.15	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	Other related party	Financial assets at FVTOCI - noncurrent	9,497	57,312	19.38	57,312	
	Forcera Materials Co., Ltd.	Other related party	Financial assets at FVTOCI - noncurrent	2,041,239	30,361	8.85	30,361	
	Univision Technology Holdings	-	Financial assets at FVTOCI - noncurrent	38,794,190	-	9.10	-	
	Telelynx Inc.	-	Financial assets at FVTOCI - noncurrent	266,811	1,260	2.92	1,260	
	Minima Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	3,600,000	90,000	14.76	90,000	
	Taigene Biotechnology Co., Ltd.	Other related party	Financial assets at FVTOCI e - noncurrent	2,300,000	11,179	6.57	11,179	
	Shilian Fine Chemicals Co.	-	Financial assets at FVTOCI - noncurrent	11,871,585	163,116	5.05	163,116	
	CDIB Capital Group.	-	Financial assets at FVTOCI - noncurrent	5,000,000	49,963	2.86	49,963	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	85,983	8.15	85,983	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
	Eleocom Co., Ltd.	Other related party	Financial assets at FVTOCI - noncurrent	1,500,000	$ 9,020	15.63	$ 9,020	
					$ 698,149		$ 698,149	
SHC Holding Ltd.	Guangzhou Yonguang OPTO. Co., LTD	-	Financial assets at FVTOCI - noncurrent	-	$ -	12.82	$ -	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds - Multi-Revenue Fund - A (acc)-USD	-	Financial assets at FVTPL - current	7,737	$ 41,551		$ 41,551	
	JPMorgan Funds - Income Fund A (dist) -USD	-	Financial assets at FVTPL - current	27,173	24,270		24,270	
					$ 65,821		$ 65,821	

(Concluded)

TABLE 4

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	Raycong H.K.	Subsidiary	Sales	$ (823,475)	(3)	30 to 90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	$ 93,558	1	Note
	Regent King H.K.	Subsidiary	Sales	(207,366)	(1)	60 to 90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	49,691	1	Note
	WL Vietnam	Subsidiary	Sales	(100,712)	-	45 to 90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	40,726	1	Note
	Chang Wah Electromaterials Inc.	Investmentee under equity mothod	Sales	(238,301)	(1)	90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	64,560	1	
	Asahi Kasei Wah Lee Hi-tech Corp.	Other related party	Purchase	1,049,593	4	105 days after monthly closing	No comparable transactions with third party	The term of intercompany are not significantly different from those to third party	(266,651)	(6)	
	Shilian Fine Chemicals Co.	Other related party	Purchase	123,411	-	90 days after monthly closing	No comparable transactions with third party	The term of intercompany are not significantly different from those to third party	-	-	

Note: It was eliminated on consolidation.

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Shanghai Yikang	Subsidiary	$ 800,353	3.14	$ -	-	$ 350,758	$ -
	Raycong H.K.	Subsidiary	207,367	4.10	-	-	85,030	-
Raycong H.K.	Dong Guan Hua Gang	Subsidiary	107,309	6.08	-	-	106,093	-

Note 1: Including trade receivables and other receivables. Other receivables are service revenue from related parties.

Note 2: It was eliminated on consolidation.

