

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation and its subsidiaries (the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2019 and 2018, combined total assets of these subsidiaries were NT\$10,111,340 thousand and NT\$7,635,282 thousand, respectively, representing 29% and 25%, respectively, of the total consolidated assets, and combined total liabilities of these subsidiaries were NT\$5,175,010 thousand, and NT\$3,666,666 thousand, respectively, representing 24% and 19%, respectively, of the total consolidated liabilities; for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, combined comprehensive income of these subsidiaries were NT\$53,947 thousand, NT\$61,458 thousand, NT\$124,769 thousand and NT\$168,810 thousand, respectively, representing 20%, 14%, 15% and 24%, respectively, of the total consolidated comprehensive income. As disclosed in Note 13 to the consolidated financial statements, the Group's carrying values of the investments in associates accounted for using the equity method of NT\$1,927,122 thousand and NT\$2,050,159 thousand as of June 30, 2019 and 2018, and for the three months ended June 30, 2019 and 2018, and the six months ended June 30, 2019 and 2018, the share of profit of associates recognized under the equity method were NT\$35,952 thousand, NT\$32,101 thousand, NT\$63,438 thousand and NT\$65,225 thousand, respectively, were based on unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects. The consolidated financial position of the Group as of June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2019

Notice to Readers

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,636,393	8	\$ 2,541,851	8	\$ 2,403,561	8
Financial assets at fair value through profit or loss - current (Note 7)	178,542	-	155,165	-	67,722	-
Financial assets at fair value through other comprehensive income - current (Note 8)	52,500	-	62,804	-	89,022	-
Notes receivable (Notes 9, 28 and 29)	2,049,772	6	1,823,042	6	1,938,224	6
Trade receivables, net (Note 9)	13,475,150	39	13,162,764	41	12,576,717	41
Trade receivables - related parties (Notes 9 and 28)	134,241	-	169,116	1	147,726	-
Other receivables	41,672	-	51,595	-	50,733	-
Other receivables - related parties (Note 28)	311,045	1	9,802	-	250,150	1
Current tax assets	42	-	-	-	-	-
Inventories (Note 10)	4,422,761	13	5,012,116	16	4,748,293	15
Prepayments for purchases (Note 28)	1,097,526	3	871,358	3	881,306	3
Other financial assets - current (Note 11)	180,472	1	93,311	-	150,144	1
Other current assets	<u>348,164</u>	<u>1</u>	<u>257,241</u>	<u>1</u>	<u>221,641</u>	<u>1</u>
Total current assets	<u>24,928,280</u>	<u>72</u>	<u>24,210,165</u>	<u>76</u>	<u>23,525,239</u>	<u>76</u>
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	644,217	2	698,149	2	633,216	2
Investments accounted for using the equity method (Note 13)	4,423,182	13	4,388,440	14	4,293,187	14
Property, plant and equipment (Notes 14 and 29)	3,445,053	10	2,000,855	7	2,024,242	7
Right-of-use assets (Notes 3 and 15)	155,088	-	-	-	-	-
Goodwill (Note 25)	191,809	1	32,035	-	31,839	-
Other intangible assets	79,818	-	85,483	-	89,085	-
Deferred tax assets	283,978	1	273,991	1	249,291	1
Prepayments for equipment	159,504	1	14,400	-	-	-
Refundable deposits	76,130	-	76,313	-	79,902	-
Prepayments for investments	-	-	-	-	2,300	-
Other noncurrent assets(Note 3)	<u>54,557</u>	<u>-</u>	<u>55,881</u>	<u>-</u>	<u>58,935</u>	<u>-</u>
Total noncurrent assets	<u>9,513,336</u>	<u>28</u>	<u>7,625,547</u>	<u>24</u>	<u>7,461,997</u>	<u>24</u>
TOTAL	<u><u>\$ 34,441,616</u></u>	<u><u>100</u></u>	<u><u>\$ 31,835,712</u></u>	<u><u>100</u></u>	<u><u>\$ 30,987,236</u></u>	<u><u>100</u></u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 29)	\$ 6,414,483	19	\$ 6,899,446	22	\$ 5,468,431	18
Short-term bills payable (Note 16)	-	-	100,000	-	100,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	636	-	4,359	-	-	-
Contract liabilities - current (Note 21)	383,874	1	151,748	-	304,320	1
Notes payable (Note 17)	723,762	2	530,814	2	552,979	2
Notes payable - related parties (Notes 17 and 28)	806	-	1,548	-	105,620	-
Trade payables (Note 17)	5,664,739	17	5,742,826	18	5,822,309	19
Trade payables - related parties (Notes 17 and 28)	431,166	1	402,394	1	452,612	1
Dividends payable	742,097	2	1,649	-	765,236	2
Other payables (Notes 18 and 28)	1,016,379	3	950,025	3	1,089,867	4
Current tax liabilities	134,667	-	202,016	1	199,013	1
Lease liabilities - current (Notes 3 and 15)	47,252	-	-	-	-	-
Current portion of long-term borrowings (Notes 16 and 29)	247,149	1	257,960	1	48,405	-
Refund liabilities - current	129,047	-	132,323	-	156,687	-
Other current liabilities	<u>23,659</u>	<u>-</u>	<u>19,821</u>	<u>-</u>	<u>22,613</u>	<u>-</u>
Total current liabilities	<u>15,959,716</u>	<u>46</u>	<u>15,396,929</u>	<u>48</u>	<u>15,088,092</u>	<u>48</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 29)	4,119,221	12	2,615,954	8	2,543,493	8
Provision for employee benefit - noncurrent	14,760	-	14,760	-	14,760	-
Lease liabilities - noncurrent (Notes 3 and 15)	104,974	1	-	-	-	-
Net defined benefit liabilities - noncurrent	368,869	1	339,236	1	341,582	1
Guarantee deposits received	419	-	419	-	661	-
Deferred tax liabilities	<u>1,097,559</u>	<u>3</u>	<u>1,059,479</u>	<u>4</u>	<u>1,059,117</u>	<u>4</u>
Total noncurrent liabilities	<u>5,705,802</u>	<u>17</u>	<u>4,029,848</u>	<u>13</u>	<u>3,959,613</u>	<u>13</u>
Total liabilities	<u>21,665,518</u>	<u>63</u>	<u>19,426,777</u>	<u>61</u>	<u>19,047,705</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)						
Share capital	<u>2,313,901</u>	<u>7</u>	<u>2,313,901</u>	<u>7</u>	<u>2,313,901</u>	<u>7</u>
Capital surplus	<u>1,313,861</u>	<u>4</u>	<u>1,331,880</u>	<u>4</u>	<u>1,400,936</u>	<u>5</u>
Retained earnings						
Legal reserve	2,084,659	6	1,950,063	6	1,950,063	7
Special reserve	679,347	2	78,160	1	78,160	-
Unappropriated earnings	<u>5,241,575</u>	<u>15</u>	<u>6,070,997</u>	<u>19</u>	<u>5,324,967</u>	<u>17</u>
Total retained earnings	<u>8,005,581</u>	<u>23</u>	<u>8,099,220</u>	<u>26</u>	<u>7,353,190</u>	<u>24</u>
Other equity	<u>(613,231)</u>	<u>(2)</u>	<u>(679,347)</u>	<u>(2)</u>	<u>(458,523)</u>	<u>(2)</u>
Total equity attributable to owners of the Corporation	11,020,112	32	11,065,654	35	10,609,504	34
NON-CONTROLLING INTERESTS (Note 20)	<u>1,755,986</u>	<u>5</u>	<u>1,343,281</u>	<u>4</u>	<u>1,330,027</u>	<u>5</u>
Total equity	<u>12,776,098</u>	<u>37</u>	<u>12,408,935</u>	<u>39</u>	<u>11,939,531</u>	<u>39</u>
TOTAL	<u><u>\$ 34,441,616</u></u>	<u><u>100</u></u>	<u><u>\$ 31,835,712</u></u>	<u><u>100</u></u>	<u><u>\$ 30,987,236</u></u>	<u><u>100</u></u>

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

(With Deloitte & Touche review report dated August 12, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 14,041,492	100	\$ 13,408,395	100	\$ 26,107,373	100	\$ 25,048,557	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>12,960,066</u>	<u>92</u>	<u>12,281,031</u>	<u>92</u>	<u>24,107,910</u>	<u>92</u>	<u>22,878,096</u>	<u>91</u>
GROSS PROFIT	<u>1,081,426</u>	<u>8</u>	<u>1,127,364</u>	<u>8</u>	<u>1,999,463</u>	<u>8</u>	<u>2,170,461</u>	<u>9</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	536,951	4	525,238	4	1,011,386	4	1,001,557	4
General and administrative expenses	120,437	1	107,989	1	238,782	1	203,098	1
Loss (reversal) of expected credit loss	<u>(4,737)</u>	<u>-</u>	<u>(599)</u>	<u>-</u>	<u>(2,915)</u>	<u>-</u>	<u>12,716</u>	<u>-</u>
Total operating expenses	<u>652,651</u>	<u>5</u>	<u>632,628</u>	<u>5</u>	<u>1,247,253</u>	<u>5</u>	<u>1,217,371</u>	<u>5</u>
OPERATING INCOME	<u>428,775</u>	<u>3</u>	<u>494,736</u>	<u>3</u>	<u>752,210</u>	<u>3</u>	<u>953,090</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 22 and 28)	19,498	-	39,474	-	63,484	-	55,273	-
Other gains and losses (Note 22)	7,347	-	8,473	-	4,087	-	(32,896)	-
Financial costs (Note 22)	(63,639)	-	(51,217)	-	(138,870)	-	(92,234)	(1)
Share of the profit of associates	<u>111,567</u>	<u>1</u>	<u>116,469</u>	<u>1</u>	<u>243,372</u>	<u>1</u>	<u>181,736</u>	<u>1</u>
Total non-operating income and expenses	<u>74,773</u>	<u>1</u>	<u>113,199</u>	<u>1</u>	<u>172,073</u>	<u>1</u>	<u>111,879</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	503,548	4	607,935	4	924,283	4	1,064,969	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>119,707</u>	<u>1</u>	<u>127,242</u>	<u>1</u>	<u>195,562</u>	<u>1</u>	<u>391,462</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>383,841</u>	<u>3</u>	<u>480,693</u>	<u>3</u>	<u>728,721</u>	<u>3</u>	<u>673,507</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(49,736)	-	(45,048)	-	(59,454)	-	(39,190)	-
Share of other comprehensive income of associates accounted for using the equity method	2,642	-	9,073	-	20,992	-	5,555	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>6,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,839</u>	<u>-</u>	<u>3,943</u>	<u>-</u>
	<u>(40,736)</u>	<u>-</u>	<u>(35,975)</u>	<u>-</u>	<u>(32,623)</u>	<u>-</u>	<u>(29,692)</u>	<u>-</u>

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating the financial statements of foreign operations	\$ (70,992)	(1)	\$ 4,356	-	\$ 116,010	-	\$ 55,438	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(16,499)	-	1,743	-	19,895	-	19,425	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>12,128</u>	<u>-</u>	<u>(2,941)</u>	<u>-</u>	<u>(18,572)</u>	<u>-</u>	<u>(7,692)</u>	<u>-</u>
	<u>(75,363)</u>	<u>(1)</u>	<u>3,158</u>	<u>-</u>	<u>117,333</u>	<u>-</u>	<u>67,171</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(116,099)</u>	<u>(1)</u>	<u>(32,817)</u>	<u>-</u>	<u>84,710</u>	<u>-</u>	<u>37,479</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 267,742</u>	<u>2</u>	<u>\$ 447,876</u>	<u>3</u>	<u>\$ 813,431</u>	<u>3</u>	<u>\$ 710,986</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 344,348	3	\$ 436,434	3	\$ 659,412	3	\$ 590,494	3
Non-controlling interests	<u>39,493</u>	<u>-</u>	<u>44,259</u>	<u>1</u>	<u>69,309</u>	<u>-</u>	<u>83,013</u>	<u>-</u>
	<u>\$ 383,841</u>	<u>3</u>	<u>\$ 480,693</u>	<u>4</u>	<u>\$ 728,721</u>	<u>3</u>	<u>\$ 673,507</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 238,603	2	\$ 415,535	3	\$ 720,974	3	\$ 626,409	3
Non-controlling interests	<u>29,139</u>	<u>-</u>	<u>32,341</u>	<u>-</u>	<u>92,457</u>	<u>-</u>	<u>84,577</u>	<u>-</u>
	<u>\$ 267,742</u>	<u>2</u>	<u>\$ 447,876</u>	<u>3</u>	<u>\$ 813,431</u>	<u>3</u>	<u>\$ 710,986</u>	<u>3</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 1.49</u>		<u>\$ 1.89</u>		<u>\$ 2.85</u>		<u>\$ 2.56</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 1.87</u>		<u>\$ 2.78</u>		<u>\$ 2.52</u>	

