Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Wah Lee Industrial Corporation as of and for the year ended December 31, 2019, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wah Lee Industrial Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Wah Lee Industrial Corporation

By

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Jui-Chin Chung
Chairman

March 25, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Lee Industrial Corporation

Opinion

We have audited the accompanying consolidated financial statements of Wah Lee Industrial Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of the other auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China (ROC GAAS). We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and ROC GAAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is discussed as follows:

Occurrence of revenue from specific customers

The operating revenue of the Group for the year ended December 31, 2019 was $54,681,829 thousand, of which the revenue or gross profit from specific customers show significant growth over the past year. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the consolidated financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from the above-mentioned specific customers were as follows:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.

2. We verified, on a sampling basis, the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, etc.

Other Matter

The financial statements of certain investee accounted for using the equity method in the Group's consolidated financial statements for the years ended December 31, 2019 and 2018 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the report of the other independent auditors.

The carrying values of the investments accounted for using the equity method as of December 31, 2019 and 2018 were NT$675,514 thousand and NT$667,677 thousand, respectively, both representing 2% of total consolidated assets; and the amounts of the share of profit of associates for the years ended December 31, 2019 and 2018 were NT$69,036 thousand and NT$50,516 thousand, representing 4% and 2% of consolidated profit before income tax, respectively.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2019 and 2018 on which we have expressed an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Chen-Li Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,348,526	7	$ 2,541,851	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	172,741	1	155,165	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	68,900	-	62,804	-
Notes receivable (Notes 9, 27 and 29)	1,988,198	6	1,823,042	6
Trade receivables, net (Notes 4, 5 and 9)	13,482,001	39	13,162,764	41
Trade receivables - related parties (Notes 4, 5, 9 and 28)	105,120	-	169,116	1
Other receivables	65,284	-	51,595	-
Other receivables - related parties (Note 28)	83,571	-	9,802	-
Inventories (Notes 4, 5 and 10)	3,935,974	11	5,012,116	16
Prepayments for purchases (Note 28)	1,018,095	3	871,358	3
Other financial assets - current (Notes 11 and 29)	858,536	3	93,311	-
Other current assets	296,008	1	257,241	1
Total current assets	24,422,954	71	24,210,165	76
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	572,981	2	698,149	2
Investments accounted for using the equity method (Notes 4 and 13)	4,555,030	13	4,388,440	14
Property, plant and equipment (Notes 4, 14, 28 and 29)	3,800,494	11	2,000,855	7
Right-of-use assets (Notes 3 and 15)	147,846	1	-	-
Goodwill (Notes 4 and 25)	112,668	-	32,035	-
Other intangible assets (Note 25)	230,607	1	85,483	-
Deferred tax assets (Notes 4 and 23)	325,649	1	273,991	1
Prepayments for equipment	1,706	-	14,400	-
Refundable deposits	108,899	-	76,313	-
Other financial assets - noncurrent (Notes 11 and 29)	79,673	-	-	-
Other noncurrent assets (Note 3)	52,367	-	55,881	-
Total noncurrent assets	9,987,920	29	7,625,547	24
TOTAL	$ 34,410,874	100	$ 31,835,712	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 28 and 29)	$ 6,790,253	20	$ 6,899,446	22
Short-term bills payable (Note 16)	-	-	100,000	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,372	-	4,359	-
Contract liabilities - current (Note 21)	289,480	1	151,748	-
Notes payable (Note 17)	335,214	1	530,814	2
Notes payable - related parties (Notes 17 and 28)	201	-	1,548	-
Trade payables (Note 17)	5,532,981	16	5,742,826	18
Trade payables - related parties (Notes 17 and 28)	354,710	1	402,394	1
Other payables (Notes 18 and 28)	1,128,580	3	951,674	3
Current tax liabilities (Notes 4 and 23)	221,112	1	202,016	1
Lease liabilities - current (Notes 3 and 15)	32,649	-	-	-
Current portion of long-term borrowings (Notes 16 and 29)	250,456	1	257,960	1
Refund liabilities - current	161,493	-	132,323	-
Other current liabilities	15,549	-	19,821	-
Total current liabilities	15,114,050	44	15,396,929	48
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	4,510,009	13	2,615,954	8
Provision for employee benefits - noncurrent	14,760	-	14,760	-
Lease liabilities - noncurrent (Notes 3 and 15)	109,532	-	-	-
Net defined benefit liabilities - noncurrent (Notes 4 and 19)	320,668	1	339,236	1
Guarantee deposits received	419	-	419	-
Deferred tax liabilities (Notes 4 and 23)	1,056,833	3	1,059,479	4
Total noncurrent liabilities	6,012,221	17	4,029,848	13
Total liabilities	21,126,271	61	19,426,777	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)				
Share Capital	2,313,901	7	2,313,901	7
Capital surplus	1,318,065	4	1,331,880	4
Retained earnings				
Legal reserve	2,084,659	6	1,950,063	6
Special reserve	679,347	2	78,160	1
Unappropriated earnings	6,029,012	17	6,070,997	19
Total retained earnings	8,793,018	25	8,099,220	26
Other equity	(980,087)	(3)	(679,347)	(2)
Total equity attributable to owners of the Corporation	11,444,897	33	11,065,654	35
NON-CONTROLLING INTERESTS (Notes 20 and 25)	1,839,706	6	1,343,281	4
Total equity	13,284,603	39	12,408,935	39
TOTAL	$ 34,410,874	100	$ 31,835,712	100

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	$ 54,681,829	100	$ 52,935,016	100
OPERATING COSTS (Notes 10, 22 and 28)	50,497,138	92	48,724,664	92
GROSS PROFIT	4,184,691	8	4,210,352	8
OPERATING EXPENSES (Notes 9 and 22)				
Selling and marketing expenses	2,015,201	4	1,978,226	4
General and administrative expenses	505,988	1	481,854	1
Expected credit loss	89,067	-	2,982	-
Total operating expenses	2,610,256	5	2,463,062	5
OPERATING INCOME	1,574,435	3	1,747,290	3
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 22 and 28)	164,837	-	141,000	-
Other gains and losses (Note 22)	(29,489)	-	(42,007)	-
Finance costs (Notes 22 and 28)	(274,026)	-	(236,954)	-
Share of profit of associates	530,407	1	420,809	1
Total non-operating income and expenses	391,729	1	282,848	1
PROFIT BEFORE INCOME TAX	1,966,164	4	2,030,138	4
INCOME TAX EXPENSE (Notes 4 and 23)	407,083	1	540,777	1
NET PROFIT FOR THE YEAR	1,559,081	3	1,489,361	3
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	9,375	-	698	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(114,290)	-	(97,200)	(1)
Share of other comprehensive income (loss) of associates accounted for using the equity method	72,454	-	(22,311)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	9,797	-	(3,794)	-

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (240,268)	(1)	$ (94,225)	-
Share of other comprehensive loss of associates accounted for using the equity method	(93,657)	-	(18,854)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	45,714	-	16,470	-
Other comprehensive loss for the year, net of income tax	(310,875)	(1)	(219,216)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,248,206	2	$ 1,270,145	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,415,822	3	$ 1,345,959	3
Non-controlling interests	143,259	-	143,402	-
	$ 1,559,081	3	$ 1,489,361	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,141,555	2	$ 1,151,615	2
Non-controlling interests	106,651	-	118,530	-
	$ 1,248,206	2	$ 1,270,145	2
EARNINGS PER SHARE (Note 24)				
Basic	$ 6.12		$ 5.82	
Diluted	$ 5.93		$ 5.69	

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

(With Deloitte & Touche auditors’ report dated March 25, 2020) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain / (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	Subtotal	Total	Non-Controlling Interests	Total Equity
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	-	(108,628)	-	-	-	-	-	-	-	(108,628)	-	(108,628)
Net profit for the year ended December 31, 2018	-	-	-	-	1,345,959	-	-	-	-	1,345,959	143,402	1,489,361
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	2,441	(71,685)	(125,100)	-	(196,785)	(194,344)	(24,872)	(219,216)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,348,400	(71,685)	(125,100)	-	(196,785)	1,151,615	118,530	1,270,145
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(20,699)	(20,699)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	1,971	-	(1,971)	-	(1,971)	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	4,942	-	(4,942)	-	(4,942)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	190,313	190,313
BALANCE AT DECEMBER 31, 2018	2,313,901	1,331,880	1,950,063	78,160	6,070,997	(355,909)	(323,438)	-	(679,347)	11,065,654	1,343,281	12,408,935
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)
Change in percentage of ownership interests in subsidiaries (Notes 12 and 23)	-	-	-	-	(8,049)	-	-	-	-	(8,049)	-	(8,049)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(13,815)	-	-	-	-	-	-	-	(13,815)	-	(13,815)
Net profit for the year ended December 31, 2019	-	-	-	-	1,415,822	-	-	-	-	1,415,822	143,259	1,559,081
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	7,550	(251,603)	(30,214)	-	(281,817)	(274,267)	(36,608)	(310,875)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,423,372	(251,603)	(30,214)	-	(281,817)	1,141,555	106,651	1,248,206
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	(20,328)	(20,328)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	(4,652)	-	4,652	-	4,652	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	23,575	-	(23,575)	-	(23,575)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	410,102	410,102
BALANCE AT DECEMBER 31, 2019	$ 2,313,901	$ 1,318,065	$ 2,084,659	$ 679,347	$ 6,029,012	$ (607,512)	$ (372,575)	$ -	$ (980,087)	$ 11,444,897	$ 1,839,706	$ 13,284,603