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2018	December 31, 2017						
The Corporation	Wah Lee Holding Ltd.	BVI	International investment	$ 430,666	$ 430,666	13,070,000	100.00	$ 3,591,924	$ 323,992	$ 323,733	Subsidiary
The Corporation	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	2,873,299	561,753	301,322	Subsidiary
The Corporation	Chang Wah Electromaterials Inc.	Taiwan(R.O.C.)	Agency of IC packaging material and equipment	449,349	449,349	19,790,218	30.98	1,774,121	856,079	267,024	Associate
The Corporation	Nagase Wahlee Plastics Corp.	Taiwan(R.O.C.)	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	667,677	126,290	50,516	Associate
The Corporation	Wah Hong Industrial Corp.	Taiwan(R.O.C.)	Manufacturing of LCD material、BMC (bulk molding compound) material and molded product	939,921	939,921	25,962,978	26.12	978,031	150,600	39,329	Associate
The Corporation	ORC Technology Corp.	Taiwan(R.O.C.)	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	234,207	61,120	21,392	Associate
The Corporation	Wah Lee Japan Corp.	Japan	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, moulding machine, electromechanical parts, Office automation equipment, Optical mechanical equipment, battery and Industrial electrical equipment and parts	21,490	21,490	1,500	83.33	5,101	(66)	(56)	Subsidiary
The Corporation	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, moulding machine, electromechanical parts, Office automation equipment, Optical mechanical equipment, battery and Industrial electrical equipment and parts	18,856	18,856	147,000	100.00	(2,572)	(121)	(121)	Subsidiary
The Corporation	Okayama Solar Ltd.	Japan	Solar power generation business	68,918	68,918	-	99.99	107,246	24,723	24,723	Subsidiary
The Corporation	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	70,397	9,193	9,193	Subsidiary
The Corporation	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	54,303	-	99.99	31,307	(6,408)	(6,408)	Subsidiary
The Corporation	WL Indonesia	Indonesia	Trading business of industrial materials	14,840	5,888	486,000	60.00	8,343	(5,339)	(3,203)	Subsidiary
The Corporation	Meidi H.K.	Hong Kong	International investment	17,753	49,001	143	80.00	-	(1)	(1)	Subsidiary
The Corporation	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	27,763	4,873	4,873	Subsidiary
The Corporation	QuanShun Logistics	Taiwan(R.O.C.)	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	116,559	18,880	11,957	Subsidiary
The Corporation	Wahlee Green Energy Co., Ltd.	Taiwan(R.O.C.)	Battery manufacturing and renewable energy self-use power generation equipment	5,000	-	500,000	25.00	5,224	898	224	Associate
The Corporation	WT Industrial	Thailand	Trading business of industrial materials	200,000	-	7,650	51.00	184,605	16,046	4,331	Subsidiary
The Corporation	Eco Energy Corp.	Taiwan(R.O.C.)	Battery manufacturing and renewable energy self-use power generation equipment	80,000	-	8,000,000	58.61	80,526	897	526	Associate

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2018	December 31, 2017						
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment	$ 43,892	$ 43,892	1,290,000	100.00	$ 695,162	$ 37,815	$ 37,815	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	51,639	51,639	1,600,000	100.00	321,166	28,687	28,687	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	2,489,588	561,753	260,131	Subsidiary
Wah Lee Holding Ltd.	Regent King H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	-	100.00	9,434	(2,669)	(2,143)	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	1,933	-	9,075	33.00	2,307	-	-	Associate

Note 1: The share of profit (loss) recognized for the year ended December 31, 2018 included elimination of unrealized gains and losses and amortization of investment premium

Note 2: The share of profit (loss) of subsidiaries are eliminated on consolidation.

Note 3: Please refer to Table 7 for information on investments in mainland China.

(Concluded)