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

(With Deloitte & Touche review report dated August 12, 2019)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation											Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity			Non-controlling Interests		
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
									Subtotal		Total	
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2018 earnings												
Legal reserve	-	-	134,596	-	(134,596)	-	-	-	-	-	-	-
Special reserve	-	-	-	601,187	(601,187)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(740,448)	-	-	-	-	(740,448)	-	(740,448)
	-	-	134,596	601,187	(1,476,231)	-	-	-	-	(740,448)	-	(740,448)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(9,900)	(9,900)
Changes in percentage of ownership interests in subsidiaries (Note 12)	-	-	-	-	(8,049)	-	-	-	-	(8,049)	10,470	2,421
Changes in capital surplus from investments in associates accounted for using the equity method	-	(18,019)	-	-	-	-	-	-	-	(18,019)	-	(18,019)
Net profit for the six months ended June 30, 2019	-	-	-	-	659,412	-	-	-	-	659,412	69,309	728,721
Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	94,185	(32,623)	-	61,562	61,562	23,148	84,710
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	659,412	94,185	(32,623)	-	61,562	720,974	92,457	813,431
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(4,554)	-	4,554	-	4,554	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	319,678	319,678
BALANCE AT JUNE 30, 2019	\$ 2,313,901	\$ 1,313,861	\$ 2,084,659	\$ 679,347	\$ 5,241,575	\$ (261,724)	\$ (351,507)	\$ -	\$ (613,231)	\$ 11,020,112	\$ 1,755,986	\$ 12,776,098
BALANCE AT JANUARY 1, 2018	\$ 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	-	-	-	-	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)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(39,572)	-	-	-	-	-	-	-	(39,572)	-	(39,572)
Net profit for the six months ended June 30, 2018	-	-	-	-	590,494	-	-	-	-	590,494	83,013	673,507
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	4,018	65,659	(33,762)	-	31,897	35,915	1,564	37,479
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	594,512	65,659	(33,762)	-	31,897	626,409	84,577	710,986
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	14,771	-	(14,771)	-	(14,771)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	190,313	190,313
BALANCE AT JUNE 30, 2018	\$ 2,313,901	\$ 1,400,936	\$ 1,950,063	\$ 78,160	\$ 5,324,967	\$ (218,565)	\$ (239,958)	\$ -	\$ (458,523)	\$ 10,609,504	\$ 1,330,027	\$ 11,939,531

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

(With Deloitte & Touche audit report dated August 12, 2019)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 924,283	\$ 1,064,969
Adjustments for:		
Depreciation expenses	88,130	55,376
Amortization expenses	9,742	1,605
Loss (reversal) of expected credit loss	(2,915)	12,716
Net gain of financial assets designated as at fair value through profit or loss	(178)	(481)
Finance costs	138,870	92,234
Interest income	(6,365)	(3,847)
Share of profit of associates accounted for using the equity method	(243,372)	(181,736)
Impairment loss on non-financial assets	-	25,396
Reversal of impairment loss on non-financial assets	(17,634)	(31,878)
Net loss (gain) on foreign currency exchange	(17,564)	16,782
Others	10,592	15,168
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	7,812	-
Notes receivable	(226,730)	(148,322)
Trade receivables	(277,181)	(1,598,055)
Trade receivables - related parties	35,018	(51,128)
Other receivables	12,638	(1,819)
Other receivables - related parties	6,329	6,446
Inventories	614,247	(735,703)
Prepayments for purchases	(149,711)	(295,516)
Other current assets	(60,864)	(20,144)
Financial liabilities held for trading	(12,643)	-
Contract liabilities	117,177	147,165
Notes payable	192,658	1,899
Notes payable - related parties	(742)	(215,497)
Trade payables	(193,007)	549,076
Trade payables - related parties	18,914	179,753
Other payables	82,390	(26,090)
Refund liabilities	(3,276)	(15,561)
Other current liabilities	3,333	880
Net defined benefit liabilities	(1,367)	(2,739)
Cash generated from (used in) operations	1,048,584	(1,159,051)
Interest received	6,365	3,847
Dividend received	11,088	8,750
Interest paid	(132,416)	(87,833)
Income tax paid	(218,297)	(277,851)
Net cash generated from (used in) operating activities	715,324	(1,512,138)

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (54,419)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,782	15,258
Purchase of financial assets at fair value through profit or loss	(104,908)	-
Proceeds from disposal of financial assets at fair value through profit or loss	89,579	-
Increase in prepayments for investments	-	(2,300)
Net cash outflow on acquisition of subsidiaries	(354,983)	(102,645)
Payments for property, plant and equipment	(95,521)	(28,503)
Proceeds from disposal of property, plant and equipment	2,952	-
Decrease in refundable deposits	183	5,377
Payments for intangible assets	(3,941)	(6,481)
Purchase of investments accounted for using the equity method	(7,310)	(5,000)
Increase in other financial assets	(87,161)	(1,265)
Increase in other noncurrent assets	(3,391)	(627)
Net cash used in investing activities	(559,719)	(180,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	(630,983)	1,415,799
Proceeds from (repayments of) short-term bills payable	(100,000)	100,000
Decrease in guarantee deposits received	-	(2,359)
Proceeds from long-term borrowings	2,793,942	2,000,000
Repayment of long-term borrowings	(2,226,563)	(2,010,137)
Repayment of the principal portion of lease liabilities	(22,416)	-
Changes in non-controlling interests	(5,365)	5,968
Net cash generated from (used in) financing activities	(191,385)	1,509,271
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	130,322	136,820
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	94,542	(46,652)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		
	2,541,851	2,450,213
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		
	\$ 2,636,393	\$ 2,403,561

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

(With Deloitte & Touche review report dated August 12, 2019)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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 reported to the board of directors for issue on August 12, 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:

IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their accounting treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement Contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

1) Definition of a lease

The Group elected to apply the guidance of 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 were not reassessed and were accounted for in accordance with the transitional provisions under IFRS 16.

2) The Group as lessee

The Group recognizes 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 are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents 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 are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights located in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized for leases previously classified as operating leases under IAS 17. Lease liabilities were 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 are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- b) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- c) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.04%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 143,585
Less: Recognition exemption for short-term leases	<u>(3,285)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 140,300</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 129,964</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 129,964</u>

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted Amount as of January 1, 2019
Right-of-use assets	\$ -	\$ 133,613	\$ 133,613
Other noncurrent assets	<u>55,881</u>	<u>(3,649)</u>	<u>52,232</u>
Total effect on assets	<u>\$ 55,881</u>	<u>\$ 129,964</u>	<u>\$ 185,845</u>
Lease liabilities - current	\$ -	\$ 44,089	\$ 44,089
Lease liabilities - noncurrent	<u>-</u>	<u>85,875</u>	<u>85,875</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 129,964</u>	<u>\$ 129,964</u>

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: 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 2: 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 reported to the board of directors for issue, the Group is continuously assessing the possible impact that the application of 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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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

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

As of the date the consolidated financial statements were reported to the board of directors for issue, the Group is continuously assessing the possible impact that the application of 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of IFRSs annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the 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. Basis of consolidation

The basis of preparation applied in these interim consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2018.

See Note 12 and Tables 6 and 7 for detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2018.

Leases

1) 2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

While the Group is the lessee, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and

adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2) 2018

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

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

b. Defined retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 2,572	\$ 9,178	\$ 19,944
Demand deposits	2,166,087	2,225,484	2,130,422
Checking accounts	245,966	210,170	101,738
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>221,768</u>	<u>97,019</u>	<u>151,457</u>
	<u>\$ 2,636,393</u>	<u>\$ 2,541,851</u>	<u>\$ 2,403,561</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits (%)	2.10-2.45	2.25-2.85	1.90-3.65

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Financial assets <hr/>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets - structured deposits (a)	\$ 104,022	\$ 89,344	\$ -
Non-derivative financial assets - mutual funds	73,121	65,821	67,240
Derivative financial assets (not under hedge accounting) (b)			
Foreign exchange option contracts	182	-	-
Foreign exchange forward contracts	<u>1,217</u>	<u>-</u>	<u>482</u>
	<u>\$ 178,542</u>	<u>\$ 155,165</u>	<u>\$ 67,722</u>
<hr/> Financial liabilities <hr/>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting) - foreign exchange forward contracts (b)	<u>\$ 636</u>	<u>\$ 4,359</u>	<u>\$ -</u>

- a. The Group entered into a structured deposit contract with the Bank. 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. However those contracts did not meet the criteria

of hedge effectiveness and therefore, were not accounted for using hedge accounting.

Outstanding foreign exchange forward contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30,2019</u>			
Buy	RMB/USD	2019.08-2019.09	RMB6,883/USD1,000
Buy	IDR/USD	2019.07	IDR2,124,415/USD150
Buy	THB/USD	2019.07-2019.08	THB12,290/USD400
Buy	TWD/USD	2019.09-2019.10	TWD57,605/USD1,840
<u>December 31,2018</u>			
Buy	RMB/USD	2019.01-2019.04	RMB106,408/USD15,500
Buy	IDR/USD	2019.01-2019.03	IDR4,329,809/USD300
<u>June 30,2018</u>			
Buy	THB/USD	2018.05-2018.09	THB 16,654/USD500

Outstanding foreign exchange option contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30,2019</u>			
Buy	RMB/USD	2019.07	RMB3,462/USD500

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Current</u>			
Domestic investments			
Listed shares	<u>\$ 52,500</u>	<u>\$ 62,804</u>	<u>\$ 89,022</u>
<u>Noncurrent</u>			
Domestic investments in equity instruments			
Listed shares	\$ 31,024	\$ 42,873	\$ 46,928
Unlisted shares	<u>461,648</u>	<u>474,535</u>	<u>407,223</u>
	<u>492,672</u>	<u>517,408</u>	<u>454,151</u>
Foreign investments in equity instruments			
Listed shares	54,472	85,983	78,612
Unlisted shares	<u>97,073</u>	<u>94,758</u>	<u>100,453</u>
	<u>151,545</u>	<u>180,741</u>	<u>179,065</u>
	<u>\$ 644,217</u>	<u>\$ 698,149</u>	<u>\$ 633,216</u>

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.

In March 2018, the subsidiary, Hong Kong Meidi 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 Meidi 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 earnings by percentage of ownership interests in subsidiary for \$11,014 thousand.

For the six months ended June 30, 2018, the Group acquired the ordinary shares of Chang Wah Technology co., Ltd., and Eleocom at the amount of \$54,419 thousand, 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.

For the six months ended June 30, 2019 and 2018, the Group sold some of its shares in order to manage credit concentration risk. The sold shares had a fair value of \$4,782 thousand and \$15,258 thousand and the Group transferred a loss of \$4,652 thousand and \$591 thousand from other equity to retained earnings.

9. NOTES AND TRADE RECEIVABLES, NET

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable			
Notes receivable - operating	\$ 2,049,813	\$ 1,823,083	\$ 1,938,255
Less: Allowance for impairment loss	<u>41</u>	<u>41</u>	<u>31</u>
	<u>\$ 2,049,772</u>	<u>\$ 1,823,042</u>	<u>\$ 1,938,224</u>
Trade receivables - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 13,497,906	\$ 13,177,471	\$ 12,601,561
Less: Allowance for impairment loss	<u>22,756</u>	<u>14,707</u>	<u>24,844</u>
	<u>\$ 13,475,150</u>	<u>\$ 13,162,764</u>	<u>\$ 12,576,717</u>
Trade receivables - related parties			
At amortized cost			
Gross carrying amount	<u>\$ 134,241</u>	<u>\$ 169,116</u>	<u>\$ 147,726</u>

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 27.

b. Trade receivables

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 Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2019

	Customers without Signs of Default						Customers with Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		
Cost								
Expected credit loss rate (%)	0.04-0.11	0.03-0.47	0.03-1.06	0.0022-1.06	0.04-32.28	0.03-1.06	50-100	
Gross carrying amount								
Loss allowance (Lifetime ECLs)	\$ 1,540,223	\$ 594,637	\$ 863,575	\$ 1,460,800	\$ 554,281	\$ 8,613,136	\$ 5,495	\$ 13,632,147
Amortized cost	(855)	(1,078)	(431)	(814)	(11,905)	(3,996)	(3,677)	(22,756)
	<u>\$ 1,539,368</u>	<u>\$ 593,559</u>	<u>\$ 863,144</u>	<u>\$ 1,459,986</u>	<u>\$ 542,376</u>	<u>\$ 8,609,140</u>	<u>\$ 1,818</u>	<u>\$ 13,609,391</u>

December 31, 2018

	Customers without Signs of Default						Customers with Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		
Cost								
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								
Loss allowance (Lifetime ECLs)	\$ 1,335,018	\$ 1,035,341	\$ 843,455	\$ 1,581,663	\$ 416,175	\$ 8,130,015	\$ 4,920	\$ 13,346,587
Amortized cost	(664)	(1,372)	(314)	(33)	(285)	(8,385)	(3,654)	(14,707)
	<u>\$ 1,334,354</u>	<u>\$ 1,033,969</u>	<u>\$ 843,141</u>	<u>\$ 1,581,630</u>	<u>\$ 415,890</u>	<u>\$ 8,121,630</u>	<u>\$ 1,266</u>	<u>\$ 13,331,880</u>