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,966,164	$ 2,030,138
Adjustments for:		
Depreciation expenses	214,504	113,209
Amortization expenses	31,815	17,364
Expected credit loss	89,067	2,982
Net loss of financial instruments at fair value through profit or loss	4,814	5,300
Finance costs	274,026	236,954
Interest income	(14,879)	(9,675)
Dividend income	(12,714)	(7,445)
Share of profit of associates accounted for using the equity method	(530,407)	(420,809)
Gain on disposal of property, plant and equipment	(1,189)	(404)
Impairment loss on non-financial assets	53,689	64,652
Net gain on foreign currency exchange	(87,709)	(9,186)
Others	(67)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	9,650	-
Notes receivable	(149,619)	(33,150)
Notes receivable - related parties	(15,496)	-
Trade receivables	(329,574)	(2,174,176)
Trade receivables - related parties	63,701	(72,518)
Other receivables	(6,490)	(2,681)
Other receivables - related parties	18,924	(2,406)
Inventories	1,039,205	(1,056,790)
Prepayments for purchases	(117,963)	(285,568)
Other current assets	(8,369)	(55,744)
Financial liabilities held for trading	(19,023)	483
Contract liabilities	107,283	(5,407)
Notes payable	(195,890)	(20,266)
Notes payable - related parties	(1,347)	(319,569)
Trade payables	(376,444)	469,593
Trade payables - related parties	(57,542)	129,535
Other payables	151,966	(142,701)
Refund liabilities	29,170	(39,925)
Other current liabilities	(4,777)	(1,912)
Net defined benefit liabilities	(9,222)	(4,596)
Cash generated from (used in) operations	2,115,257	(1,594,718)
Interest received	14,879	9,675
Dividends received	335,880	341,902
Interest paid	(269,021)	(233,133)
Income tax paid	(398,971)	(433,861)
Net cash generated from (used in) operating activities	1,798,024	(1,910,135)

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2019	**2018**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (155,970)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,782	19,597
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	489
Purchase of financial assets at fair value through profit or loss	(304,141)	(89,344)
Proceeds from disposal of financial assets at fair value through profit or loss	291,853	-
Purchase of investments accounted for using the equity method	(7,310)	(91,263)
Net cash outflow on acquisition of subsidiaries (Note 25)	(401,261)	(102,645)
Payments for property, plant and equipment	(430,499)	(105,566)
Proceeds from disposal of property, plant and equipment	3,373	990
Decrease (increase) in refundable deposits	(11,238)	8,638
Payments for intangible assets	(13,776)	(12,505)
Decrease (increase) in other financial assets	(765,291)	56,652
Increase in other noncurrent assets	(4,168)	(39)
Net cash used in investing activities	(1,637,676)	(470,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(114,677)	3,022,791
Increase (decrease) in short-term bills payable	(100,000)	100,000
Proceeds from long-term borrowings	5,575,433	4,300,000
Repayment of long-term borrowings	(4,588,851)	(4,032,260)
Decrease in guarantee deposits received	-	(2,601)
Repayment of the principal portion of lease liabilities	(54,833)	-
Cash dividends	(740,448)	(763,587)
Change in non-controlling interests	(13,651)	(14,731)
Net cash generated from (used in) financing activities	(37,027)	2,609,612
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(316,646)	(136,873)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(193,325)	91,638
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,541,851	2,450,213
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,348,526	$ 2,541,851

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

(With Deloitte & Touche auditors' report dated March 25, 2020) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

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

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

The consolidated financial statements, which include the Corporation and its subsidiaries (collectively, the “Group”), are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Corporation’s board of directors on March 25, 2020.

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, 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 did not have material impact on the Group’s accounting policies:

   <u>IFRS 16 “Leases”</u>

   IFRS 16 provides a comprehensive model for the identification of lease arrangements and their accounting treatment in the financial statements of both the lessee and the 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 elected 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 was 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 applied the following practical expedients:

a) The Group accounted for those leases for which the lease term ended on or before December 31, 2019 as short-term leases.

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

c) The Group used hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 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	(3,285)
Undiscounted amount on January 1, 2019	$ 140,300
Discounted amount using the incremental borrowing rate on January 1, 2019	$ 129,964
Lease liabilities recognized on January 1, 2019	$ 129,964

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	55,881	(3,649)	52,232
Total effect on assets	$ 55,881	$ 129,964	$ 185,845

(Continued)

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted Amount as of January 1, 2019
Lease liabilities - current	$ -	$ 44,089	$ 44,089
Lease liabilities - noncurrent	-	85,875	85,875
Total effect on liabilities	$ -	$ 129,964	$ 129,964

(Concluded)

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 IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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 retrospectively for annual reporting periods beginning on or after January 1, 2020.

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

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of standards and interpretations will not have material impact on the Group's financial position and financial performance.

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
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2022

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

As of the date the consolidated financial statements were authorized 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

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

b. Basis of Preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of Consolidation

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

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

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 12, Tables 7 and 8.

e. Business Combinations

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

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

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

f. Foreign Currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Corporation) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Corporation and non-controlling interests as appropriate.

g. Inventories

Inventories are stated at the lower of cost or net realizable value; comparison of cost and net realizable value and recognition of write-downs are made by item. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in Associates

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

i. Property, Plant, and Equipment

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

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

Freehold land is not depreciated.

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

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

j. Goodwill

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

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

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

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

k. Impairment of Tangible Assets

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

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

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

l. Financial Instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

i Internal or external information shows that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 60 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

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

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange options or forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue Recognition

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

1) Revenue from sale of goods

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

2) Revenue from rendering of services

Commission revenue comes from providing intermediary or agency service to client in the transfer of merchandise to clients' customers. The Group recognizes revenue as control of the goods is transferred to the customer, and the Group has no further obligations to the customer. Other revenue from rendering of services is recognized as the Group fulfills the obligation.

n. Leasing

<u>2019</u>

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

When the Group is 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 over 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 its 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.

2018

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

a. Estimated impairment of trade receivables

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 2,742	$ 9,178
Demand deposits	1,939,221	2,225,484
Checking accounts	214,936	210,170
Cash equivalents		
Time deposits with original maturities less than 3 months	191,627	97,019
	$ 2,348,526	$ 2,541,851

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

	December 31	
	2019	**2018**
Time deposits (%)	0.85-1.97	2.25-2.85

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

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

	December 31	
	2019	**2018**
Financial assets		
Mandatorily classified as at FVTPL		
Hybrid instruments - structured deposits (a)	$ 99,007	$ 89,344
Non-derivative financial assets - mutual funds	72,611	65,821
Derivate instruments (not designated for hedge)		
Foreign exchange options contracts (b)	1,123	-
	$ 172,741	$ 155,165
Financial liabilities		
Held for trading		
Derivative instruments (not designated for hedge)		
Foreign exchange forward contracts (b)	$ 1,372	$ 4,359

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

b. The Group entered into foreign exchange options or forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

As of December 31, 2019, outstanding foreign exchange options contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	RMB/USD	2020.01-2020.04	RMB17,630/USD2,500
Buy	RMB/JPY	2020.01-2020.02	RMB6,470/JPY100,000

At the end of the year, outstanding foreign exchange forward contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Buy	RMB/USD	2020.01-2020.03	RMB21,243/USD3,000
Buy	THB/USD	2020.01-2020.02	THB9,055/USD300
Buy	IDR/USD	2020.01	IDR1,404,500/USD100
December 31, 2018			
Buy	RMB/USD	2019.01-2019.04	RMB106,408/USD15,500
Buy	IDR/USD	2019.01-2019.03	IDR4,329,809/USD300

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Current		
Domestic investments in equity instruments		
Listed shares	$ 68,900	$ 62,804
Noncurrent		
Domestic investments in equity instruments		
Listed shares	$ 30,808	$ 42,873
Unlisted shares	419,792	474,535
	450,600	517,408
Foreign investments in equity instruments		
Listed shares	30,679	85,983
Unlisted shares	91,702	94,758
	122,381	180,741
	$ 572,981	$ 698,149

These investments in equity instruments 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 2019 and 2018, the Group sold some equity shares in order to manage credit concentration risk. The sold shares had fair values of $4,782 thousand and $19,597 thousand and their related unrealized valuation losses of $4,652 thousand and $9,043 thousand were transferred from other equity to retained earnings.

In March 2018, the subsidiary, Hong Kong Meidi Investment (Holding) Ltd. (Meidi H.K.) exchanged its ordinary shares of Wuhan Kaidi Water Service Co. Ltd. with the ordinary shares of Darco Water Technologies Ltd. under a contracted ratio; Meidi H.K. transferred an unrealized gain of $13,768 thousand from other equity to retained earnings. The Corporation recognized the adjustment in retained earnings by the percentage of ownership interests in the subsidiary which amounted to $11,014 thousand.