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)(Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Huafu International Trade (Shenzhen) Co., Ltd.	Sales of industrial materials	$ -	Invested through the third region, Raycong H.K.	$ 34,461	$ -	$ -	$ 34,461	$ -	100.00	$ -	$ -	$ -	Note 1
Dong Guan Nai Li Photoelectric technology Co., Ltd.	Cutting and selling of engineering plastic	-	Invested through the third region, Raycong H.K.	-	-	-	-	-	100.00	-	-	-	Note 1
Dong Guan Hua Gang	Sales of industrial materials	1,164,676	Invested through the third region, Raycong H.K.	-	-	-	-	77,707	100.00	77,707	1,928,048	-	
Shanghai Yikang	Processing and selling Chemical material release wax and sales；international trading；Trading agent and warehousing business within enterprises in the bonded area	1,014,681	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	448,813	70.00	314,169	2,567,096	-	
Huaying Shenzhen	Sales of industrial materials	24,666	Invested through the third region,Raycong H.K.	-	-	-	-	59,214	100.00	59,214	185,569	-	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consult；Trading agent and commercial simple processingwithin enterprises in the bonded area	73,716	Invested through the third region,SHC Holding Ltd.	43,714	-	-	43,714	107,500	30.00	32,226	566,193	-	
Guan Zhou You Guang Optoelectronics Co., Ltd.	Produce and ssembly of light box, LED photoelectric sensor and lighting products	119,755	Invested through the third region,SHC Holding Ltd.	-	-	-	-	-	12.82	-	-	-	
Shanhai Chang Hwa Electromaterials Inc.	Agency of IC packaging material and equipment	122,860	Invested through Chinese Corporation, Shanghai Yikang	-	-	-	-	30,532	21.44	6,545	51,577	-	
Compal Precision Module (Jiangsu) Co., Ltd.	Producing and selling of Producing and selling of Magnesium alloy molded product	12,593,150	Invested through the third region, Wah Yuen Technology Holding Limited	42,644	-	-	42,644	-	-	-	-	-	
Chang Bao (Chongqing) Electronic Technology Co., Ltd.	Producing and selling of Magnesium and aluminum alloy molded product	1,842,900	Invested through the third region,Wah Yuen Technology Holding Limited	-	-	-	-	-	-	-	-	-	
Wuhan Kaidi Water Services Co., Ltd.	Bussiness of industrial water treatment, wastewater treatment and desalination	-	Invested through the third region, Meidi H.K.	120,334	-	-	120,334	-	-	-	-	-	Note 2
Yadi Shanghai	Import and export of goods and technology	4,467	Invested through Chinese Corporation, Shanghai Yikang	-	-	-	-	(217)	100.00	(217)	(2,477)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)(Note 3)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Hua Chen Da Xiamen logistics Ltd.	Warehouse logistics	$ 9,381	Invested through Chinese Corporation, Huaying Shenzhen	$ -	$ -	$ -	$ -	$ (598)	70.00	$ (419)	$ 8,963	$ -	
Jian Yuan Rong Xiamen logistics Ltd.	Warehouse logistics	35,738	Invested through Chinese Corporation, Huaying Shenzhen	-	-	-	-	477	30.00	143	5,593	-	
Jia Cheng Yuan Xiamen trading and development Co. Ltd.	Warehouse logistics	8,934	Invested through Chinese Corporation, Huaying Shenzhen	-	-	-	-	263	30.00	79	883	-	

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
The Corporation	$ 581,782	$ 2,478,240	$ -

Note 1: Huafu International Trade (Shenzhen) Co., Ltd. and Dong Guan Nai Li Photoelectric technology Co., Ltd. had completed liquidation at October, 2010 and August, 2012.

Note 2: The Company had acquired 3,059,913 shares of Singapore listed compay, Darco Water Technologies Ltd. as exchange at March, 2018.

Note3: The disclosure of investment gains and losses this year are recognized under the following conditions:

1. Dong Guan Hua Gang and Shanghai Yikang: Audited by the parent company's CPA.
2. Shanghai Hua Chang Trading Co., Ltd.: Audited by an international accounting firm that has all the cooperative relationships with the CPA in the Republic of China.
3. Shanhai Chang Hwa Electromaterials Inc.: Audited by the other CPA that subordinate to the parent company's CPA.
4. Others are based on unaudited financial statements.

Note 4: The $1,896,458 thousand difference between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to transferred investment $1,338,686 thousand (USD 8,488 thousand and HKD 267,000 thousand) through Raycong H.K. Co., Ltd., transferred investment $ 108,887 thousand (USD 3,497 thousand) through Wah Yuen Technology Holding Limited, transferred Capital from retained earnings $ 434,385 thousand (USD 13,790 thousand) of Shanghai Yikang Co., Ltd. and transferred investment $ 14,500 thousand (USD 500 thousand) through SHC Holding Ltd.