June 30, 2018

	Customers without Signs of Default						Customers with Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		
Cost								
Expected credit loss rate (%)	0.22-1.68	0.02-0.1454	0.0425-2.00	0.0027-2.00	0.05-2.00	0.01-2.00	100	
Gross carrying amount								
Loss allowance (Lifetime ECLs)	\$ 1,266,206	\$ 1,161,653	\$ 792,418	\$ 1,827,989	\$ 643,998	\$ 7,051,456	\$ 5,567	\$ 12,749,287
Amortized cost	(830)	(1,855)	(1,068)	(1,593)	(716)	(13,215)	(5,567)	(24,844)
	<u>\$ 1,265,376</u>	<u>\$ 1,159,798</u>	<u>\$ 791,350</u>	<u>\$ 1,826,396</u>	<u>\$ 643,282</u>	<u>\$ 7,038,241</u>	<u>\$ -</u>	<u>\$ 12,724,443</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Up to 90 days	\$ 12,847,024	\$ 11,850,075	\$ 11,987,334
91-150 days	1,893,097	2,760,190	2,188,080
151-180 days	556,645	224,167	216,798
Over 181 days	<u>385,194</u>	<u>335,238</u>	<u>295,330</u>
	<u>\$ 15,681,960</u>	<u>\$ 15,169,670</u>	<u>\$ 14,687,542</u>

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 14,748	\$ 10,488
Acquisitions through business combinations	11,617	1,791
Add: Impairment losses recognized (reversed)	(2,915)	12,716
Less: Amounts written off	(797)	(110)
Foreign exchange gains and losses	<u>144</u>	<u>(10)</u>
Balance at June 30	<u>\$ 22,797</u>	<u>\$ 24,875</u>

10. INVENTORIES

All inventories are merchandises. The cost of inventories recognized in cost of goods sold for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 were \$12,879,937 thousand, \$12,202,763 thousand, \$23,922,621 thousand and \$22,715,522 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Inventory write-downs (reversed)	\$ 2,379	\$ (19,220)	\$ (17,634)	\$ (31,878)
Loss (gain) on physical inventories	43	217	(8)	132
Loss on disposal of inventories	<u>4,996</u>	<u>11,949</u>	<u>5,961</u>	<u>11,956</u>
	<u>\$ 7,418</u>	<u>\$ (7,054)</u>	<u>\$ (11,681)</u>	<u>\$ (19,790)</u>

11. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits with original maturity more than 3 months	\$ 50,023	\$ 58,356	\$ 46,313
Pledged time deposits	<u>130,449</u>	<u>34,955</u>	<u>103,831</u>
	<u>\$ 180,472</u>	<u>\$ 93,311</u>	<u>\$ 150,144</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits (%)	0.85-2.45	0.85-2.75	0.84-1.90

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

c. Refer to Note 29 for the pledged information of other financial assets.

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

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

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Remark
			June 30, 2019	December 31, 2018	June 30, 2018	
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	
	Wah Lee Japan Corp.	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts.	83.33	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	100.00	Note 1
	Okayama Solar Ltd.	Solar power generation business	99.00	99.99	99.99	Notes 1 and 2
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Notes 1 and 3
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	60.00	60.00	60.00	Notes 1 and 4
	Hong Kong Meidi Investment (Holding) Ltd. (Meidi H.K.)	International investment	80.00	80.00	80.00	Notes 1 and 5
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	ChuanShun logistics Co., Ltd. (ChuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd. (WT industrial)	Trading business of industrial materials	51.00	51.00	51.00	Note 1 and please refer to Note 25
	Kingstone Energy Technology Corporation (Kingstone Energy Technology)	Battery manufacturing, renewable energy self-use power generation equipment industry	51.00	-	-	
	Wahlee Green Energy Corporation (Wahlee Green Energy)	Battery manufacturing, renewable energy self-use power generation equipment industry	25.00	25.00	25.00	Notes 1 and 6
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	WL Singapore	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Note 1
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	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	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	100.00	Note 1

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Remark
			June 30, 2019	December 31, 2018	June 30, 2018	
Shanghai Yikang	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying Shenzhen)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	Yadi international Trading Co., (Shanghai) Ltd. (Yadi Shanghai)	Trading business of technology	70.00	100.00	100.00	Notes 1 and 7
	Lihuang Medical Devices (Shanghai) Co., Ltd (Shanghai Lihuang)	Medical devices and equipment	70.00	-	-	Note 1 and please refer to Note 25
Dong Guan Hua Gang	Meizhou Bailun Hemodialysis Co., Ltd (Meizhou Bailun)	Hemodialysis and examination	51.00	-	-	Notes 1 and 8
Huaying Shenzhen	Xiamen Hua Chen Da logistics Co., Ltd. (Hua Chen Da, Xiamen)	Dangerous chemicals freight and warehousing industry	70.00	70.00	-	Notes 1 and 9
Kingstone Energy Technology	KSA Energy Corporation (KSA Energy)	Battery manufacturing, renewable energy self-use power generation equipment industry	100.00	-	-	Note 1
	KSB Energy Corporation (KSB Energy)	Battery manufacturing, renewable energy self-use power generation equipment industry	100.00	-	-	Note 1
	Wahlee Green Energy	Battery manufacturing, renewable energy self-use power generation equipment industry	51.00	-	-	Notes 1 and 6

(Concluded)

Note 1: This is not a significant subsidiary; its financial statements were not reviewed.

Note 2: Okayama Solar Ltd. reduced its capital with cash refund of \$ 70,801 thousand (JPY 256,526 thousand) in February 2019.

Note 3: In August 2018, the Corporation invested \$ 27,800 thousand (JPY 100,000 thousand) in Miyazaki Solar Ltd.

Note 4: In January 2018, the Corporation participated in WL Indonesia's cash capital increase with an investment amount of 8,952 thousand (USD 306 thousand) based on the shareholding proportion.

Note 5: Meidi H.K. reduced its capital by 86% in March 2018. The Group's assessment of the investment in Meidi H.K. had been impaired and the goodwill impairment loss of \$ 25,396 thousand was recognized in the first quarter of 2018.

Note 6: In March 2018, the Corporation invested \$5,000 thousand in Wahlee Green Energy, which was established in Taiwan, and obtained 25% of the equity, thereafter, in the second quarter of 2019, due to the acquisition of its subsidiary, Kingstone Energy Technology, the percentage of ownership had increased to 76%.

Note 7: Shanghai Yikang sold parts of its shares of Yadi Shanghai to unrelated party in February 2019. The ownership percentage of Yadi Shanghai had reduced to 70% due to the subscription percentage of Shanghai Yikang for additional new shares of Yadi Shanghai is at a percentage different from its existing shareholding proportion in June 2019. As the above transaction did not change the control of the Group to Yadi Shanghai, the Group processed the equity transaction by reducing \$ 8,049 thousand in unappropriated earnings.

Note 8: Dong Guan Hua Gang invested in Meizhou Bailun which was established in China. However, the capital has not been remitted as of June 30, 2019.

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Investments in associates</u>			
Material associates			
Chang Wah Electromaterials Inc.	\$ 1,728,005	\$ 1,774,121	\$ 1,713,802
Associates that are not individually material	<u>2,695,177</u>	<u>2,614,319</u>	<u>2,579,385</u>
	<u>\$ 4,423,182</u>	<u>\$ 4,388,440</u>	<u>\$ 4,293,187</u>

Refer to Tables 6 and 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

a. Material associates

Name of Associate	June 30, 2019	December 31, 2018	June 30, 2018
Chang Wah Electromaterials Inc.	30.98%	30.98%	31.21%

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

Name of Associate	June 30, 2019	December 31, 2018	June 30, 2018
Chang Wah Electromaterials Inc.	<u>\$ 3,146,645</u>	<u>\$ 2,681,575</u>	<u>\$ 2,612,309</u>

The summarized financial information below represents amounts in the financial statements of Chang Wah Electromaterial Inc. prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 9,174,208	\$ 8,573,425	\$ 7,903,384
Noncurrent assets	7,887,933	7,343,877	7,238,225
Current liabilities	(6,450,868)	(5,063,389)	(5,758,798)
Noncurrent liabilities	<u>(2,784,661)</u>	<u>(2,698,306)</u>	<u>(1,434,504)</u>
Equity	7,826,612	8,155,607	7,948,307
Non-controlling interests	<u>(2,466,508)</u>	<u>(2,646,648)</u>	<u>(2,673,650)</u>
	<u>\$ 5,360,104</u>	<u>\$ 5,508,959</u>	<u>\$ 5,274,657</u>
Proportion of the Group's ownership (%)	30.98	30.98	31.21
Equity attributable to the Group	\$ 1,660,578	\$ 1,706,694	\$ 1,646,375
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 1,728,005</u>	<u>\$ 1,774,121</u>	<u>\$ 1,713,802</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 3,607,860</u>	<u>\$ 4,027,410</u>	<u>\$ 7,073,533</u>	<u>\$ 7,931,939</u>
Net profit	\$ 309,706	\$ 356,653	\$ 719,933	\$ 581,951
Other comprehensive income	<u>7,339</u>	<u>105,604</u>	<u>120,597</u>	<u>80,601</u>
Total comprehensive income	<u>\$ 317,045</u>	<u>\$ 462,257</u>	<u>\$ 840,530</u>	<u>\$ 662,552</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
The Group's share of				
Net profit	\$ 38,898	\$ 48,623	\$ 63,069	\$ 73,407
Other comprehensive income	<u>(14,646)</u>	<u>(10,921)</u>	<u>11,805</u>	<u>9,319</u>
Total comprehensive income	<u>\$ 24,252</u>	<u>\$ 37,702</u>	<u>\$ 74,874</u>	<u>\$ 82,726</u>

c. Fluctuation in investment in associates

- 1) The Group obtained the ordinary shares of PT Wah Tech Indonesia (WT Indonesia) with an amount of \$2,279 thousand by acquiring WT Industrial in June 2018.
 - 2) In December 2018, the Corporation invested in Eco Energy Corporation, which was established in Taiwan, with an amount of \$80,000 thousand and obtained 58.61% of the ownership. In addition, in the second quarter of 2019, the Group obtained \$80,000 thousand common share of Eco Energy Corporation due to the acquisition of the subsidiary, Kingstone Technology. As of June 30 2019, the Group holds over 63.87% of the ownership of Eco Energy Corporation. However, the Group does not have control over the board of directors of Eco Energy Corporation, and only exercise significant influence over Eco Energy Corporation; therefore, the Group accounts for it as an associate.
 - 3) Huaying Shenzhen invested in Jianyinrong Logistics which was established in China in December 2018, with an amount of \$5,458 thousand (RMB 1,220 thousand), and then subscribed for additional new shares of Jianyinrong Logistics at existing shareholding proportion with an amount of \$5,391 thousand (RMB 1,180 thousand) in January 2019.
 - 4) Huaying Shenzhen invested in Xiamen Jiashengyuan which was established in China in December 2018, with an amount of \$805 thousand (RMB 180 thousand), and then subscribed for additional new shares of Xiamen Jiashengyuan at existing shareholding proportion with an amount of \$1,919 thousand (RMB 420 thousand) in January 2019.
- d. The share of the profit and other comprehensive income of all investments under the equity method, except for Chang Wah Electromaterials Inc. and Wah Hong Industrials Corp., were calculated based on financial statements which have not been reviewed. Chang Wah Electromaterials Inc. and Wah Hong Industrials Corp. have been reviewed and issued qualified opinion based on investments under the equity method were not reviewed and unqualified opinion. The share of profit and comprehensive income of Chang Wah Electromaterials Inc. were divided into unqualified and qualified parts with proportion of the Group's ownership percentage. The carrying values of investments accounted for using the equity method of \$1,927,122 thousand and \$2,050,159 thousand as of June 30, 2019 and

2018, and the share of the profit of associates recognized under the equity method of \$35,952 thousand, \$32,101 thousand, \$63,438 thousand and \$65,225 thousand for the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, respectively, were calculated and recognized based on financial statement which have not been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

For six months ended June 30, 2019

	Freehold Land	Buildings	Machinery and Equipment	Office and Miscellaneous Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 741,916	\$ 1,034,978	\$ 278,642	\$ 557,200	\$ 186,853	\$ 23,080	\$ 2,822,669
Acquisition through business combinations	163,297	-	1,199,144	834	6,645	-	1,369,920
Additions	-	-	45,854	24,716	21,627	71,018	163,215
Disposals	-	(185)	(1,730)	(14,135)	(5,667)	-	(21,717)
Effect of foreign currency exchange differences	2,249	6,904	9,985	903	1,076	2,343	23,460
Balance at June 30, 2019	<u>\$ 907,462</u>	<u>\$ 1,041,697</u>	<u>\$ 1,531,895</u>	<u>\$ 569,518</u>	<u>\$ 210,534</u>	<u>\$ 96,441</u>	<u>\$ 4,357,547</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ -	\$ 271,835	\$ 28,941	\$ 387,281	\$ 133,757	\$ -	\$ 821,814
Acquisition through business combinations	-	-	39,845	417	1,120	-	41,382
Depreciation expense	-	14,874	14,588	23,501	11,916	-	64,879
Disposals	-	(185)	(112)	(14,132)	(5,408)	-	(19,837)
Effect of foreign currency exchange differences	-	1,609	1,095	738	814	-	4,256
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 288,133</u>	<u>\$ 84,357</u>	<u>\$ 397,805</u>	<u>\$ 142,199</u>	<u>\$ -</u>	<u>\$ 912,494</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 741,916</u>	<u>\$ 763,143</u>	<u>\$ 249,701</u>	<u>\$ 169,919</u>	<u>\$ 53,096</u>	<u>\$ 23,080</u>	<u>\$ 2,000,855</u>
Carrying amounts at June 30, 2019	<u>\$ 907,462</u>	<u>\$ 753,564</u>	<u>\$ 1,447,538</u>	<u>\$ 171,713</u>	<u>\$ 68,335</u>	<u>\$ 96,441</u>	<u>\$ 3,445,053</u>