Dividends of $12,714 thousand and $7,445 thousand recognized in 2019 and 2018 were all related to investments held at December 31, 2019 and 2018.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES, NET

	December 31	
	2019	**2018**
Notes receivable - unrelated parties		
Notes receivable - operating	$ 1,988,198	$ 1,823,083
Less: Allowance for impairment loss	-	41
	$ 1,988,198	$ 1,823,042
Trade receivables - unrelated parties		
At amortized cost		
Gross carrying amount	$ 13,596,297	$ 13,177,471
Less: Allowance for impairment loss	114,296	14,707
	$ 13,482,001	$ 13,162,764
Trade receivables - related parties		
At amortized cost		
Gross carrying amount	$ 105,415	$ 169,116
Less: Allowance for impairment loss	295	-
	$ 105,120	$ 169,116

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, refer to Notes 27 and 29.

b. Trade receivables

The average credit period of sales of goods was 30-180 days. No interest was charged on notes receivable and trade receivables. In order to minimize credit risk, the management of the Group has delegated a team 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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. 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. The provision for loss allowance is 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 table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2019

	Customers without Signs of Default						Customers	
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other	With Signs of Default	Total
Expected credit loss rate (%)	0.01-0.26	0.01-3.80	0.01-0.15	0.01-0.50	0.01-0.21	0.01-1.21	30-100	
Gross carrying amount	$ 2,896,513	$ 2,709,290	$ 1,405,816	$ 1,674,667	$ 361,551	$ 4,550,129	$ 103,746	$ 13,701,712
Loss allowance (Lifetime ECL)	(1,850)	(11,572)	(597)	(546)	(109)	(3,406)	(96,511)	(114,591)
Amortized cost	$ 2,894,663	$ 2,697,718	$ 1,405,219	$ 1,674,121	$ 361,442	$ 4,546,723	$ 7,235	$ 13,587,121

December 31, 2018

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

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

	December 31	
	2019	2018
Up to 90 days	$ 12,418,582	$ 11,850,075
91-150 days	2,381,209	2,760,190
151-180 days	156,880	224,167
Over 181 days	733,239	335,238
	$ 15,689,910	$ 15,169,670

The movements of the loss allowance of receivables were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 14,748	$ 10,488
Acquisitions through business combinations	12,040	1,791
Add: Impairment losses recognized on receivables	89,067	2,982
Less: Amounts written off	(896)	(321)
Foreign exchange translation losses	(368)	(192)
Balance at December 31	$ 114,591	$ 14,748

10. INVENTORIES

All inventories are merchandise. The costs of inventories recognized in cost of goods sold for the years ended December 31, 2019 and 2018 were $49,952,454 thousand and $48,360,091 thousand respectively, which included the following items:

	For the Year Ended December 31	
	2019	**2018**
Inventory write-downs	$ 40,756	$ 21,757
Loss on disposal of inventories	12,913	17,584
Loss (gain) on physical inventories	20	(85)
	$ 53,689	$ 39,256

11. OTHER FINANCIAL ASSETS

	December 31	
	2019	**2018**
Current		
Time deposits with original maturity more than 3 months	$ 857,191	$ 58,356
Pledged deposits	1,345	34,955
	$ 858,536	$ 93,311
Noncurrent		
Pledged deposits	$ 79,673	$ -

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

	December 31	
	2019	**2018**
Bank balance (%)	1.00-3.80	0.85-2.75

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 information on other financial assets pledged as collateral.

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 December 31, 2019	Percentage of Ownership December 31, 2018	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	
	Wah Lee Japan Corp. (WL Japan)	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts	83.33	83.33	Note 1
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts	100.00	100.00	Note l
	Okayama Solar Ltd.	Solar power generation business	-	99.99	Notes 1 and 2
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	Notes 1 and 3
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	60.00	60.00	Notes 1 and 4
	Meidi H.K.	International investment	80.00	80.00	Notes 1 and 5
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	Note 1
	QuanShun Logistics Co., Ltd. (QuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd. (WL Industrial)	Trading business of industrial materials	51.00	51.00	Please refer to Note 25
	Kingstone Energy Technology Corporation (KS Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	51.00	-	Please refer to Note 25
	Wahlee Green Energy Corporation (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	25.00	25.00	Notes 1 and 6
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial materials	99.00	-	Notes 1 and 7
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial materials	99.00	-	Notes 1 and 8
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	Note 1
	Wah Lee Teach (Singapore) Pte., Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	Note 1
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	
	Regent King International Limited (Regent King H.K.)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	Note 1
Raycong H.K.	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	Note 1

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018	Remark
Shanghai Yikang	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	100.00	Notes 1 and 9
	Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	69.97	-	Note 1 and please refer to Note 25
Dongguan Hua Gang	Meizhou Bailun Hemodialysis Co., Ltd. (Meizhou Bailun)	Hemodialysis and examination	51.00	-	Notes 1 and 10
	Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian)	Medical consulting	100.00	-	Notes 1 and 11
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	Notes 1 and 12
KS Corp.	KSA Energy Corporation (KSA Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	-	Please refer to Note 25
	KSB Energy Corporation (KSB Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	-	Please refer to Note 25
	Wahlee Green Energy (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment industry	51.00	-	Notes 1 and 6
WT Industrial	WT Indonesia	Trading business of industrial materials	66.00	33.00	Notes 1 and 13

(Concluded)

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

Note 2: In July 2019, Okayama Solar Ltd. has been liquidated.

Note 3: In August 2018, the Corporation invested $27,800 thousand (JPY100,000 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 (USD306 thousand) based on the shareholding proportion.

Note 5: In March 2018, Meidi H.K. reduced its capital by 86%. The Corporation assessed that the investment in Meidi H.K. had been impaired and recognized goodwill impairment loss of $25,396 thousand.

Note 6: In March 2018, the Corporation invested $5,000 thousand in WL Green Corp., which was established in Taiwan, and obtained 25% of the equity; thereafter, in the second quarter of 2019, due to the acquisition of KS Corp., the percentage of ownership had increased to 76%.

Note 7: In September 2019, the Corporation invested $7,755 thousand (PHP12,750 thousand) in WL Philippines Corp. which was established in the Philippines.

Note 8: In October 2019, the Corporation invested $7,747 thousand (PHP12,700 thousand) in WL Philippines Inc. which was established in the Philippines.

Note 9: Shanghai Yikang sold some of its equity shares of Shanghai Yadi to unrelated party in February 2019. The ownership percentage in Shanghai Yadi decreased to 70% due to the subscription of Shanghai Yikang for additional new shares of Shanghai Yadi at a percentage different from its existing shareholding proportion in June 2019. As the above transaction did not change the control of the Group over Shanghai Yadi, the Group processed the equity transaction by reducing unappropriated earnings by $8,049 thousand.

Note 10: In June 2019, Dongguan Hua Gang invested $2,228 thousand (RMB510 thousand) in Meizhou Bailun which was established in China.

Note 11: In September 2019, Dongguan Hua Gang invested $4,368 thousand (RMB1,000 thousand) in Guangjou Shing Shian which was established in China.

Note 12: In December 2018, Shenzhen Huaying invested $9,381 thousand (RMB2,100 thousand) in Xiamen Hua Chen Da which was established in China.

Note 13: In June 2018, the Corporation obtained 33% equity of WT Indonesia by investing in WT Industrial. Thereafter, WT Industrial obtained 33% equity of WT Indonesia from unrelated party for $2,020 thousand in October 2019. The Group's percentage of ownership in WT Indonesia was 66% as of December 31, 2019.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
Investments in associates	**2019**	**2018**
Material associates		
Chang Wah Electromaterials Inc.	$ 1,799,523	$ 1,774,121
Associates that are not individually material	2,755,507	2,614,319
	$ 4,555,030	$ 4,388,440

Refer to Tables 7 and 8 for the main business and location of the associates.

a. Material associates

	Proportion of Ownership and Voting Rights December 31	
Name of Associate	**2019**	**2018**
Chang Wah Electromaterials Inc.	30.98%	30.98%

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

	December 31	
Name of Associate	**2019**	**2018**
Chang Wah Electromaterials Inc.	$ 3,532,554	$ 2,681,575

The summarized financial information below represents amounts shown in the financial statements of Chang Wah Electromaterials Inc. prepared for the equity accounting purpose.

	December 31	
	2019	2018
Current assets	$ 10,022,351	$ 8,573,425
Noncurrent assets	7,993,130	7,343,877
Current liabilities	(5,883,765)	(5,063,389)
Noncurrent liabilities	(4,084,782)	(2,698,306)
Equity	8,046,934	8,155,607
Non-controlling interests	(2,455,979)	(2,646,648)
	$ 5,590,955	$ 5,508,959
Percentage of ownership held by the Corporation (%)	30.98	30.98
Equity attributable to the Corporation	$ 1,732,096	$ 1,706,694
Goodwill	67,427	67,427
Carrying amount	$ 1,799,523	$ 1,774,121

	For the Year Ended December 31	
	2019	2018
Operating revenue	$ 15,464,381	$ 15,756,626
Net profit for the year	$ 1,405,855	$ 1,316,458
Other comprehensive income (loss) for the year	101,575	(27,653)
Total comprehensive income for the year	$ 1,507,430	$ 1,288,805
Cash dividends received	$ 318,623	$ 217,692

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Group’s share of		
Net profit for the year	$ 190,198	$ 153,785
Other comprehensive loss for the year	(65,782)	(42,110)
Total comprehensive income for the year	$ 124,416	$ 111,675

c. Fluctuation in investment in associates

1) In June 2018, the Corporation obtained ordinary shares of WT Indonesia in the amount of $2,279 thousand by acquiring WT Industrial.