Note5: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, The Corporation had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters,the amount that can be invested in companies located in mainland China is unlimted.

(Concluded)

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Corporation	Shanghai Yikang	Sales	$ 2,069,531	7	Normal trade terms	30 to 120 days after monthly closing	The term of intercompany are not significantly different from those to third party	$ 680,065	10	$ 17,350	Note
	Dong Guan Hua Gang	Sales	653,718	2	Normal trade terms	30 to 120 days after monthly closing	The term of intercompany are not significantly different from those to third party	63,416	1	3,424	Note
Raycong H.K. Co., Ltd.	Dong Guan Hua Gang	Sales	749,279	8	Normal trade terms	60 to 180 days after monthly closing	The term of intercompany are not significantly different from those to third party	107,309	3	5,411	Note
Regent King H.K.	Shanghai Yikang	Sales	213,629	100	Normal trade terms	60 to 90 days after monthly closing	The term of intercompany are not significantly different from those to third party	33,460	100	547	Note

Note: It was eliminated on consolidation.

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Operating revenue	$ 2,070,370	According to the contract	4.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other revenue	39,113	According to the contract	-
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Trade receivables	680,065	According to the contract	2.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other receivables	120,288	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Operating revenue	823,475	According to the contract	1.00
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other revenue	43,496	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Trade receivables	93,558	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other receivables	113,809	According to the contract	-
0	The Corporation	Dong Guan Hua Gang	Parent to subsidiaries	Operating revenue	653,718	According to the contract	1.00
0	The Corporation	Dong Guan Hua Gang	Parent to subsidiaries	Trade receivables	63,416	According to the contract	-
0	The Corporation	WT Singapore	Parent to subsidiaries	Operating revenue	59,588	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Operating revenue	207,366	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Trade receivables	49,691	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Other receivables	10,290	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Operating revenue	100,712	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Trade receivables	40,726	According to the contract	-
0	The Corporation	WL Indonesia	Parent to subsidiaries	Operating revenue	10,130	According to the contract	-
0	The Corporation	QuanShun Logistics	Parent to subsidiaries	Rental revenue	15,660	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Operating revenue	52,103	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Trade receivables	12,757	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Other receivables	11,524	According to the contract	-
0	The Corporation	Shanghai Yadi	Parent to subsidiaries	Operating revenue	17,971	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiaries to parent	Operating revenue	15,902	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiaries to parent	Commission revenue	91,003	According to the contract	-
1	Shanghai Yikang	Raycong H.K.	Subsidiaries to parent	Operating revenue	12,858	According to the contract	-
1	Shanghai Yikang	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Operating revenue	37,388	According to the contract	-
2	Raycong H.K.	The Corporation	Subsidiaries to parent	Operating revenue	13,696	According to the contract	-
2	Raycong H.K.	Dong Guan Hua Gang	Parent to subsidiaries	Operating revenue	749,279	According to the contract	1.00
2	Raycong H.K.	Dong Guan Hua Gang	Parent to subsidiaries	Trade receivables	107,309	According to the contract	-
3	Dong Guan Hua Gang	Shanghai Yikang	Parent to subsidiaries	Operating revenue	13,056	According to the contract	-
4	Huaying Shenzhen	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Operating revenue	124,165	According to the contract	-
4	Huaying Shenzhen	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Trade receivables	19,613	According to the contract	-
5	Regent King H.K.	Shanghai Yikang	Subsidiaries to subsidiaries	Operating revenue	213,629	According to the contract	-
5	Regent King H.K.	Shanghai Yikang	Subsidiaries to subsidiaries	Trade receivables	33,460	According to the contract	-
6	QuanShun Logistics	The Corporation	Subsidiaries to parent	Operating revenue	83,744	According to the contract	-
	Wah Tech Industrial Co., Ltd.	The Corporation	Subsidiaries to parent	Operating revenue	14,345	According to the contract	-