For six months ended June 30, 2018

	Freehold Land	Buildings	Machinery and Equipment	Office and Miscellaneous Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 736,708	\$ 1,041,193	\$ 255,171	\$ 503,384	\$ 155,997	\$ 8,678	\$ 2,701,131
Acquisition through business combinations	-	-	232	2,224	13,822	-	16,278
Additions	-	-	8,189	57,650	9,659	(3,281)	72,217
Disposals	-	-	(9)	(9,290)	-	-	(9,299)
Effect of foreign currency exchange differences	2,330	5,410	10,539	415	(36)	214	18,872
Balance at June 30, 2018	<u>\$ 739,038</u>	<u>\$ 1,046,603</u>	<u>\$ 274,122</u>	<u>\$ 554,383</u>	<u>\$ 179,442</u>	<u>\$ 5,611</u>	<u>\$ 2,799,199</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2018	\$ -	\$ 244,182	\$ 17,752	\$ 351,278	\$ 104,701	\$ -	\$ 717,913
Acquisition through business combinations	-	-	98	1,060	7,918	-	9,076
Depreciation expense	-	15,353	4,927	25,058	10,038	-	55,376
Disposals	-	-	(9)	(9,285)	-	-	(9,294)
Effect of foreign currency exchange differences	-	767	722	352	45	-	1,886
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ 260,302</u>	<u>\$ 23,490</u>	<u>\$ 368,463</u>	<u>\$ 122,702</u>	<u>\$ -</u>	<u>\$ 774,957</u>
Carrying amounts at January 1, 2018	<u>\$ 736,708</u>	<u>\$ 797,011</u>	<u>\$ 237,419</u>	<u>\$ 152,106</u>	<u>\$ 51,296</u>	<u>\$ 8,678</u>	<u>\$ 1,983,218</u>
Carrying amounts at June 30, 2018	<u>\$ 739,038</u>	<u>\$ 786,301</u>	<u>\$ 250,632</u>	<u>\$ 185,920</u>	<u>\$ 56,740</u>	<u>\$ 5,611</u>	<u>\$ 2,024,242</u>

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

	<u>For Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>
Additions of property, plant and equipment	\$ 163,215	\$ 72,217
Decrease in prepayments for equipment	(59,371)	(15,513)
Increase in payables for equipment	<u>(8,323)</u>	<u>(28,201)</u>
Cash paid	<u>\$ 95,521</u>	<u>\$ 28,503</u>

- b. 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	5-9 years
Hoist	11-16 years
Others	1-15 years
Others	1-11 years

- c. Refer to Note 29 for the carrying amount of property, plant and equipment pledged as collateral by the Group for borrowings.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	June 30, 2019	
	Carrying amounts	
Land	\$ 3,590	
Buildings	<u>151,498</u>	
	<u>\$ 155,088</u>	
	For the Six Months Ended June 30, 2019	
Additions to right-of-use assets		
Land	\$ 13,994	
Acquisition through business combinations	<u>14,671</u>	
	<u>\$ 28,665</u>	
	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Depreciation charge for right-of-use assets		
Land	\$ 52	\$ 105
Buildings	<u>11,764</u>	<u>23,146</u>
	<u>\$ 11,816</u>	<u>\$ 23,251</u>

b. Lease liabilities - 2019

June 30, 2019

Carrying amounts	
Current	\$ 47,252
Noncurrent	\$ 104,974

Range of discount rate (%) for lease liabilities was as follows:

June 30, 2019

Buildings	1.80-4.80
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c. Material lease-in activities and terms

The Group leases certain buildings as warehouse and office with remaining lease terms of 1 to 7 years. The end of the lease terms are till June 2025. The Group does not have bargain purchase options to acquire the leasehold building at the end of the lease terms.

d. Other lease information

2019

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Expenses relating to short-term leases	\$ 30,995	\$ 61,164
Expenses relating to low-value asset leases	\$ 4,057	\$ 7,931
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,736	\$ 1,736
Total cash outflow for leases	\$ 49,077	\$ 94,965

The Group leases certain dormitories, warehouses, vehicles which qualify as short-term leases and certain assets which qualify as low-value asset leases, and the Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The operating lease was mainly for warehouses. At the end of the lease term, the Group does not have bargain purchase options to acquire the leasehold warehouses.

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

	December 31, 2018	June 30, 2018
Not later than 1 year	\$ 50,245	\$ 29,870
Later than 1 year and not later than 5 years	77,672	22,683
Later than 5 years	15,668	-
	<u>\$ 143,585</u>	<u>\$ 52,553</u>

16. BORROWINGS

a. Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Secured bank loans (Note 29)	\$ 744,896	\$ 669,793	\$ 289,937
Unsecured bank loans	<u>5,669,587</u>	<u>6,229,653</u>	<u>5,178,494</u>
	<u>\$ 6,414,483</u>	<u>\$ 6,899,446</u>	<u>\$ 5,468,431</u>
Annual interest rate (%)	0.43-4.57	0.53-4.90	0.37-5.13

b. Short-term bills payable

	June 30, 2019	December 31, 2018	June 30, 2018
Short-term bills payable China Bills Finance Corporation	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Annual interest rate (%)	-	0.93	0.56

c. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured borrowings			
Syndicated bank loans (Notes 1 and 2)	\$ 1,506,022	\$ 1,000,000	\$ 1,000,000
Less: Syndicated loan fee	<u>6,480</u>	<u>1,440</u>	<u>2,160</u>
	1,499,542	998,560	997,840
Bank loans (Note 3)	<u>1,282,961</u>	<u>1,219,990</u>	<u>923,710</u>
	<u>2,782,503</u>	<u>2,218,550</u>	<u>1,921,550</u>
Secured borrowings (Note 28)			
Bank loans (Note 3)	1,578,159	649,160	662,603
Other loans	<u>5,708</u>	<u>6,204</u>	<u>7,745</u>
	<u>1,583,867</u>	<u>655,364</u>	<u>670,348</u>
	4,366,370	2,873,914	2,591,898
Less: Current portion	<u>247,149</u>	<u>257,960</u>	<u>48,405</u>
	<u>\$ 4,119,221</u>	<u>\$ 2,615,954</u>	<u>\$ 2,543,493</u>
Annual interest rate (%)			
Syndicated bank loans	0.66	1.80	1.80
Bank loans	0.95-3.61	1.06-3.30	1.00-2.61
Other loans	3.00-5.00	3.00	3.00

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Expiration period			
Syndicated bank loans	January, 2023	January, 2020	January, 2020
Bank loans	May, 2020 - June, 2037	August, 2019 - June, 2037	August, 2019 - June, 2037
Other loans	August, 2021 - February, 2024	August, 2021	August, 2021
			(Concluded)

Note 1: 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.
- 3) The Corporation had paid off this syndicated bank loans in January 2019 in advance.

Note 2: The Corporation signed a syndicated loan agreement with eleven banks led by Bank of Taiwan in December 2018. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is 3.6 billion, which is a medium-term cyclical loan. The term of the loan is 5 years from the initial drawdown date (January 2019). Fractional reserve and debt recycling is available within the loan amount.
- 2) The Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements.

Note 3: 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 June 30, 2019, December 31, 2018, and June 30, 2018.

17. NOTES PAYABLE AND TRADE PAYABLES

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.

18. OTHER PAYABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Payable for salaries or bonuses	\$ 420,249	\$ 459,816	\$ 419,206
Payable for employees' compensation and remuneration to directors	335,228	229,904	344,559
Payable for commission	48,811	49,036	65,995
Payable for freight fee	27,173	42,712	49,292
Payable for insurance premium	19,902	25,317	19,477
Payable for business tax	28,685	34,965	10,568
Others	<u>136,331</u>	<u>108,275</u>	<u>180,770</u>
	<u>\$ 1,016,379</u>	<u>\$ 950,025</u>	<u>\$ 1,089,867</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses of defined benefit plan (estimated by actuarial pension cost rate as of December 31, 2018 and 2017, respectively) were \$4,262 thousand, \$1,299 thousand, \$8,524 thousand and \$3,376 thousand for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, respectively.

20. EQUITY

a. Share Capital

	June 30, 2019	December 31, 2018	June 30, 2018
Number of shares authorized (in thousands)	<u>500,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>231,390</u>	<u>231,390</u>	<u>231,390</u>
Shares issued	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>

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

b. Capital Surplus

	June 30, 2019	December 31, 2018	June 30, 2018
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	\$ 1,160,519

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Recognized from the difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	\$ 29	\$ 29	\$ 29
May be used to offset a deficit only			
Recognized from donations	11,867	11,867	11,867
Expired share warrant	22,374	22,374	22,374
May not be used for any purpose			
Recognized from share of changes in capital surplus of associates	<u>119,072</u>	<u>137,091</u>	<u>206,147</u>
	<u>\$ 1,313,861</u>	<u>\$ 1,331,880</u>	<u>\$ 1,400,936</u> (Concluded)

Note: 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 once a year).

c. Retained Earnings and Dividend Policy

Under the dividend policy as set forth in the 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 10% of the remaining profit (except when legal reserve equals to the Corporation's paid-in capital, may also set aside or not), 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. According to the Articles amended on the shareholders' meeting in May 2019, the common shares dividends will be distributed after the distribution of preferred shares dividends base on the Articles.

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.

The legal reserve may be used to offset deficits. 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 a special reserve by the Corporation.

The appropriations of earnings for 2018 and 2017 had been approved in the shareholders' meetings on May 2019 and 2018, respectively; the amounts were as follows:

	Appropriation of Earnings		Dividend Per Share	
	(NT\$)			
	For Fiscal Year		For Fiscal Year	
	2018	2017	2018	2017
Legal reserve	\$ 134,596	\$ 140,951		
Special reserve	601,187	-		
Cash dividends to shareholders	<u>740,448</u>	<u>763,587</u>	\$ 3.2	\$ 3.3
	<u>\$ 1,476,231</u>	<u>\$ 904,538</u>		

The reversed from special reserve \$118,978 thousand had been approved in the shareholders' meetings on May, 2018.

d. Other Equity Items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ (355,909)	\$ (284,224)
Effect of change in tax rate	-	2,610
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	92,862	53,926
Share from associates accounted for using the equity method	19,895	19,425
Income tax	<u>(18,572)</u>	<u>(10,302)</u>
Balance at June 30	<u>\$ (261,724)</u>	<u>\$ (218,565)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ (323,438)	\$ (191,425)
Effect of change in tax rate	-	1,008
Recognized for the period		
Unrealized loss - equity instruments	(59,454)	(39,242)
Share from associates accounted for using the equity method	20,992	4,472
Income tax	5,839	-
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal		
Equity instruments of the Group	4,652	591
Share from associates accounted for using the equity method	<u>(98)</u>	<u>(15,362)</u>
Balance at June 30	<u>\$ (351,507)</u>	<u>\$ (239,958)</u>

e. Non-Controlling Interests

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 1,343,281	\$ 1,055,137
Other comprehensive income during the period		
Net Profit	69,309	83,013
Unrealized gain on financial assets at FVTOCI	-	52
Exchange differences on translating the financial statements of foreign operations	23,148	1,512
Non-controlling interests arising from subsidiaries capital increase	14,596	5,968
Non-controlling interests reducing from subsidiaries capital decrease	-	(7,812)
Non-controlling interests arising from acquisition of subsidiaries	315,552	192,157
Cash dividends distributed to non-controlling interests	<u>(9,900)</u>	<u>-</u>
Balance at June 30	<u>\$ 1,755,986</u>	<u>\$ 1,330,027</u>

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Revenue from contracts with customers				
Revenue from sale of goods	\$ 13,895,853	\$ 13,299,522	\$ 25,832,509	\$ 24,808,034
Other operating revenue	<u>145,639</u>	<u>108,873</u>	<u>274,864</u>	<u>240,523</u>
	<u>\$ 14,041,492</u>	<u>\$ 13,408,395</u>	<u>\$ 26,107,373</u>	<u>\$ 25,048,557</u>

a. Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Notes receivable	\$ 2,049,772	\$ 1,823,042	\$ 1,938,224	\$ 1,789,902
Trade receivables, net (including related parties)	<u>13,609,391</u>	<u>13,331,880</u>	<u>12,724,443</u>	<u>10,815,442</u>
	<u>\$ 15,659,163</u>	<u>\$ 15,154,922</u>	<u>\$ 14,662,667</u>	<u>\$ 12,605,344</u>
Contract liabilities				
Sale of goods	<u>\$ 383,874</u>	<u>\$ 151,748</u>	<u>\$ 304,320</u>	<u>\$ 151,208</u>

The contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment. There are no significant changes for the six months ended June 30, 2019 and 2018 except the Corporation obtained \$114,949 thousand of contract liabilities through the acquisition of subsidiary at May 1, 2019.