2) In December 2018, the Corporation invested in Eco Energy Corporation, which was established in Taiwan, the amount of $80,000 thousand and obtained 58.61% ownership. However, the Group does not have control over the board of directors of Eco Energy Corporation, and only exercises significant influence over Eco Energy Corporation; therefore, the Group accounts for it as an associate. In addition, in the second quarter of 2019, the Group obtained common shares of Eco Energy Corporation in the amount of $80,000 thousand through the acquisition of the subsidiary, KS Corp. The Corporation did not participate in Eco Energy Corporation’s share issuance for cash in the year ended December 31, 2019; the percentage of ownership in Eco Energy Corporation held

by the Group was 40% at December 31, 2019.

3) In December 2018, Shenzhen Huaying invested in Jianyinrong Logistics, which was established in China, the amount of $5,458 thousand (RMB1,220 thousand), and then subscribed for additional new shares of Jianyinrong Logistics at existing shareholding proportion in the amount of $5,391 thousand (RMB1,180 thousand) in January 2019.

4) In December 2018, Shenzhen Huaying invested in Xiamen Jiashengyuan, which was established in China, the amount of $805 thousand (RMB180 thousand), and then subscribed for additional new shares of Xiamen Jiashengyuan at existing shareholding proportion in the amount of $1,919 thousand (RMB420 thousand) in January 2019.

d. Except for certain companies, the share of profit or loss and other comprehensive income of those investments accounted for using the equity method were calculated based on the financial statements which have been audited for the years ended December 31, 2019 and 2018. The Group's management considers that there is no material impact even if the financial statements of those certain companies have been audited.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2019	$ 741,916	$ 1,034,978	$ 261,451	$ 761,244	$ 23,080	$ 2,822,669
Acquisitions through business combinations	151,085	-	1,199,144	7,479	204,475	1,562,183
Additions	2,868	27,456	42,491	84,668	305,165	462,648
Disposals	-	(185)	-	(31,646)	-	(31,831)
Reclassified	-	-	291,335	-	(291,335)	-
Effect of foreign currency exchange differences	(622)	(19,738)	(7,718)	(2,919)	3,080	(27,917)
Balance at December 31, 2019	$ 895,247	$ 1,042,511	$ 1,786,703	$ 818,826	$ 244,465	$ 4,787,752
Accumulated depreciation						
Balance at January 1, 2019	$ -	$ 271,835	$ 25,181	$ 524,798	$ -	$ 821,814
Acquisitions through business combinations	-	-	39,845	1,537	-	41,382
Depreciation expense	-	29,908	58,221	73,620	-	161,749
Disposals	-	(185)	-	(29,462)	-	(29,647)
Effect of foreign currency exchange differences	-	(5,572)	(610)	(1,858)	-	(8,040)
Balance at December 31, 2019	$ -	$ 295,986	$ 122,637	$ 568,635	$ -	$ 987,258
Carrying amounts at December 31, 2019	$ 895,247	$ 746,525	$ 1,664,066	$ 250,191	$ 244,465	$ 3,800,494

For the year ended December 31, 2018

Cost	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
Balance at January 1, 2018	$ 736,708	$ 1,041,193	$ 248,348	$ 666,204	$ 8,678	$ 2,701,131
Acquisition through business combinations	-	-	-	16,278	-	16,278
Additions	2,270	367	-	96,381	13,931	112,949
Disposals	-	-	-	(16,417)	-	(16,417)
Effect of foreign currency exchange differences	2,938	(6,582)	13,103	(1,202)	471	8,728
Balance at December 31, 2018	$ 741,916	$ 1,034,978	$ 261,451	$ 761,244	$ 23,080	$ 2,822,669
Accumulated depreciation						
Balance at January 1, 2018	$ -	$ 244,182	$ 15,473	$ 458,258	$ -	$ 717,913
Acquisition through business combinations	-	-	-	9,076	-	9,076
Depreciation expense	-	30,353	8,721	74,135	-	113,209
Disposals	-	-	-	(15,831)	-	(15,831)
Effect of foreign currency exchange differences	-	(2,700)	987	(840)	-	(2,553)
Balance at December 31, 2018	$ -	$ 271,835	$ 25,181	$ 524,798	$ -	$ 821,814
Carrying amounts at December 31, 2018	$ 741,916	$ 763,143	$ 236,270	$ 236,446	$ 23,080	$ 2,000,855

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

	For the Year Ended December 31	
	2019	**2018**
Additions to property, plant and equipment	$ 462,648	$ 112,949
Capitalization of interest	(2,304)	-
Decrease in prepayments for equipment	(12,694)	(1,113)
Increase in payables for equipment	(17,151)	(6,270)
Cash paid	$ 430,499	$ 105,566

b. 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
Power generation equipment	17-20 years
Others	3-15 years

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	Land	Buildings	Transportation Equipment	Total
Cost				
Balance at January 1, 2019	$ -	$ -	$ -	$ -
Adjustments on initial application of IFRS 16	3,649	129,964	-	133,613
Balance at January 1, 2019 (adjusted)	3,649	129,964	-	133,613
Additions	-	28,725	8,737	37,462
Acquisitions through business combinations	-	35,563	2,471	38,034
Lease modification	-	(6,981)	-	(6,981)
Effects of foreign currency exchange differences	(133)	(2,939)	(11)	(3,083)
Balance at December 31, 2019	$ 3,516	$ 184,332	$ 11,197	$ 199,045
Accumulated depreciation				
Balance at January 1, 2019	$ -	$ -	$ -	$ -
Depreciation expenses	200	50,416	2,139	52,755
Lease modification	-	(1,475)	-	(1,475)
Effects of foreign currency exchange differences	(1)	(79)	(1)	(81)
Balance at December 31, 2019	$ 199	$ 48,862	$ 2,138	$ 51,199
Carrying amounts at December 31, 2019	$ 3,317	$ 135,470	$ 9,059	$ 147,846

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 32,649
Noncurrent	$ 109,532

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

	December 31, 2019
Buildings	1.80-4.80
Transportation equipment	1.80-4.80

c. Material leasing activities and terms

As lessee, the Group leases certain land, buildings and vehicles for the use of warehouse and office, for installation of power generation equipment, and transportation equipment with remaining lease terms of 1 to 19 years or till March 2038. The Group does not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 126,200
Expenses relating to low-value asset leases	$ 3,843
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 15,372
Total cash outflow for leases	$ 204,023

The Group leases certain dormitories, warehouses, company 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 terms, the Group does not have bargain purchase options to acquire the leasehold warehouses.

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

	December 31, 2018
Not later than 1 year	$ 50,245
Later than 1 year and not later than 5 years	77,672
Later than 5 years	15,668
	$ 143,585

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured bank loans (Note 29)	$ 1,046,567	$ 669,793
Unsecured bank loans	5,720,686	6,229,653
Others (Note 28)	23,000	-
	$ 6,790,253	$ 6,899,446
Annual interest rate (%)	0.43-3.92	0.53-4.90

b. Short-term bills payable - only as of December 31, 2018

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

c. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Syndicated bank loans (Notes 1 and 2)	$ 1,799,438	$ 1,000,000
Less: Syndicated loan fee	5,760	1,440
	1,793,678	998,560
Bank loans (Note 3)	1,265,830	1,219,990
	3,059,508	2,218,550
Secured borrowings (Note 29)		
Syndicated bank loans (Note 4)	998,755	-
Less: Syndicated loan fee	7,513	-
	991,242	-
Bank loans	706,625	649,160
Others	3,090	6,204
	1,700,957	655,364
Less: Current portions	250,456	257,960
	$ 4,510,009	$ 2,615,954
Annual interest rate (%)		
Syndicated bank loans	0.66-1.90	1.80
Bank loans	0.94-3.16	1.06-3.30
Others	3.00	3.00
Expiration period		
Syndicated bank loans	2023.01-2034.07	2020.01
Bank loans	2020.05-2037.06	2019.08-2037.06
Others	2021.08	2021.08

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 of 6 months per period. 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 total amount of syndicated bank loans.

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.

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 and commercial paper issued with insurance quotation. The term of the loan is 5 years from the initial drawdown date (January 2019). Fractional reserve and debt recycling is available within the total amount of syndicated loans.

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, 2019.

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 December 31, 2019 and 2018.

Note 4: The subsidiaries KS Corp., KSA Corp. and KSB Corp. signed a syndicated loan agreement with five banks led by Bank SinoPac in September 2019. The main contents of the syndicated loan agreement are as follows:

1) The total amount of syndicated bank loans is $4 billion, divided into credit limit A, credit limit B and credit limit C, which are nonrevolving credit.

a) The total amount of credit limit A is $2.628 billion, which has to be fully paid off 36 months after the initial drawdown date.

b) The total amount of credit limit B is $2.628 billion, the first repayment will be made 6 months after the initial drawdown date and subsequent repayment will be made every 3 months, for a total of 19 periods. The repaid amount for period 1 through period 19 is 34% of the principal and the repaid amount for period 19 is 66% of the principal. Application for extension is acceptable.

c) The total amount of credit limit C is $1.715 billion, the first repayment will be made 3 months after the initial drawdown date and subsequent repayment will be made every three months, for a total of 20 periods. The repaid amount for period 1 through period 20 is 36% of the principal and the repaid amount for period 20 is 64% of the principal. Application for extension is acceptable.