Revenue of the reporting period recognized from the beginning contract liability was as follows:

	For the Six Months Ended June 30	
	2019	2018
Sale of goods	<u>\$ 151,748</u>	<u>\$ 150,938</u>

b. Disaggregation of revenue

Refer to Note 33 for information about disaggregation of revenue.

22. NET PROFIT

The details of net profit were as follows:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest income	\$ 4,048	\$ 2,169	\$ 6,365	\$ 3,847
Others	<u>15,450</u>	<u>37,305</u>	<u>57,119</u>	<u>51,426</u>
	<u>\$ 19,498</u>	<u>\$ 39,474</u>	<u>\$ 63,484</u>	<u>\$ 55,273</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Gain of financial assets designated as at FVTPL	\$ 5,115	\$ 3,225	\$ 178	\$ 481
Net foreign exchange gain	6,222	9,619	12,626	552
Impairment loss (Note 12)	-	-	-	(25,396)
Others	<u>(3,990)</u>	<u>(4,371)</u>	<u>(8,717)</u>	<u>(8,533)</u>
	<u>\$ 7,347</u>	<u>\$ 8,473</u>	<u>\$ 4,087</u>	<u>\$ (32,896)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank loans	\$ 62,433	\$ 50,857	\$ 134,992	\$ 91,514
Syndicated loan fee amortization	360	360	2,160	720
Interest on lease liabilities	<u>846</u>	<u>-</u>	<u>1,718</u>	<u>-</u>
	<u>\$ 63,639</u>	<u>\$ 51,217</u>	<u>\$ 138,870</u>	<u>\$ 92,234</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 36,950	\$ 28,376	\$ 64,879	\$ 55,376
Right-of-use assets	11,816	-	23,251	-
Intangible assets	<u>4,847</u>	<u>900</u>	<u>9,742</u>	<u>1,605</u>
	<u>\$ 53,613</u>	<u>\$ 29,276</u>	<u>\$ 97,872</u>	<u>\$ 56,981</u>
An analysis of depreciation by function				
Operating costs	\$ 12,158	\$ 4,614	\$ 24,385	\$ 9,188
Operating expenses	<u>36,608</u>	<u>23,762</u>	<u>63,745</u>	<u>46,188</u>
	<u>\$ 48,766</u>	<u>\$ 28,376</u>	<u>\$ 88,130</u>	<u>\$ 55,376</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 4,847</u>	<u>\$ 900</u>	<u>\$ 9,742</u>	<u>\$ 1,605</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	<u>\$ 359,708</u>	<u>\$ 347,370</u>	<u>\$ 691,903</u>	<u>\$ 677,699</u>
Post-employment benefits				
Defined contribution plans	13,483	13,047	26,947	25,048
Defined benefit plans (Note 19)	<u>4,262</u>	<u>1,299</u>	<u>8,524</u>	<u>3,376</u>
	<u>17,745</u>	<u>14,346</u>	<u>35,471</u>	<u>28,424</u>
	<u>\$ 377,453</u>	<u>\$ 361,716</u>	<u>\$ 727,374</u>	<u>\$ 706,123</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 13,079	\$ 11,628	\$ 25,774	\$ 21,757
Operating expenses	<u>364,374</u>	<u>350,088</u>	<u>701,600</u>	<u>684,366</u>
	<u>\$ 377,453</u>	<u>\$ 361,716</u>	<u>\$ 727,374</u>	<u>\$ 706,123</u>

f. Employees' compensation and remuneration to directors

The Corporation accrued employees' compensation and remuneration to directors at the rates in 9%-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. For the three months ended June 30, 2019 and 2018 and the for six months ended June 30, 2019 and 2018, the employees' compensation and the remuneration to directors were accrued as follows.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<hr/> Estimated rate <hr/>				
Employees' compensation (%)	11.30	10.25	11.02	10.83
Remuneration to directors (%)	1.18	1.07	1.15	1.13
<hr/> Amounts <hr/>				
Employees' compensation	<u>\$ 53,065</u>	<u>\$ 56,813</u>	<u>\$ 96,150</u>	<u>\$ 102,826</u>
Remuneration to directors	<u>\$ 5,549</u>	<u>\$ 5,940</u>	<u>\$ 10,053</u>	<u>\$ 10,750</u>

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

The appropriations of employees' compensation and remuneration to directors for 2018 and 2017 resolved by the board of directors in March 2019 and 2018, respectively, were as follows:

	For the Year Ended December 31	
	2018	2017
Employees' compensation (settled by cash)	\$ 208,144	\$ 207,579
Remuneration to directors (settled by cash)	21,760	21,701

There is no difference between the actual amounts of the employees' compensation and the remuneration to directors paid and the accrued amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and the remuneration to directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

- a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 88,491	\$ 103,316	\$ 157,212	\$ 191,530
Income tax on unappropriated earnings	13,829	53,533	13,829	53,533
Adjustments for prior periods	<u>3,703</u>	<u>(1,507)</u>	<u>3,703</u>	<u>(1,507)</u>
	<u>106,023</u>	<u>155,342</u>	<u>174,744</u>	<u>243,556</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Deferred tax				
In respect of the current period	\$ 13,684	\$ (28,100)	\$ 20,818	\$ 14,811
Effect of change in tax rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,095</u>
	<u>13,684</u>	<u>(28,100)</u>	<u>20,818</u>	<u>147,906</u>
Income tax expense recognized in profit or loss	<u>\$ 119,707</u>	<u>\$ 127,242</u>	<u>\$ 195,562</u>	<u>\$ 391,462</u>

(Concluded)

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss and other comprehensive income is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Deferred tax benefit</u>				
Disposal of subsidiaries' equity	<u>\$ (2,012)</u>	<u>\$ -</u>	<u>\$ (2,012)</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Deferred tax benefit (expense)</u>				
Effect of change in tax rate	\$ -	\$ -	\$ -	\$ 6,553
In respect of the current period				
Unrealized loss on financial assets at FVTOCI	6,358	-	5,839	-
Translations of foreign operations	<u>12,128</u>	<u>(2,941)</u>	<u>(18,572)</u>	<u>(10,302)</u>
	<u>\$ 18,486</u>	<u>\$ (2,941)</u>	<u>\$ (12,733)</u>	<u>\$ (3,749)</u>

d. Income tax assessments

The Corporation's tax returns through 2017 and the domestic subsidiaries tax returns through 2016 and 2017 have been assessed by the tax authorities.

24. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of share capital outstanding used in the computation of EPS were as follows:

a. Net profit for the periods attributable to the owners of the Corporation

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Earnings used in the computation of basic/diluted EPS	<u>\$ 344,348</u>	<u>\$ 436,434</u>	<u>\$ 659,412</u>	<u>\$ 590,494</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Weighted average number of share capital used in computation of basic EPS	231,390	231,390	231,390	231,390
Effect of potentially dilutive share capital Employees' compensation	<u>2,033</u>	<u>1,933</u>	<u>5,765</u>	<u>3,506</u>
Weighted average number of share capital used in computation of diluted EPS	<u>233,423</u>	<u>233,323</u>	<u>237,155</u>	<u>234,896</u>

The Group is allowed to settle the employees' compensation by cash or shares. Therefore, in the computation of diluted EPS, 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 share capital outstanding used in the computation of diluted EPS if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred Cash
WT Industrial	Manufacturing Material trading	June 1, 2018	51	<u>\$ 200,000</u>
Kingstone Energy Technology	Battery manufacturing and renewable energy self-use power generation equipment industry	May 1, 2019	51	<u>\$ 468,384</u>

(Continued)

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred Cash
Shanghai Lihuang	Medical devices and equipment	June 30, 2019	70	<u>\$ 14,518</u>
				(Concluded)

The Group acquired Kingstone Energy Technology, Shanghai Lihuang and WT Industrial in 2019 and 2018 to expand the Group's operation.

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

	Shanghai Lihuang	Kingstone Energy Technology	WT Industrial
Current assets			
Cash and cash equivalents	\$ 6,980	\$ 120,938	\$ 97,355
Financial assets at FVTPL	-	7,648	-
Trade receivables	158	32,420	272,524
Other receivables	150	2,585	-
Current tax assets	-	28	-
Inventories	3,761	11,891	181,866
Prepayments for purchases	-	76,457	-
Other financial assets - current	-	-	104,484
Other assets - current	69	29,990	41,975
Noncurrent assets			
Investments under the equity method	-	79,989	2,279
Property, plant and equipment	-	1,328,538	7,202
Right-of-use assets	1,446	13,225	-
Prepayments for equipment	-	204,475	-
Other intangible assets	-	128	75,540
Deferred tax assets	-	1,404	-
Other assets - noncurrent	-	-	842
Current liabilities			
Short-term borrowings	-	(76,010)	(247,668)
Contract liabilities - current	(935)	(114,014)	(5,947)
Trade payables	(10,008)	(115,060)	(94,294)
Other payables	-	(2,347)	(26,177)
Current tax liabilities	-	(10,892)	(13,520)
Other liabilities - current	-	(505)	(1,361)
Noncurrent liabilities			
Long-term borrowings	-	(932,345)	-
Lease liabilities - noncurrent	(1,446)	(13,225)	-
Deferred tax liabilities	-	(1,404)	-
Net defined benefit liabilities - noncurrent	-	-	(2,943)
	<u>\$ 175</u>	<u>\$ 643,914</u>	<u>\$ 392,157</u>

The accounting for the acquisition of Kingstone Energy Technology and Shanghai Lihuang had been provisionally determined at the reporting date.

c. Goodwill recognized on acquisitions

	Shanghai Lihuang	Kingstone Energy Technology	WT Industrial
Consideration transferred	\$ 14,518	\$ 468,384	\$ 200,000
Plus: Non-controlling interests	52	320,636	192,157
Less: Fair value of identifiable net assets acquired	<u>(175)</u>	<u>(643,914)</u>	<u>(392,157)</u>
Goodwill recognized on acquisitions	<u>\$ 14,395</u>	<u>\$ 145,106</u>	<u>\$ -</u>

In the third quarter of 2018, the Group completed the identification of the difference between the cost of the investment and the Group's share of the net fair value of WT Industrial's identifiable assets and liabilities and, therefore, the Group retrospectively adjusted an amount of \$ 75,540 thousand from goodwill to other intangible assets for the consolidated financial statements as of June 30, 2018.

As of June 30, 2019, the Group has not completed the identification of the difference between the cost of the investment and the Group's share of the net fair value of Shanghai Lihuang and Kingstone Energy Technology's identifiable assets and liabilities and, as a result, the difference was recognized as goodwill provisionally.

d. Net cash outflow on acquisition of subsidiaries

	Shanghai Lihuang	Kingstone Energy Technology	WT Industrial
Consideration paid in cash	\$ 14,518	\$ 468,384	\$ 200,000
Less: Cash and cash equivalent balances acquired	<u>(6,980)</u>	<u>(120,939)</u>	<u>(97,355)</u>
	<u>\$ 7,538</u>	<u>\$ 347,445</u>	<u>\$ 102,645</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates are as follows:

	Shanghai Lihuang	Kingstone Energy Technology	WT Industrial
Revenue	<u>\$ -</u>	<u>\$ 28,053</u>	<u>\$ 119,830</u>
Net profit	<u>\$ -</u>	<u>\$ 3,241</u>	<u>\$ 206</u>

Had these acquisition of subsidiaries been in effect at the beginning of the annual reporting period, the Group's proforma revenue would have been \$14,097,609 thousand, \$13,625,207 thousand, \$26,193,358 thousand, and \$25,596,521 thousand, and net proforma profit would have been \$367,693 thousand, \$487,930 thousand, \$720,476 thousand and \$699,485 thousand for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, 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 at the beginning of the annual reporting period, nor is it intended to be a projection of future results.

26. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt and equity.

The key management personnel of the Group periodically reviews 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 except those discussed in Note 16.