2) Pursuant to bank loan agreements, the subsidiaries KS Corp., KSA Corp. and KSB Corp. should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual standalone financial statements. The subsidiaries KS Corp., KSA Corp. and KSB Corp. had met the requirement as of December 31, 2019.

17. NOTES PAYABLE AND TRADE PAYABLES

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

18. OTHER PAYABLES

	December 31	
	2019	2018
Payable for salaries or bonuses	$ 524,065	$ 459,816
Payable for employees' compensation and remuneration to directors	222,011	229,904
Payable for commission	18,366	49,036
Payable for freight fee	22,970	42,712
Payable for insurance premium	18,042	25,317
Payable for business tax	83,861	34,965
Payable for equipment	24,077	6,926
Others	215,188	102,998
	$ 1,128,580	$ 951,674

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

Subsidiaries are required by local regulations to make contributions to central provident fund and retirement insurance, which are also considered defined contribution plans.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The subsidiaries Raycong H.K. and WT Industrial both have pension plans covering eligible employees, which is also considered defined benefit plan.

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

	December 31	
	2019	2018
Present value of defined benefit obligation	$ 431,598	$ 456,907
Fair value of plan assets	(110,930)	(117,671)
Net defined benefit liability	$ 320,668	$ 339,236

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	$ 451,363	$ (110,146)	$ 341,217
Business combinations	2,943	-	2,943
Service cost			
Current service cost	4,503	-	4,503
Net interest expense (income)	4,245	(1,075)	3,170
Recognized in profit or loss	8,748	(1,075)	7,673
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,442)	(3,442)
Actuarial loss - changes in financial assumptions	9,854	-	9,854
Actuarial gain - experience adjustments	(7,110)	-	(7,110)
Recognized in other comprehensive income	2,744	(3,442)	(698)
Contributions from the employer	-	(12,275)	(12,275)
Benefits paid	(9,267)	9,267	-
Exchange differences on foreign plans	376	-	376
Balance at December 31, 2018	456,907	(117,671)	339,236
Service cost			
Current service cost	5,309	-	5,309
Past service cost	(566)	-	(566)
Net interest expense (income)	3,241	(915)	2,326
Recognized in profit or loss	7,984	(915)	7,069
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,255)	(4,255)
Actuarial loss - changes in financial assumptions	3,650	-	3,650
Actuarial gain - changes in demographic assumptions	(12)	-	(12)
Actuarial gain - experience adjustments	(8,758)	-	(8,758)
Recognized in other comprehensive income	(5,120)	(4,255)	(9,375)
Contributions from the employer	-	(12,093)	(12,093)
Benefits paid	(28,202)	24,004	(4,198)
Exchange differences on foreign plans	29	-	29
Balance at December 31, 2019	$ 431,598	$ (110,930)	$ 320,668

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2019	**2018**
Discount rate(s) (%)	0.65	0.75-2.00
Expected rate(s) of salary increase (%)	2.00	2.00-2.50

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

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (9,008)	$ (10,120)
0.25% decrease	$ 9,319	$ 10,482
Expected rate(s) of salary increase		
0.25% increase	$ 9,170	$ 10,062
0.25% decrease	$ (8,913)	$ (9,770)

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

	December 31	
	2019	2018
The expected contributions to the plan for the next year	$ 27,009	$ 27,404
The average duration of the defined benefit obligation	8 years	8 years

20. EQUITY

a. Share capital

	December 31	
	2019	2018
Number of authorized shares (in thousands)	500,000	300,000
Amount of authorized shares	$ 5,000,000	$ 3,000,000
Number of issued and fully paid shares (in thousands)	231,390	231,390
Amount of issued and fully paid shares	$ 2,313,901	$ 2,313,901

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends. The shareholders resolved in their meeting in May 2019 that part of authorized shares can be issued as special reserve.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of share capital	$ 1,160,519	$ 1,160,519
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	29
May be used only to offset a deficit		
Donations	11,867	11,867
Expired share options	22,374	22,374
Share of changes in capital surplus of associates	22,572	-
May not be used for any purpose		
Share of changes in capital surplus of associates	100,704	137,091
	$ 1,318,065	$ 1,331,880

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the 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 the accumulated amount of such legal reserve equals to the Corporation's total issued capital, 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 in the shareholders' meeting in May 2019, the common share dividends will be distributed after the distribution of preferred share dividends based 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.

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 or reversed from a special reserve by the Corporation. On the first-time adoption of IFRSs, the Group appropriated to the special reserve $72,302 thousand.

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

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 134,596	$ 140,951		
Special reserve	601,187	-		
Cash dividends to shareholders	740,448	763,587	$ 3.2	$ 3.3
	$ 1,476,231	$ 904,538		

The reversed special reserve of $118,978 thousand had been approved in the shareholders' meeting in May 2018.

The appropriations of earnings for 2019 had been proposed by the Corporation's board of directors on March 25, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 143,425	
Special reserve	300,740	

(Continued)

	Appropriation of Earnings	Dividends Per Share (NT$)
Cash dividends to shareholders	$ 763,587	$ 3.3
	$ 1,207,752	

(Concluded)

The appropriations of earnings for 2019 are subject to the resolution in the shareholders' meeting to be held on May 28, 2020.

d. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (355,909)	$ (284,224)
Effect of change in tax rate	-	2,610
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(202,505)	(69,301)
Share from associates accounted for using the equity method	(93,657)	(18,854)
Income tax	45,714	13,860
Reclassification adjustment		
Disposal of foreign operations	(1,155)	-
Balance at December 31	$ (607,512)	$ (355,909)

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (323,438)	$ (191,425)
Effect of change in tax rate	-	1,008
Recognized for the year		
Unrealized loss - equity instruments	(114,290)	(97,252)
Share from associates accounted for using the equity method	72,404	(21,258)
Income tax	11,672	(7,598)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Equity instruments of the Group	4,652	(1,971)
Share from associates accounted for using the equity method	(23,575)	(4,942)
Balance at December 31	$ (372,575)	$ (323,438)

e. Non-Controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 1,343,281	$ 1,055,137
Other comprehensive income (loss) during the year		
Net profit for the year	143,259	143,402
Unrealized gain on financial assets at FVTOCI	-	52
Exchange differences on translating the financial statements of foreign operations	(36,608)	(24,924)
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	7,323	-
Non-controlling interests arising from subsidiaries' capital increase	16,736	5,968
Non-controlling interests reduction from subsidiaries' capital decrease	-	(7,812)
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	386,043	192,157
Cash dividends distributed to non-controlling interests	(20,328)	(20,699)
Balance at December 31	$ 1,839,706	$ 1,343,281

21. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 53,969,523	$ 52,431,497
Other operating revenue	712,306	503,519
	$ 54,681,829	$ 52,935,016

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable (including related parties)	$ 1,988,198	$ 1,823,042	$ 1,789,902
Net trade receivables (including related parties)	13,587,121	13,331,880	10,815,442
	$ 15,575,319	$ 15,154,922	$ 12,605,344
Contract liabilities			
Sale of goods	$ 289,480	$ 151,748	$ 151,208

The changes in the balance of contract liabilities primarily result from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for the years ended December 31, 2019 and 2018, except the increase in contract liabilities of $30,449 thousand due to the acquisition of subsidiaries in 2019.

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

	For the Year Ended December 31	
	2019	2018
Sale of goods	$ 151,748	$ 151,208

b. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

22. NET PROFIT

The details of net profit were as follows:

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 14,879	$ 9,675
Dividends	12,714	7,445
Consulting service income (Note 28)	16,936	14,551
Others (Note 28)	120,308	109,329
	$ 164,837	$ 141,000

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial instruments designated as at FVTPL	$ (4,814)	$ (5,300)
Net foreign exchange loss	(5,502)	(257)
Impairment loss (Note 12)	-	(25,396)
Others	(19,173)	(11,054)
	$ (29,489)	$ (42,007)

c. Financial costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 269,138	$ 235,174
Syndicated loan fee amortization	3,417	1,440
Interest on lease liabilities	3,775	340
Less: amount included in cost of qualifying assets	2,304	-
	$ 274,026	$ 236,954

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2019
Capitalized interest amount (recognized under property, plant and equipment)	$ 2,304
Capitalized rate (%)	1.90

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 161,749	$ 113,209
Right-of-use assets	52,755	-
Intangible assets	26,781	11,253
Other noncurrent assets	5,034	6,111
	$ 246,319	$ 130,573
An analysis of depreciation by function		
Operating costs	$ 92,986	$ 19,760
Operating expenses	121,518	93,449
	$ 214,504	$ 113,209
An analysis of amortization by function		
Operating costs	$ 4,145	$ -
Operating expenses	27,670	17,364
	$ 31,815	$ 17,364

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 1,406,989	$ 1,322,365
Post-employment benefits		
Defined contribution plans	54,178	51,019
Defined benefit plans (Note 19)	7,069	7,673
	61,247	58,692
	$ 1,468,236	$ 1,381,057
An analysis of employee benefits expense by function		
Operating costs	$ 58,611	$ 44,950
Operating expenses	1,409,625	1,336,107
	$ 1,468,236	$ 1,381,057

f. Employees' compensation and remuneration to directors

The Corporation accrued employees' compensation and remuneration to directors at the rates between 9%-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration to directors for the years ended December 31, 2019 and 2018 which have been approved by the Corporation's board of directors on March 25, 2020 and March 22, 2019, were 11% and 1.15% of the base net profit, respectively, and the amounts were as follows:

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation paid in cash	$ 200,997	$ 208,144
Remuneration to directors paid in cash	21,013	21,760

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

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

Information on the employees' compensation and remuneration to directors resolved by the Corporation's board of directors in 2020 and 2019 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

	For the Year Ended December 31	
	2019	**2018**
Current tax		
In respect of the current year	$ 385,625	$ 356,318
Income tax on unappropriated earnings	13,869	53,533
Adjustments for prior years	7,702	(7,282)
	407,196	402,569
Deferred tax		
In respect of the current year	(113)	5,146
Effect of tax rate changes	-	133,062
	(113)	138,208
	$ 407,083	$ 540,777

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

	For the Year Ended December 31	
	2019	**2018**
Profit before tax	$ 1,966,164	$ 2,030,138
Income tax expense calculated at the statutory rate	$ 418,251	$ 426,252
Nondeductible expenses in determining taxable income	5,219	5,853

(Continued)

	For the Year Ended December 31	
	2019	2018
Domestic investment income	$ (103,673)	$ (82,200)
Deferred tax effect of earnings of subsidiaries	64,196	9,063
Other adjustments	(4,849)	1,192
Income tax on unappropriated earnings	13,869	53,533
Adjustments for prior years	7,702	(7,282)
Effect of tax rate changes	-	133,062
Nondeductible withholding tax	6,368	1,304
	$ 407,083	$ 540,777

(Concluded)

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

As the status of appropriations of earnings for 2020 is uncertain, the potential income tax consequences of the 2019 unappropriated earnings are not reliably determinable.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2019	2018
Deferred tax benefit		
Disposal parts of subsidiaries' equity	$ 2,012	$ -

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax benefit		
Effect of tax rate changes	$ -	$ 6,553
In respect of the current year		
Unrealized loss (gain) on financial assets at FVTOCI	11,672	(7,598)
Remeasurement on defined benefit plan	(1,875)	(139)
Translation of foreign operations	45,714	13,860
	$ 55,511	$ 12,676

d. Current tax liabilities

	December 31	
	2019	2018
Income tax payable	$ 221,112	$ 202,016

e. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Retained Earnings	Business Combination	Exchange Differences	Closing Balance
Deferred Tax Assets							
Temporary differences							
Provision for loss on inventories	$ 38,100	$ 5,401	$ -	$ -	$ 112	$ (844)	$ 42,769
Unpaid bonuses	54,485	13,635	-	-	-	(650)	67,470
Refund liabilities	26,159	6,005	-	-	-	-	32,164
Unrealized consulting expenses	27,580	702	-	-	-	(1,034)	27,248
Defined benefit plans	66,667	(2,301)	(1,875)	-	-	(35)	62,456
Foreign operations loss and exchange differences	29,405	(2,147)	9,253	-	-	-	36,511
Others	31,595	24,913	-	-	1,439	(916)	57,031
	$ 273,991	$ 46,208	$ 7,378	$ -	$ 1,551	$ (3,479)	$ 325,649
Deferred Tax Liabilities							
Temporary differences							
Foreign operations income and exchange differences	$ 1,046,986	$ 50,147	$ (48,133)	$ (2,012)	$ -	$ -	$ 1,046,988
Others	12,493	(4,052)	-	-	1,404	-	9,845
	$ 1,059,479	$ 46,095	$ (48,133)	$ (2,012)	$ 1,404	$ -	$ 1,056,833

For the year ended December 31, 2018

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

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

	December 31	
	2019	2018
Evaluation loss of foreign investments	$ 116,383	$ 116,383

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

As of December 31, 2019 and 2018, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $803,232 thousand and $561,753 thousand.

h. Income tax assessments

The income tax returns of the Corporation and the domestic subsidiaries through 2017 and 2018 have been assessed by the tax authorities.

24. EARNINGS PER SHARE (EPS)

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

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

	For the Year Ended December 31	
	2019	**2018**
Earnings used in the computation to basic/diluted EPS	$ 1,415,822	$ 1,345,959

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

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of shares outstanding used in computation of basic EPS	231,390	231,390
Effect of potentially dilutive shares		
Employees' compensation	7,503	4,981
Weighted average number of shares outstanding used in computation of diluted EPS	238,893	236,371

The Group offers to settle the employees' compensation in cash or shares; thus, the Group assumes the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as 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

	Principal Activity	**Date of Acquisition**	**Proportion of Voting Equity Interests Acquired (%)**	**Consideration Transferred - Cash**
WT Industrial	Trading business of industrial materials	June 1, 2018	51	$ 200,000

(Continued)

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred - Cash
KS Corp.	Battery manufacturing and renewable energy self-use power generation equipment business	May 1, 2019	51	$ 468,384
Shanghai Lihuang	Medical devices and equipment	June 30, 2019	70	$ 14,518
WT Indonesia	Trading business of industrial materials	October 31, 2019	66	$ 2,020

(Concluded)

The Group acquired above subsidiaries in 2019 and 2018 to expand the Group's operation.

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

	For the Year Ended December 31			
	2019			2018
	WT Indonesia	Shanghai Lihuang	KS Corp.	WT Industrial
Current assets				
Cash and cash equivalents	$ 8,967	$ 6,980	$ 67,714	$ 97,355
Financial assets at FVTPL	-	-	7,648	-
Trade receivables	45,530	158	32,420	272,524
Other receivables	4,484	150	2,585	-
Current tax assets	-	-	28	-
Inventories	-	3,761	11,891	181,866
Prepayments for purchases	-	-	28,774	-
Other financial assets - current	-	-	-	104,484
Other assets - current	340	69	29,989	41,975
Noncurrent assets				
Investments under the equity method	-	-	79,989	2,279
Property, plant and equipment	-	-	1,520,801	7,202
Right-of-use assets	-	1,446	36,588	-
Other intangible assets	-	20,574	138,062	75,540
Deferred tax assets	147	-	1,404	-
Other financial assets - noncurrent	-	-	79,607	-
Refundable deposits	47	-	21,301	-
Other assets - noncurrent	-	-	-	842
Current liabilities				
Short-term borrowings	-	-	(160,510)	(247,668)
Contract liabilities - current	-	(935)	(29,514)	(5,947)

(Continued)

	For the Year Ended December 31			
	2019			2018
	WT Indonesia	Shanghai Lihuang	KS Corp.	WT Industrial
Notes and trade payables	$ (51,679)	$ (10,008)	$ (115,060)	$ (94,294)
Other payables	(653)	-	(2,347)	(26,177)
Current tax liabilities	(7)	-	(10,892)	(13,520)
Other liabilities - current	-	-	(505)	(1,361)
Noncurrent liabilities				
Long-term borrowings	-	-	(932,345)	-
Lease liabilities - noncurrent	-	(1,446)	(36,588)	-
Deferred tax liabilities	-	-	(1,404)	-
Net defined benefit liabilities - noncurrent	-	-	-	(2,943)
	$ 7,176	$ 20,749	$ 769,636	$ 392,157

(Concluded)

c. Goodwill recognized on acquisitions

	For the Year Ended December 31			
	2019			2018
	WT Indonesia	Shanghai Lihuang	KS Corp.	WT Industrial
Consideration transferred	$ 2,020	$ 14,518	$ 468,384	$ 200,000
Plus: Fair value of the equity held by the Group on the date of acquisition	2,444	-	5,137	-
Plus: Non-controlling interests	2,712	6,231	377,100	192,157
Less: Fair value of identifiable net assets acquired	(7,176)	(20,749)	(769,636)	(392,157)
Goodwill recognized on acquisitions	$ -	$ -	$ 80,985	$ -

The goodwill from acquisitions mainly represents the control premium. In addition, the consideration paid for acquisitions effectively included amounts attributed to revenue growth and future market expansions. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

d. Non-controlling interests

The non-controlling interests of KS Corp., Shanghai Lihuang, WT Industrial and WT Indonesia were measured at their proportionate share of recognized identifiable net assets.

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

	WT Indonesia	Shanghai Lihuang	KS Corp.	WT Industrial
Consideration paid in cash	$ 2,020	$ 14,518	$ 468,384	$ 200,000
Less: Cash and cash equivalent acquired	(8,967)	(6,980)	(67,714)	(97,355)
	$ (6,947)	$ 7,538	$ 400,670	$ 102,645

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates till the years ended December 31, 2019 and 2018 were as follows:

	WT Indonesia	Shanghai Lihuang	KS Corp.	WT Industrial
Revenue	$ 21,380	$ 4,104	$ 154,231	$ 852,508
Net profit (loss)	$ (585)	$ (1,185)	$ 25,725	$ 16,046

Had these acquisitions of subsidiaries been in effect at the beginning of the annual reporting period, the Group's pro-forma revenue would have been $54,917,757 thousand and $53,482,980 thousand; pro-forma net profit would have been $1,540,832 thousand and $1,506,777 thousand for the years ended December 31, 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 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/or 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 not measured at fair value

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

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 72,611	$ -	$ -	$ 72,611
Structured deposits	-	99,007	-	99,007
Foreign exchange options contracts	-	1,123	-	1,123
	$ 72,611	$ 100,130	$ -	$ 172,741
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 99,708	$ -	$ -	$ 99,708
Unlisted shares	-	-	511,494	511,494
Foreign listed shares	30,679	-	-	30,679
	$ 130,387	$ -	$ 511,494	$ 641,881
Financial liabilities at FVTPL				
Foreign exchange forward contracts	$ -	$ 1,372	$ -	$ 1,372

December 31, 2018

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

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Foreign exchange forward contracts	$ -	$ 4,359	$ -	$ 4,359

(Concluded)

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2019 and 2018.