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 73,121	\$ -	\$ -	\$ 73,121
Structured deposits	-	104,022	-	104,022
Foreign exchange option contracts	-	182	-	182
Foreign exchange forward contracts	-	1,217	-	1,217
	<u>\$ 73,121</u>	<u>\$ 105,421</u>	<u>\$ -</u>	<u>\$ 178,542</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 83,524	\$ -	\$ -	\$ 83,524
Unlisted shares	-	-	558,721	558,721
Foreign listed shares	54,472	-	-	54,472
	<u>\$ 137,996</u>	<u>\$ -</u>	<u>\$ 558,721</u>	<u>\$ 696,717</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>636</u>	\$ <u>-</u>	\$ <u>636</u> (Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 65,821	\$ -	\$ -	\$ 65,821
Structured deposits	<u>-</u>	<u>89,344</u>	<u>-</u>	<u>89,344</u>
	<u>\$ 65,821</u>	<u>\$ 89,344</u>	<u>\$ -</u>	<u>\$ 155,165</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 105,677	\$ -	\$ -	\$ 105,677
Unlisted share	-	-	569,293	569,293
Foreign listed shares	<u>85,983</u>	<u>-</u>	<u>-</u>	<u>85,983</u>
	<u>\$ 191,660</u>	<u>\$ -</u>	<u>\$ 569,293</u>	<u>\$ 760,953</u>

<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>4,359</u>	\$ <u>-</u>	\$ <u>4,359</u>

June 30, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 482	\$ -	\$ 482
Mutual funds	<u>67,240</u>	<u>-</u>	<u>-</u>	<u>67,240</u>
	<u>\$ 67,240</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 67,722</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 131,877	\$ -	\$ -	\$ 131,877
Unlisted shares	-	4,073	507,676	511,749
Foreign listed shares	<u>78,612</u>	<u>-</u>	<u>-</u>	<u>78,612</u>
	<u>\$ 210,489</u>	<u>\$ 4,073</u>	<u>\$ 507,676</u>	<u>\$ 722,238</u>

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2019 and 2018.

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 569,293	\$ 553,111
Recognized in other comprehensive income	(10,572)	(6,375)
Disposals	<u>-</u>	<u>(39,060)</u>
Balance at June 30	<u>\$ 558,721</u>	<u>\$ 507,676</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

- a) Domestic emerging market shares: Refer to the transaction price assessment of the observable market price.
- b) 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.
- b) Derivative instruments: The future cash flows are estimated based on the observable forward exchange rates at balance date and the exchange rate stipulated in the contract, and are separately discounted at rates that reflects the credit risk of each counterparty.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair value of the unlisted shares held by the Group were measured by using the market approach based on the price-book ratio of the comparable companies or by the latest net value of the investees.

c. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
<hr/> Financial assets <hr/>			
FVTPL			
Mandatorily classified at FVTPL	\$ 178,542	\$ 155,165	\$ 67,722
FVTOCI			
Equity instruments	696,717	760,953	722,238
Measured at amortized cost (Note 1)	18,904,875	17,927,794	17,597,157
<hr/> Financial liabilities <hr/>			
FVTPL			
Held for trading	636	4,359	-
Measured at amortized cost (Note 2)	19,360,221	17,503,035	16,949,613

Note 1: Include cash and cash equivalents, notes receivable, 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 payable (including related parties), trade payables (including related parties), dividends payable, other payables, 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, and 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 denominated 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) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group is 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 foreign currency denominated monetary items at balance sheet date. For a 1% weakening of the functional currency against USD, the pre-tax profit will increase by \$7,214 thousand and \$3,343 thousand for the six months ended June 30, 2019 and 2018, respectively.

b) Interest rate risk

The Group was exposed to interest rate risk because the entities in 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:

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value interest rate risk			
Financial assets	\$ 316,447	\$ 190,330	\$ 207,029
Financial liabilities	5,395,242	3,844,367	3,814,443

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Cash flow interest rate risk			
Financial assets	\$ 2,251,880	\$ 2,322,503	\$ 2,224,994
Financial liabilities	5,537,837	6,028,994	4,345,886
			(Concluded)

Sensitivity analysis

The sensitivity analyses below were determined based on 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 liability outstanding at the end of the reporting period was outstanding for the reporting period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2019 and 2018 would have decrease/increase by \$16,430 thousand and \$10,604 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate 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 unlisted shares.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2019 and 2018 would have increased/decreased by \$731 thousand and \$672 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2019 and 2018 would have increased/decreased by \$6,967 thousand and \$7,222 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 the failure of the counterparties to discharge its obligation could be equal to the total of the following:

- The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopts 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 Group transacts with a large number of unrelated customers and, thus, the concentration of credit risk was limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining adequate cash and cash equivalents to fulfill the demand for 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 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 derived from the interest rate at the end of the reporting period.

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
<u>June 30, 2019</u>					
Non-interest bearing	\$ 7,848,324	\$ 730,625	\$ 419	\$ -	\$ 8,579,368
Lease liabilities	13,996	36,397	62,701	54,013	167,107
Variable interest rate liabilities	3,814,859	427,203	868,761	561,604	5,672,427
Fixed interest rate liabilities	2,105,662	444,000	724,234	2,205,392	5,479,288
Financial guarantee contracts	<u>43,142</u>	<u>866,912</u>	<u>-</u>	<u>-</u>	<u>910,054</u>
	<u>\$ 13,825,983</u>	<u>\$ 2,505,137</u>	<u>\$ 1,656,115</u>	<u>\$ 2,821,009</u>	<u>\$ 20,808,244</u>
<u>December 31, 2018</u>					
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	<u>811,403</u>	<u>35,276</u>	<u>-</u>	<u>-</u>	<u>846,679</u>
	<u>\$ 14,142,079</u>	<u>\$ 1,634,496</u>	<u>\$ 1,855,344</u>	<u>\$ 864,077</u>	<u>\$ 18,495,996</u>
<u>June 30, 2018</u>					
Non-interest bearing	\$ 8,333,877	\$ 454,746	\$ -	\$ -	\$ 8,788,623
Variable interest rate liabilities	1,516,869	534,625	1,551,960	891,810	4,495,264
Fixed interest rate liabilities	3,425,690	197,281	205,075	245	3,828,291
Financial guarantee contracts	<u>-</u>	<u>911,390</u>	<u>-</u>	<u>-</u>	<u>911,390</u>
	<u>\$ 13,276,436</u>	<u>\$ 2,098,042</u>	<u>\$ 1,757,035</u>	<u>\$ 892,055</u>	<u>\$ 18,023,568</u>

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 changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

The Group discounted commercial acceptance bills to banks and transferred a portion of commercial acceptance bills in China to some of its suppliers in order to settle the trade payables to these suppliers. If these commercial acceptance bills are not paid at maturity, suppliers have the right to request the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial acceptance bills, it continues to recognize the full carrying amounts of these commercial acceptance bills and treats these commercial acceptance bills that have been transferred to banks as collateral for borrowings.

	June 30, 2019	December 31, 2019	June 30, 2018
Discounted to banks	<u>\$ 667,155</u>	<u>\$ 669,793</u>	<u>\$ 40,692</u>
Endorsement transfer to suppliers	<u>\$ 249,922</u>		

2) Derecognition of notes receivable that had been transferred

The Group transferred a portion of its banker's acceptance bills in China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of June 30, 2019, the face amounts of these unsettled bills receivable were \$130,413 thousand. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the six months ended June 30, 2019, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions within the Group had been eliminated upon consolidation. 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 Wah Chang Trading Co. Ltd.	Associated company
Shanghai Chang Wah Electromaterials Inc.	Associated company
WT Indonesia	Associated company
Wahlee Green Energy	Associated company (became subsidiary from May 2019)
Eco Energy Corp.	Associated company
Kingstone Energy Technology	Associated company (became subsidiary from May 2019)
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
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

b. Operating transactions

1) Sales of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Related parties category</u>				
Associates and their subsidiaries	\$ 127,199	\$ 116,768	\$ 237,373	\$ 211,489
Other related parties	<u>4,123</u>	<u>6,901</u>	<u>9,101</u>	<u>11,403</u>
	<u>\$ 131,322</u>	<u>\$ 123,669</u>	<u>\$ 246,474</u>	<u>\$ 222,892</u>

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

2) Purchase of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Related parties category</u>				
Associates and their subsidiaries	\$ 107,106	\$ 122,823	\$ 198,806	\$ 213,592
Other related parties	<u>310,344</u>	<u>338,534</u>	<u>579,218</u>	<u>693,890</u>
	<u>\$ 417,450</u>	<u>\$ 461,357</u>	<u>\$ 778,024</u>	<u>\$ 907,482</u>

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

3) Commission expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Related parties category</u>				
Other related parties	<u>\$ 75</u>	<u>\$ 51</u>	<u>\$ 126</u>	<u>\$ 108</u>

4) Receivables from related parties

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes receivable</u>			
Associates and their subsidiaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230</u>
<u>Trade receivables - related parties</u>			
Associates and their subsidiaries	\$ 124,736	\$ 145,097	\$ 143,798
Other related parties	<u>9,505</u>	<u>24,019</u>	<u>3,928</u>
	<u>\$ 134,241</u>	<u>\$ 169,116</u>	<u>\$ 147,726</u>
<u>Other receivables - related parties</u>			
Associates and their subsidiaries			
Chang Wah Electromaterials Inc.	\$ 237,483	\$ -	\$ 217,692
Nagase Wahlee Plastics Corp.	48,032	28	37
Wah Hong Industrial Corp.	24,545	8,921	3,614
Others	434	167	28,312
Other related parties	<u>551</u>	<u>686</u>	<u>495</u>
	<u>\$ 311,045</u>	<u>\$ 9,802</u>	<u>\$ 250,150</u>

As of June 30, 2019 and 2018, other receivables - related parties included dividends receivable \$307,552 thousand and \$249,200 thousand, respectively.

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes payable - related parties</u>			
Associates and their subsidiaries	\$ 806	\$ 1,548	\$ 2,221
Other related parties			
Asahi Kasei Wah Lee Hi-Tech Corporation	<u>-</u>	<u>-</u>	<u>103,399</u>
	<u>\$ 806</u>	<u>\$ 1,548</u>	<u>\$ 105,620</u>
<u>Trade payables - related parties</u>			
Associates and their subsidiaries	\$ 96,200	\$ 92,415	\$ 115,554
Other related parties	<u>334,966</u>	<u>309,979</u>	<u>337,058</u>
	<u>\$ 431,166</u>	<u>\$ 402,394</u>	<u>\$ 452,612</u>
<u>Other payables</u>			
Associates and their subsidiaries	\$ -	\$ -	\$ 88
Other related parties	<u>430</u>	<u>225</u>	<u>526</u>
	<u>\$ 430</u>	<u>\$ 225</u>	<u>\$ 614</u>

The outstanding payables to related parties are unsecured.

6) Prepayments for purchases

<u>Related Parties Category</u>	June 30, 2019	December 31, 2018	June 30, 2018
Associates and their subsidiaries	<u>\$ -</u>	<u>\$ 30,237</u>	<u>\$ 2,715</u>

c. Disposals of property, plant and equipment

	Proceeds		Gain on Disposal	
	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Associates				
Wah Hong Industrial Corp.	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ 57</u>

d. Management consulting service income (under other income)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associates and their subsidiaries	\$ 2,965	\$ 2,752	\$ 4,191	\$ 3,426

e. Rental income (under other income)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Related parties category</u>				
Associates and their subsidiaries	\$ 604	\$ 551	\$ 1,157	\$ 1,101
Other related parties	4	6	34	36
	\$ 608	\$ 557	\$ 1,191	\$ 1,137

f. Endorsements and guarantees and related income

1) Endorsements and guarantees

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Related parties category</u>			
Associates and their subsidiaries			
Amount endorsed	\$ 1,257,182	\$ 1,241,337	\$ 1,234,601
Amount utilized	\$ 866,912	\$ 846,679	\$ 911,390
Other related parties			
Amount endorsed	\$ 25,194	\$ 25,194	\$ 25,194
Amount utilized	\$ -	\$ -	\$ -

2) Income from endorsements and guarantees (under other income)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Related parties category</u>				
Associates and their subsidiaries	\$ 24	\$ 14	\$ 143	\$ 300
Other related parties	-	-	-	28
	\$ 24	\$ 14	\$ 143	\$ 328

g. Compensation to key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ 19,920	\$ 24,735	\$ 50,217	\$ 48,231
Post-employment benefits	<u>270</u>	<u>465</u>	<u>507</u>	<u>929</u>
	<u>\$ 20,190</u>	<u>\$ 25,200</u>	<u>\$ 50,724</u>	<u>\$ 49,160</u>

The compensation to directors and other members of key management was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group provided the following assets as collaterals for bank borrowings, commitments to vendors, and tariffs guarantee of imported merchandise.