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 569,293	$ 553,111
Purchases	-	116,552
Recognized in other comprehensive income	(57,799)	(61,310)
Disposal	-	(39,060)
Balance at December 31	$ 511,494	$ 569,293

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

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

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

The fair value of the unlisted shares held by the Group is 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

	December 31	
	2019	2018
Financial assets		
FVTPL		
Mandatorily classified at FVTPL	$ 172,741	$ 155,165
FVTOCI		
Equity instruments	641,881	760,953
Measured at amortized cost (Note 1)	19,119,808	17,927,794

(Continued)

	December 31	
	2019	2018
Financial liabilities		
FVTPL		
Held for trading	$ 1,372	$ 4,359
Measured at amortized cost (Note 2)	18,902,823	17,503,035
		(Concluded)

Note 1: Including 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: Including short-term borrowings, short-term bills payable, notes payable (including related parties), trade payables (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received, etc.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD.
The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the years ended December 31, 2019 and 2018 would have been higher (lower) by $6,252 thousand and $5,465 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	$ 1,127,532	$ 190,330
Financial liabilities	4,701,852	3,844,367
Cash flow interest rate risk		
Financial assets	1,941,525	2,322,503
Financial liabilities	6,991,047	6,028,994

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would have been lower/higher by $50,495 thousand and $37,065 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have been higher/lower by $726 thousand and $658 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have been higher/lower by $6,419 thousand and $7,610 thousand, 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 would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation could be equal to the total of the following:

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

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

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

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

3) Liquidity risk

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

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon 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-upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
December 31, 2019					
Non-interest bearing liabilities	$ 5,923,820	$ 1,427,866	$ 419	$ -	$ 7,352,105
Variable interest rate liabilities	3,936,446	705,465	1,326,108	1,396,385	7,364,404
Lease liabilities	10,203	27,205	59,922	53,451	150,781
Fixed interest rate liabilities	1,732,538	878,551	251,629	1,820,354	4,683,072
Financial guarantee contracts	777,098	-	-	-	777,098
	$ 12,380,105	$ 3,039,087	$ 1,638,078	$ 3,270,190	$ 20,327,460
December 31, 2018					
Non-interest bearing liabilities	$ 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	846,679	-	-	-	846,679
	$ 14,177,355	$ 1,599,220	$ 1,855,344	$ 864,077	$ 18,495,996

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Group considers that 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 at the end of the year.

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 banks or suppliers. If these commercial acceptance bills are not recoverable at maturity, banks or suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these 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 as collateral.

	December 31	
	2019	**2018**
Discounted to banks	$ 1,046,567	$ 669,793
Endorsement transfer to suppliers	$ 203,259	

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 the Group to 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 December 31, 2019, the face amount of these unsettled bills receivable was $39,687 thousand. The unsettled bills receivable will be due in 1-7 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

During the year ended December 31, 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. RELATED PARTY TRANSACTIONS

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

a. Name of related parties and relation

Related Parties	Relation with the Corporation
Chang Wah Electromaterials Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Industrial Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Shanghai Chang Wah Electromaterials Inc.	Associate

(Continued)

Related Parties	Relation with the Corporation
WT Indonesia	Associate (became a subsidiary since October 2019)
WL Green Corp.	Associate (became a subsidiary since May 2019)
Eco Energy Corporation	Associate
KS Corp.	Associate (became a subsidiary since 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
Qingdao Changhong Optoelectronics Ltd.	Associate’s subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate’s subsidiary
Suzhou Shanji Photoelectric Co., Ltd.	Associate’s subsidiary (since April 2019)
Daily Polymer Corp.	Substantial related party
Raycon Industries Inc.	Substantial related party
Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party
JingYi Technology Co.	Substantial related party
Forcera Materials Co., Ltd.	Substantial related party
BaoGuang Investment Co., Ltd.	Substantial related party
Taigene Biotechnology Co., Ltd.	Substantial related party
Minima Co., Ltd.	Substantial related party
Sin Hao Co., Ltd.	Substantial related party
Eleocom Co., Ltd.	Substantial related party

(Concluded)

b. Operating transactions

1) Sales of goods

Related Party Category	For the Year Ended December 31 2019	2018
Associates and their subsidiaries	$ 489,260	$ 494,951
Substantial related parties	17,811	41,342
	$ 507,071	$ 536,293

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

2) Purchase of goods

Related Party Category	For the Year Ended December 31 2019	2018
Associates and their subsidiaries	$ 398,884	$ 444,754
Substantial related parties	1,258,097	1,335,141
	$ 1,656,981	$ 1,779,895

The prices of purchases from related parties were made under arm’s length terms and there were no similar transactions with third parties for comparison; payment terms were similar to third parties.

3) Commission revenue

Related Party Category	For the Year Ended December 31 2019	2018
Associates	$ 4,624	$ -

4) Commission expense

Related Party Category	For the Year Ended December 31 2019	2018
Substantial related parties	$ 241	$ 193

5) Receivables from related parties

	December 31 2019	2018
Trade receivables - related parties		
Associates and their subsidiaries	$ 98,237	$ 145,097
Substantial related parties	7,178	24,019
	105,415	169,116
Less: Allowance for losses	295	-
	$ 105,120	$ 169,116
Other receivables - related parties		
Associates and their subsidiaries		
Chang Wah Electromaterials Inc.	$ 81,140	$ -
Others	2,077	9,116
Substantial related parties	354	686
	$ 83,571	$ 9,802

The outstanding trade receivables from related parties are unsecured.

6) Payables to related parties

	December 31 2019	2018
Notes payable - related parties		
Associates	$ 201	$ 1,548
Trade payables - related parties		
Associates and their subsidiaries	$ 108,081	$ 92,415
Substantial related parties	246,629	309,979
	$ 354,710	$ 402,394

(Continued)

	December 31	
	2019	2018
Other payables		
Associates and their subsidiaries	$ 5	$ -
Substantial related parties	329	225
	$ 334	$ 225

(Concluded)

The outstanding payables to related parties are unsecured.

7) Prepayments to suppliers

	December 31	
Related Party Category	**2019**	**2018**
Associates and their subsidiaries	$ 68,762	$ 30,237

c. Loans from related parties (under short-term borrowings)

	December 31	
Related Party Category/Name	**2019**	**2018**
Associates		
Eco Energy Corporation	$ 23,000	$ -

Interest expense

	For The Year Ended December 31	
Related Party Category/Name	**2019**	**2018**
Associates		
Eco Energy Corporation	$ 1,290	$ -

The loans from related parties are unsecured and the interest rate is 1.75%.

d. Disposals of property, plant and equipment

	Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2019	**2018**	**2019**	**2018**
Associates	$ 57	$ -	$ 57	$ -

e. Consulting service income (under other income)

	For the Year Ended December 31	
Related Party Category	**2019**	**2018**
Associates and their subsidiaries	$ 11,937	$ 8,192

f. Rental income (under other income)

Related Party Category	For the Year Ended December 31 2019	2018
Associates and their subsidiaries	$ 2,563	$ 2,205
Substantial related parties	48	48
	$ 2,611	$ 2,253

g. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Party Category	December 31 2019	2018
Associates and their subsidiaries		
Amount endorsed	$ 1,281,922	$ 1,241,337
Amount utilized	$ 737,411	$ 846,679
Substantial related parties		
Amount endorsed	$ 25,194	$ 25,194
Amount utilized	$ -	$ -

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

Related Party Category	For the Year Ended December 31 2019	2018
Associates	$ 486	$ 603
Substantial related parties	-	28
	$ 486	$ 631

h. Compensation of key management personnel

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

	For the Year Ended December 31 2019	2018
Short-term employee benefits	$ 126,146	$ 131,085
Post-employment benefits	1,169	1,859
	$ 127,315	$ 132,944

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

29. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets as collaterals for part of borrowings and performance guarantee.

	December 31	
	2019	2018
Notes receivable	$ 1,249,826	$ 669,793
Other financial assets - current	1,345	34,955
Other financial assets - noncurrent	79,673	-
Property, plant and equipment		
Freehold land	608,107	501,229
Buildings	426,129	452,449
Power generation equipment	1,338,092	-
Other	4,694	9,563
	$ 3,707,866	$ 1,667,989

In addition to the above assets as collateral, the Group also provided the shares of some subsidiaries as collaterals for borrowings.