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable	\$ 667,155	\$ 669,793	\$ 40,692
Other financial assets - current	130,449	34,955	103,831
Property, plant and equipment			
Freehold land	664,526	501,229	501,229
Buildings	446,685	452,449	459,728
Machinery and equipment	1,134,023	-	-
Miscellaneous equipment	<u>7,129</u>	<u>9,563</u>	<u>11,998</u>
	<u>\$ 3,049,967</u>	<u>\$ 1,667,989</u>	<u>\$ 1,117,478</u>

30. 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:

- The Group had unused letters of credit for purchase of merchandise were \$178,503 thousand and \$244,985 thousand as of June 30, 2019 and 2018, respectively.
- Unrecognized commitments were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Acquisition of property, plant and equipment	<u>\$ 373,867</u>	<u>\$ 48,000</u>	<u>\$ -</u>

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

The following information was aggregated by the foreign currencies other than functional currencies of the Group's entities and the related exchange rates between foreign currencies and respective functional currencies were disclosed. The significant financial assets and financial liabilities denominated in foreign currencies were as follows:

	Foreign Currency Amount	Exchange Rate		Carrying Amount
<hr/> June 30, 2019 <hr/>				
Monetary financial assets				
USD	\$ 180,122	31.06	(USD:NTD)	\$ 5,594,590
USD	21,654	7.8099	(USD:HKD)	672,573
USD	30,669	6.8676	(USD:RMB)	952,576
USD	1,555	30.56	(USD:THB)	48,295
Non-monetary financial assets				
Investment accounted for using the equity method				
USD	10,325	31.06	(USD:NTD)	320,697
RMB	160,128	4.5227	(RMB:NTD)	724,210
RMB	1,082,058	1.1372	(RMB:HKD)	4,893,808
JPY	416,529	0.2886	(JPY:NTD)	120,210
HKD	1,418,267	3.977	(HKD:NTD)	5,640,449
THB	169,618	1.0165	(THB:NTD)	172,416
Monetary financial liabilities				
USD	165,670	31.06	(USD:NTD)	5,145,714
USD	10,806	7.8099	(USD: RMB)	335,626
USD	29,491	6.8676	(USD: HKD)	915,992
USD	3,072	25,669.42	(USD: VND)	95,419
USD	1,735	30.56	(USD: THB)	53,895
<hr/> December 31, 2018 <hr/>				
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
Non-monetary financial assets				
Investments accounted for using the 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

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
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
<hr/> June 30, 2018 <hr/>				
Monetary financial assets				
USD	177,756	30.46	(USD:NTD)	5,414,448
USD	31,497	7.8485	(USD:HKD)	959,391
USD	26,963	6.6216	(USD:RMB)	821,307
USD	1,993	32.98	(USD:THB)	60,707
Non-monetary financial assets				
Investment accounted for using the equity method				
USD	9,672	30.46	(USD:NTD)	294,598
RMB	152,760	4.6001	(RMB:NTD)	702,709
RMB	808,222	1.1852	(RMB:HKD)	3,717,901
JPY	580,154	0.2754	(JPY:NTD)	159,775
HKD	1,362,429	3.881	(HKD:NTD)	5,287,587
THB	171,657	0.9237	(THB:NTD)	158,560
Monetary financial liabilities				
USD	164,466	30.46	(USD:NTD)	5,009,644
USD	15,326	7.8485	(USD: HKD)	466,830
USD	38,707	6.6216	(USD: RMB)	1,179,026
USD	2,021	25,383	(USD: VND)	61,575
USD	6,712	32.98	(USD: THB)	204,462
(Concluded)				

For the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, realized and unrealized net foreign exchange gains were \$6,222 thousand, \$9,619 thousand, \$12,626 thousand and \$522 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.

32. ADDITIONAL DISCLOSURES

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 and associates): 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. In addition, the Group incurred a net loss of \$7,357 thousand for derivative instruments transactions from for the six months ended June 30, 2019. 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 area, 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: None
 - 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 period 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 for the six months ended and as of June 30, 2019 were as follow:

Account	Trade Partners	Amount
Management consulting service income	Shanghai Yikang Co., Ltd.	\$ 20,615
Income from endorsements and guarantees	Shanghai Yikang Co., Ltd.	547
Commission expenses	Shanghai Yikang Co., Ltd.	43,206
Other receivables	Shanghai Yikang Co., Ltd.	107,517
Other payables	Shanghai Yikang Co., Ltd.	24,480

33. 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 12 for details.

Segment revenues and results

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 six months ended June 30, 2019						
Revenues from external customers	\$ 12,407,509	\$ 5,600,650	\$ 6,587,271	\$ 1,511,943	\$ -	\$ 26,107,373
Inter-segment revenues	<u>1,574,110</u>	<u>14,967</u>	<u>76,160</u>	<u>76,911</u>	<u>(1,742,148)</u>	<u>-</u>
Segment revenues	<u>\$ 13,981,619</u>	<u>\$ 5,615,617</u>	<u>\$ 6,663,431</u>	<u>\$ 1,588,854</u>	<u>\$ (1,742,148)</u>	<u>\$ 26,107,373</u>
Segment income	\$ 242,185	\$ 142,881	\$ 250,628	\$ 66,229	\$ 50,287	\$ 752,210
Other income	83,720	4,269	31,041	4,066	(59,612)	63,484
Other gains and losses	26,243	(10,193)	(19,867)	5,720	2,184	4,087
Finance costs	<u>(65,237)</u>	<u>(46,323)</u>	<u>(13,823)</u>	<u>(13,487)</u>	<u>-</u>	<u>(138,870)</u>
Profit before income tax	286,911	90,634	247,979	62,528	(7,141)	680,911
Income tax expense	<u>(106,931)</u>	<u>(15,879)</u>	<u>(63,561)</u>	<u>(8,808)</u>	<u>(383)</u>	<u>(195,562)</u>
Net profit after tax	<u>\$ 179,980</u>	<u>\$ 74,755</u>	<u>\$ 184,418</u>	<u>\$ 53,720</u>	<u>\$ (7,524)</u>	<u>485,349</u>
Share of profit or loss of associates under the equity method						<u>243,372</u>
Consolidated net profit						<u>\$ 728,721</u>

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
<u>June 30, 2019</u>						
Identifiable assets	<u>\$ 13,373,729</u>	<u>\$ 6,376,159</u>	<u>\$ 6,847,699</u>	<u>\$ 4,417,542</u>	<u>\$ (1,188,504)</u>	\$ 29,826,625
Goodwill						191,809
Investment accounted for using the equity method						<u>4,423,182</u>
Total assets						<u>\$ 34,441,616</u>
<u>For the six months ended June 30, 2018</u>						
Revenues from external customers	\$ 12,538,663	\$ 5,121,789	\$ 6,058,456	\$ 1,329,649	\$ -	\$ 25,048,557
Inter-segment revenues	<u>2,070,414</u>	<u>350,256</u>	<u>80,993</u>	<u>156,486</u>	<u>(2,658,149)</u>	<u>-</u>
Segment revenues	<u>\$ 14,609,077</u>	<u>\$ 5,472,045</u>	<u>\$ 6,139,449</u>	<u>\$ 1,486,135</u>	<u>\$ (2,658,149)</u>	<u>\$ 25,048,557</u>
Segment income	\$ 303,628	\$ 276,675	\$ 313,718	\$ 59,069	\$ -	\$ 953,090
Other income	15,008	8,818	29,214	2,233	-	55,273
Other gains and losses	(2,958)	(10,888)	(16,242)	(2,808)	-	(32,896)
Finance costs	<u>(47,740)</u>	<u>(35,460)</u>	<u>(1,816)</u>	<u>(7,218)</u>	<u>-</u>	<u>(92,234)</u>
Profit before income tax	267,938	239,145	324,874	51,276	-	883,233
Income tax expense	<u>(245,891)</u>	<u>(41,775)</u>	<u>(92,396)</u>	<u>(11,400)</u>	<u>-</u>	<u>(391,462)</u>
Net profit after tax	<u>\$ 22,047</u>	<u>\$ 197,370</u>	<u>\$ 232,478</u>	<u>\$ 39,876</u>	<u>\$ -</u>	491,771
Share of profit or loss of associates under the equity method						<u>181,736</u>
Consolidated net profit						<u>\$ 673,507</u>
<u>June 30, 2018</u>						
Identifiable assets	<u>\$ 13,221,165</u>	<u>\$ 6,281,528</u>	<u>\$ 5,961,276</u>	<u>\$ 2,640,890</u>	<u>\$ (1,442,649)</u>	\$ 26,662,210
Goodwill						31,839
Investment accounted for using the equity method						<u>4,293,187</u>
Total assets						<u>\$ 30,987,236</u> (Concluded)

Segment profit represented the profit before tax earned by each segment without share of profits of associates. 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.

TABLE 1

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 1)	Actual Amount Borrowing (Notes 1 and 4)	Interest Rate (%)	Nature for Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral (Note 3)		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Shanghai Yikang	Yadi Shanghai	Other receivables - related parties	Yes	\$ 69,006	\$ 67,841	\$ -	5.83	short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 1,157,249	\$ 1,157,249	
2	Huaying Shenzhen	Hua Chen Da, Xiamen	Other receivables - related parties	Yes	9,181	9,045	3,211	4.77	short-term financing	-	Operating capital	-	-	-	57,832	57,832	
3	Dong Guan Hua Gang	Meizhou Bailun	Other receivables - related parties	Yes	20,804	20,804	-	12.00	short-term financing	-	Operating capital	-	Pledge of Stock Rights	20,804	600,235	600,235	

Note 1: RMB is converted by spot exchange CNY\$1 = \$4.5227.

Note 2: Individual and aggregate financing limited should not exceed 30% of the lender’s equity.

Note 3: Bailun Dialysis (Shenzhen) Co., Ltd, which is holding a 49% shares of Meizhou Bailun guarantees by 1.4% of its equity and derivative equity.

Note 4: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-5)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at The End of the Period	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Corporation	Nagase Wahlee Plastics Corp.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	\$ 2,204,022	\$ 490,000	\$ 490,000	\$ 311,337	\$ -	4.45	\$ 7,714,078	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	2,204,022	25,194	25,194	-	-	0.23	7,714,078	N	N	N	
0	The Corporation	Shanghai Yikang	Subsidiary of the Corporation	2,204,022	120,003	108,710	99,741	-	0.99	7,714,078	Y	N	Y	
0	The Corporation	Dong Guan Hua Gang	Subsidiary of the Corporation	3,306,034	667,324	472,112	329,236	-	4.29	7,714,078	Y	N	Y	
0	The Corporation	Raycong H.K., Shanghai Yikang and Dong Guan Hua Gang	Subsidiary of the Corporation	2,204,022	120,000	120,000	56,670	-	1.09	7,714,078	Y	N	Y	
0	The Corporation	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	2,204,022	780,520	767,182	555,575	-	6.96	7,714,078	N	N	Y	
0	The Corporation	WL Singapore	Subsidiary of the Corporation	3,306,034	884,534	751,652	204,290	-	6.82	7,714,078	Y	N	N	
0	The Corporation	Sakuragawa Solar Ltd.	Subsidiary of the Corporation	2,204,022	183,596	182,395	145,468	-	1.66	7,714,078	Y	N	N	
0	The Corporation	Miyazaki Solar Ltd.	Subsidiary of the Corporation	2,204,022	331,461	329,293	243,972	-	2.99	7,714,078	Y	N	N	
0	The Corporation	WL Indonesia	Subsidiary of the Corporation	2,204,022	145,360	142,876	46,590	-	1.30	7,714,078	Y	N	N	
0	The Corporation	WL Vietnam	Subsidiary of the Corporation	3,306,034	445,560	437,946	56,379	-	3.98	7,714,078	Y	N	N	
0	The Corporation	WT Industrial	Subsidiary of the Corporation	2,204,022	686,140	686,140	116,683	-	6.23	7,714,078	Y	N	N	
	The Corporation	Kingstone Energy Technology	Subsidiary of the Corporation	2,204,022	166,320	166,320	-	-	1.51	7,714,078	Y	N	N	
1	Shanghai Yikang	Shanghai Chang Wah Electromaterials Inc.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages	771,500	54,194	53,268	43,142	-	1.38	1,928,749	N	N	Y	

(Continued)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-5)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at the End of the Period	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
2	Kingstone Energy Technology	KSA Energy	Subsidiary of the Corporation	\$ 163,050	\$ 1,382	\$ 1,382	\$ -	\$ -	0.04	\$ 326,100	Y	N	N	
2	Kingstone Energy Technology	KSA Energy	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	652,200	107,876	107,876	71,613	-	2.80	1,630,500	Y	N	N	
2	Kingstone Energy Technology	Open Sky Technology Corporation	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	652,200	51,550	51,550	15,833	-	1.34	1,630,500	N	N	N	
3	KSA Energy	Kingstone Energy Technology	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	125,000	51,100	51,100	47,300	-	1.32	250,000	N	Y	N	

(Continued)

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Corporation and Shanghai Yikang. If the Corporation directly or indirectly hold 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Corporation and Shanghai Yikang.

Note 2: The aggregate endorsement/guarantee limited shall not exceed 70% of the equity of the Corporation. The aggregate endorsement/guarantee limited shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party based on the construction project shall not exceed 200% of the paid in capital of Kingstone Energy Technology. The limit on endorsement/guarantee given on behalf of each party shall not exceed 50% of the paid in capital of Kingstone Energy Technology.

Note 4: The aggregate endorsement/guarantee limited based on construction project shall not exceed 500% of the paid in capital of Kingstone Energy Technology. The aggregate endorsement/guarantee limited shall not exceed 100% of the paid in capital of Kingstone Energy Technology.

Note 5: The limit on endorsement/guarantee given on behalf of each party based on the construction project shall not exceed 500% of the paid in capital of KSA Energy. The aggregate endorsement/guarantee limited based on construction project shall not exceed 1000% of the paid in capital of KSA Energy.

Note 6: USD is converted by spot exchange US\$1=\$31.06; JPY is converted by spot exchange JPY\$1=\$0.2886; RMB is converted by spot exchange RMB\$1=\$4.5227; THB is converted by spot exchange THB\$1=\$1.0165.

(Concluded)

TABLE 3**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2019****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Chang Wah Technology Co. Ltd.	-	Financial assets at FVTOCI - current	200,000	<u>\$ 52,500</u>	-	<u>\$ 52,500</u>	
	Daily Polymer Corp.	Other related party	Financial assets at FVTOCI - noncurrent	2,154,410	\$ 31,024	2.87	\$ 31,024	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	97,073	0.75	97,073	
	JingYi Technology Co.	Other related party	Financial assets at FVTOCI - noncurrent	2,066,432	56,905	16.94	56,905	
	High Power Optoelectronics 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	60,395	19.38	60,395	
	Forcera Materials Co., Ltd.	Other related party	Financial assets at FVTOCI - noncurrent	2,041,239	31,686	8.83	31,686	
	Univision Technology Holdings	-	Financial assets at FVTOCI - noncurrent	38,794,190	-	9.10	-	
	Telelynx Inc.	-	Financial assets at FVTOCI - noncurrent	266,811	1,146	2.92	1,146	
	Minima Technology Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	3,600,000	90,000	13.35	90,000	
	TaiGene Biotechnology Co., Ltd.	Other related party	Financial assets at FVTOCI - noncurrent	2,300,000	10,460	6.57	10,460	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	11,871,585	151,125	5.05	151,125	
	CDIB Capital Group.	-	Financial assets at FVTOCI - noncurrent	5,000,000	51,721	2.86	51,721	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	54,472	8.15	54,472	
	Eleocom Co., Ltd.	Other related party	Financial assets at FVTOCI - noncurrent	1,500,000	8,210	11.11	8,210	
					<u>\$ 644,217</u>		<u>\$ 644,217</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics 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	\$ 46,105	-	\$ 46,105	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	27,173	27,016	-	27,016	
					<u>\$ 73,121</u>		<u>\$ 73,121</u>	

(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 SIX MONTHS ENDED JUNE 30, 2019
(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. Co., Ltd.	Subsidiary	Sales	\$ (262,314)	(2)	30 to 90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	\$ 67,137	1	Note
	Chang Wah Electromaterials Inc.	Associate	Sales	(112,938)	(1)	90 days after monthly closing	Normal trade terms	The term of intercompany are not significantly different from those to third party	75,071	1	Note
	Asahi Kasei Wah Lee Hi-tech Corp.	Other related party	Purchase	507,756	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	(292,822)	(7)	

Note: It was eliminated on consolidation.

TABLE 5

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2019

(In Thousands of New Taiwan Dollars)

[illegible]

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

Note 2: It was eliminated on consolidation.

TABLE 6**WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2019	December 31, 2018						
The Corporation	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 3,757,694	\$ 122,591	\$ 122,414	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	3,020,941	208,031	111,492	subsidiary
The Corporation	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	19,790,218	30.98	1,728,005	581,993	180,303	Associate
The Corporation	Nagase Wahlee Plastics Corp.	Taiwan	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	642,215	45,188	18,075	Associate
The Corporation	Wah Hong Industrial Corp.	Taiwan	Manufacturing of LCD material 、BMC (bulk molding compound) material and molded product	939,921	939,921	25,962,978	26.12	973,522	39,126	10,218	Associate
The Corporation	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	238,217	43,138	15,098	Associate
The Corporation	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, molding machine, electromechanical parts, Office automation equipment, Optical mechanical equipment, battery and Industrial electrical equipment and parts	21,490	21,490	1,500	83.33	5,253	(44)	(36)	subsidiary
The Corporation	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, molding machine, electromechanical parts, Office automation equipment, Optical mechanical equipment, battery and Industrial electrical equipment and parts	18,856	18,856	147,000	100.00	(2,429)	83	83	subsidiary
The Corporation	Okayama Solar Ltd.	Japan	Solar power generation business	3	68,918	-	99.00	5,093	(60)	(60)	subsidiary
The Corporation	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	79,098	5,946	5,946	subsidiary
The Corporation	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	30,766	(1,672)	(1,672)	subsidiary
The Corporation	WL Indonesia	Indonesia	Trading business of industrial materials	14,840	14,840	486,000	60.00	10,732	3,314	1,988	subsidiary
The Corporation	Meidi H.K.	Hong Kong	International investment	17,753	17,753	143	80.00	-	-	-	subsidiary
The Corporation	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	27,613	(380)	(380)	subsidiary
The Corporation	ChuanShun Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	102,849	5,352	3,390	subsidiary
The Corporation	Wahlee Green Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	5,000	5,000	500,000	25.00	4,897	(1,310)	(327)	subsidiary
The Corporation	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	203,237	23,794	8,283	subsidiary
The Corporation	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	80,000	80,000	8,000,000	31.94	79,831	(1,620)	(695)	Associate

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				June 30, 2019	December 31, 2018						
The Corporation	Kingstone Energy Technology	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	468,384	-	7,662,000	51.00	473,679	14,697	5,295	subsidiary
Kingstone Energy Technology	KSA Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	25,000	-	2,500,000	100.00	30,707	2,037	1,035	subsidiary
Kingstone Energy Technology	KSB Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	10,000	-	1,000,000	100.00	10,959	1,075	405	subsidiary
Kingstone Energy Technology	Wahlee Green Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	10,200	-	1,020,000	51.00	9,990	(1,310)	(492)	subsidiary
Kingstone Energy Technology	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment	80,000	-	8,000,000	31.93	79,740	(1,620)	(249)	Associate
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment	43,892	43,892	1,290,000	100.00	718,374	14,702	14,702	subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	51,639	51,639	1,600,000	100.00	332,259	7,589	7,589	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	2,611,923	208,031	96,333	subsidiary
Wah Lee Holding Ltd.	Regent King H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	-	100.00	5,708	(4,308)	(3,889)	subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	1,933	1,933	9,075	33.00	2,461	-	-	Associate

(Concluded)

Note 1: The share of profit (loss) recognized for the six months ended June 30, 2019 included eliminated unrealized gains or 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.

TABLE 7

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE SIX MONTHS ENDED JUNE 30, 2019 (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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	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	\$ -	-	\$ -	\$ -	\$ -	Note 1
Dong Guan Nai Li Photoelectric technology Co., Ltd.	Cutting and selling of engineering plastic	-	Invested through the third region, Raycong H.K.	-	-	-	-	-	-	-	-	-	Note 1
Dong Guan Hua Gang	Sales of industrial materials	1,179,147	Invested through the third region, Raycong H.K.	-	-	-	-	43,955	100.00	43,955	1,995,297	-	
Shanghai Yikang	Processing and selling Chemical material release wax and sales ; international trading ; Trading agent and warehousing business within enterprises in the bonded area	1,027,288	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	188,411	70.00	131,888	2,719,545	-	
Huaying Shenzhen	Sales of industrial materials	24,973	Invested through the third region, Raycong H.K.	-	-	-	-	4,960	100.00	4,960	192,775	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consult ; Trading agent and commercial simple processingwithin enterprises in the bonded area	74,544	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	29,131	30.00	12,831	585,907	-	
Guan Zhou You Guang Optoelectronics Co., Ltd.	Produce and assembly of light box, LED photoelectric sensor and lighting products	121,100	Invested through the third region, SHC Holding Ltd.	-	-	-	-	-	12.82	-	-	-	
Shanghai Chang Wah Electromaterials Inc.	Agency of IC packaging material and equipment	124,240	Invested through Chinese Corporation, Shanghai Yikang	-	-	-	-	4,994	21.44	2,808	55,004	-	
Compal Precision Module (Jiangsu) Co., Ltd.	Producing and selling of Producing and selling of Magnesium alloy molded product	12,734,600	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	1,863,600	Invested through the third region, Wah Yuen Technology Holding Limited	-	-	-	-	-	-	-	-	-	
Wuhan Kaidi Water Services Co., Ltd.	Business of industrial water treatment, wastewater treatment and desalination	-	Note 2	120,334	-	-	120,334	-	-	-	-	-	Note 2
Yadi Shanghai	Import and export of goods and technology	13,568	Invested through Chinese Corporation, Shanghai Yikang	-	-	-	-	(2,629)	49.00	(1,854)	24,089	-	
Shanghai Lihuang	Medical devices and equipment	15,061	Invested through Chinese Corporation, Shanghai Yikang	-	-	-	-	-	70.00	-	10,162	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Meizhou Bailun	Hemodialysis and examination	-	Invested through Chinese Corporation, Dong Guan Hua Gang	\$ -	\$ -	\$ -	\$ -	\$ -	51.00	\$ -	\$ -	\$ -	
Hua Chen Da, Xiamen	Warehouse logistics	13,568	Invested through Chinese Corporation, Huaying Shenzhen	-	-	-	-	(1,651)	70.00	(1,156)	7,927	-	
Jian Yuan Rong Xiamen logistics Ltd.	Warehouse logistics	36,182	Invested through Chinese Corporation, Huaying Shenzhen	-	-	-	-	2,717	30.00	815	11,812	-	
Jia Cheng Yuan Xiamen trading and development Co. Ltd.	Warehouse logistics	9,045	Invested through Chinese Corporation, Huaying Shenzhen	-	-	-	-	340	30.00	102	2,895	-	

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
The Corporation	\$ 581,782	\$ 2,478,240	\$ -

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

Note 2: The Corporation had acquired 3,059,913 shares of Singapore listed company, Darco Water Technologies Ltd., as exchange in March, 2018.

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

1. Shanghai Yikang: reviewed by the parent company's CPA.
2. Others are based on unreviewed financial statements.

Note 4: The difference of \$1,896,458 thousand between accumulated outward remittance for investment in Mainland China and investment amount authorized by investment commission, MOEA is due to investment \$1,338,686 thousand (USD 8,488 thousand and HKD 267,000 thousand) through Raycong H.K., 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 and 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 unlimited.

(Concluded)

TABLE 8

WAH LEE INDUSTERIAL CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	\$ 900,187	6	Normal trade terms	30 to 120 days after monthly closing	The term of intercompany are not significantly different from those to third party	\$ 527,806	8	\$ 9,009	Note
	Dong Guan Hua Gang	Sales	256,314	2	Normal trade terms	30 to 120 days after monthly closing	The term of intercompany are not significantly different from those to third party	59,318	1	2,646	Note
Raycong H.K.	Dong Guan Hua Gang	Sales	288,635	19	Normal trade terms	60 to 180 days after monthly closing	The term of intercompany are not significantly different from those to third party	40,847	5	5,488	Note

Note: It was eliminated on consolidation.

TABLE 9**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	\$ 900,187	According to the contract	3.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other revenue	21,162	According to the contract	-
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Trade receivables	527,806	According to the contract	2.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other receivables	107,517	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Operating revenue	262,314	According to the contract	1.00
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other revenue	19,850	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Trade receivables	67,137	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other receivables	126,103	According to the contract	-
0	The Corporation	Dong Guan Hua Gang	Parent to subsidiaries	Operating revenue	256,314	According to the contract	1.00
0	The Corporation	Dong Guan Hua Gang	Parent to subsidiaries	Trade receivables	59,318	According to the contract	-
0	The Corporation	WT Singapore	Parent to subsidiaries	Operating revenue	32,639	According to the contract	-
0	The Corporation	WT Singapore	Parent to subsidiaries	Trade receivables	15,355	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Operating revenue	10,092	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Other receivables	10,405	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Operating revenue	22,909	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Trade receivables	22,762	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Operating revenue	50,298	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Trade receivables	19,152	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Other receivables	15,854	According to the contract	-
0	The Corporation	Yadi Shanghai	Parent to subsidiaries	Operating revenue	23,485	According to the contract	-
0	The Corporation	Yadi Shanghai	Parent to subsidiaries	Trade receivables	17,579	According to the contract	-
0	The Corporation	Kingstone Energy Technology	Parent to subsidiaries	Trade receivables	43,750	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiaries to parent	Operating revenue	12,046	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiaries to parent	Commission revenue	43,206	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiaries to parent	Trade receivables	26,790	According to the contract	-
1	Shanghai Yikang	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Operating revenue	16,327	According to the contract	-
2	Raycong H.K.	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Operating revenue	288,635	According to the contract	1.00
2	Raycong H.K.	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Trade receivables	40,847	According to the contract	-
3	Dong Guan Hua Gang	Shanghai Yikang	Subsidiaries to subsidiaries	Operating revenue	11,787	According to the contract	-
4	Regent King H.K.	Shanghai Yikang	Subsidiaries to subsidiaries	Operating revenue	30,061	According to the contract	-
5	ChuanShun Logistics	The Corporation	Subsidiaries to parent	Trade receivables	26,234	According to the contract	-
5	ChuanShun Logistics	The Corporation	Subsidiaries to parent	Operating revenue	39,923	According to the contract	-
6	Huaying Shenzhen	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Operating revenue	23,325	According to the contract	-
6	Huaying Shenzhen	Dong Guan Hua Gang	Subsidiaries to subsidiaries	Trade receivables	25,142	According to the contract	-
7	Wahlee Green Energy Corporation	Kingstone Energy Technology	Subsidiaries to subsidiaries	Trade receivables	39,874	According to the contract	-
8	Kingstone Energy Technology	KSA Energy	Subsidiaries to subsidiaries	Trade receivables	11,279	According to the contract	-