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:

a. The Group's unused letters of credit for purchase of merchandise were $506,260 thousand and $342,140 thousand as of December 31, 2019 and 2018, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2019	2018
Acquisition of property, plant and equipment	$ 165,327	$ 48,000

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency Amount	Exchange Rate		Carrying Amount
December 31, 2019				
Monetary financial assets				
USD	$ 174,296	29.98	(USD:NTD)	$ 5,225,386
USD	30,100	7.7890	(USD:HKD)	902,400
USD	34,298	6.9646	(USD:RMB)	1,028,265
USD	883	25,623.93	(USD:VND)	26,461
USD	656	29.69	(USD:THB)	19,679

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Nonmonetary financial assets				
Investments accounted for using the equity method				
USD	$ 10,627	29.98	(USD:NTD)	$ 318,587
RMB	163,033	4.3046	(RMB:NTD)	701,794
RMB	1,134,151	1.118	(RMB:HKD)	4,882,096
JPY	424,092	0.2760	(JPY:NTD)	117,049
HKD	1,467,739	3.849	(HKD:NTD)	5,649,326
THB	169,240	1.0098	(THB:NTD)	170,898
PHP	25,450	0.6091	(PHP:NTD)	15,502
Monetary financial liabilities				
USD	163,626	29.98	(USD:NTD)	4,905,498
USD	12,193	7.7890	(USD:HKD)	365,545
USD	37,769	6.9646	(USD:RMB)	1,132,316
USD	4,195	25,623.93	(USD:VND)	125,773
USD	1,595	29.69	(USD:THB)	47,816
December 31, 2018				
Monetary financial assets				
USD	172,108	30.715	(USD:NTD)	5,286,298
USD	30,005	7.8335	(USD:HKD)	921,610
USD	41,520	6.8757	(USD:RMB)	1,275,275
USD	2,722	32.22	(USD:THB)	83,605
Nonmonetary financial assets				
Investments accounted for using 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
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

(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were $5,502 thousand and $257 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's 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: Table 4

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 5

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6

9) Trading in derivative instruments: Note 7, In addition, the Group incurred a net loss of $12,911 thousand on derivative instruments transactions for the year ended December 31, 2019.

10) Intercompany relationships and significant intercompany transactions: Table 10

11) Information on investees: Table 7

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 8

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 9

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

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

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

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

The Corporation's other significant transactions with investee companies in mainland China as of and for the year ended December 31, 2019 were as follow:

Trade Partners	Account	Amount
Shanghai Yikang	Consulting service income	$ 37,141
Shanghai Yikang	Fee income from endorsements and guarantees	982
Shanghai Yikang	Commission expenses	111,541
Shanghai Yikang	Other receivables	113,173
Shanghai Yikang	Other payables	26,414
Shanghai Hua Chang Trading Co., Ltd.	Fee income from endorsements and guarantees	199

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 H.K. and its subsidiary Dongguan 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 revenue and results

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

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
For the year ended December 31, 2019						
Revenue from external customers	$ 26,044,832	$ 11,973,415	$ 13,414,743	$ 3,248,839	$ -	$ 54,681,829
Inter-segment revenue	3,180,968	63,282	175,391	162,624	(3,582,265)	-
Segment revenue	$ 29,225,800	$ 12,036,697	$ 13,590,134	$ 3,411,463	$ (3,582,265)	$ 54,681,829

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Segment income	$ 479,573	$ 364,892	$ 484,643	$ 158,811	$ 86,516	$ 1,574,435
Other income	184,414	10,147	69,863	15,853	(115,440)	164,837
Other gains and losses	(1,119)	(18,463)	(21,735)	4,122	7,706	(29,489)
Financial costs	(128,708)	(82,720)	(27,761)	(35,278)	441	(274,026)
Profit before income tax	534,160	273,856	505,010	143,508	(20,777)	1,435,757
Income tax expense	(189,416)	(62,251)	(130,616)	(24,766)	(34)	(407,083)
Net profit after tax	$ 344,744	$ 211,605	$ 374,394	$ 118,742	$ (20,811)	1,028,674
Share of profit or loss of associates under the equity method						530,407
Consolidated net profit						$ 1,559,081
December 31, 2019						
Identifiable assets	$ 12,563,868	$ 6,115,190	$ 7,995,336	$ 4,573,669	$ (1,504,887)	$ 29,743,176
Goodwill						112,668
Investment accounted for using the equity method						4,555,030
Total assets						$ 34,410,874
For the year ended December 31, 2018						
Revenue from external customers	$ 25,848,598	$ 11,806,557	$ 12,582,011	$ 2,697,850	$ -	$ 52,935,016
Inter-segment revenue	3,995,472	34,220	178,319	320,223	(4,528,234)	-
Segment revenue	$ 29,844,070	$ 11,840,777	$ 12,760,330	$ 3,018,073	$ (4,528,234)	$ 52,935,016
Segment income	$ 573,758	$ 397,622	$ 586,756	$ 99,833	$ 89,321	$ 1,747,290
Other income	148,902	20,285	38,747	38,540	(105,474)	141,000
Other gains and losses	7,929	(25,694)	(27,201)	(4,941)	7,900	(42,007)
Financial costs	(117,627)	(88,619)	(12,776)	(19,152)	1,220	(236,954)
Profit before income tax	612,962	303,594	585,526	114,280	(7,033)	1,609,329
Income tax expense	(316,357)	(56,407)	(146,063)	(21,391)	(559)	(540,777)
Net profit after tax	$ 296,605	$ 247,187	$ 439,463	$ 92,889	$ (7,592)	1,068,552
Share of profit or loss of associates under the equity method						420,809
Consolidated net profit						$ 1,489,361
December 31, 2018						
Identifiable assets	$ 12,742,954	$ 6,837,051	$ 6,494,335	$ 2,664,959	$ (1,324,062)	$ 27,415,237
Goodwill						32,035
Investment accounted for using the equity method						4,388,440
Total assets						$ 31,835,712

(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 are allocated to reportable segments other than interests in associates accounted for using the equity method.

b. Revenue from major products and services

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

	For the Year Ended December 31	
	2019	**2018**
IT industry	$ 18,842,403	$ 18,415,238
FPD industry	15,103,754	13,694,392
Semiconductor industry	10,717,080	10,577,033
PCB industry	5,359,587	4,793,708
Opto-electronics	2,078,534	3,176,817
Others	2,580,471	2,277,828
	$ 54,681,829	$ 52,935,016

c. Geographical information

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

	Revenue from External Customers For the Year Ended December 31		Noncurrent Assets December 31	
	2019	**2018**	**2019**	**2018**
Taiwan	$ 14,823,120	$ 15,442,928	$ 3,186,812	$ 1,257,274
China	30,554,546	29,366,275	437,545	344,892
Others	9,304,163	8,125,813	608,663	554,453
	$ 54,681,829	$ 52,935,016	$ 4,233,020	$ 2,156,619

Noncurrent assets exclude investments under the equity method, financial assets, deferred tax assets, and goodwill.

d. Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2019 and 2018.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	$ 69,006	$ 64,569	$ 27,119	5.07	short-term financing	$ -	Operating capital	$ -	-	$ -	$ 1,159,299	$ 1,159,299	
2	Shenzhen Huaying	Xiamen Hua Chen Da	Other receivables - related parties	Yes	9,181	8,609	3,444	4.77	short-term financing	-	Operating capital	-	-	-	58,966	58,966	
3	Dongguan Hua Gang	Guangjou Shing Shain	Other receivables - related parties	Yes	39,076	38,741	37,020	4.77	short-term financing	-	Operating capital	-	-	-	594,145	594,145	
3	Dongguan Hua Gang	Meizhou Bailun	Other receivables - related parties	Yes	20,804	19,801	-	-	short-term financing	-	Operating capital	-	Pledged Stock	19,801	594,145	594,145	

Note 1: RMB is converted by spot exchange CNY1＝NT$4.3046.

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

Note 3: Bailun Dialysis (Shenzhen) Co., Ltd guarantees up to 1.4% of its equity and derivative equity in the amount of RMB4.6 million.

Note 4: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at The End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 2)	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 an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	$ 2,288,979	$ 490,000	$ 490,000	$ 284,917	$ -	4.28	$ 8,011,428	N	N	N	
0	The Corporation	Asahi Kasei Wah Lee Hi-tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	2,288,979	25,194	25,194	-	-	0.22	8,011,428	N	N	N	
0	The Corporation	Shanghai Yikang	Subsidiary of the Corporation	2,288,979	120,003	95,936	95,936	-	0.84	8,011,428	Y	N	Y	
0	The Corporation	Dongguan Hua Gang	Subsidiary of the Corporation	3,433,469	667,324	365,756	269,820	-	3.20	8,011,428	Y	N	Y	
0	The Corporation	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Corporation	3,433,469	120,000	120,000	61,874	-	1.05	8,011,428	Y	N	Y	
0	The Corporation	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	2,288,979	780,520	740,506	405,953	-	6.47	8,011,428	N	N	Y	
0	The Corporation	WL Singapore	Subsidiary of the Corporation	3,433,469	884,534	464,690	239,430	-	4.06	8,011,428	Y	N	N	
0	The Corporation	Sakuragawa Solar Ltd.	Subsidiary of the Corporation	2,288,979	186,250	174,432	104,561	-	1.52	8,011,428	Y	N	N	
0	The Corporation	Miyazaki Solar Ltd.	Subsidiary of the Corporation	2,288,979	336,253	314,916	261,269	-	2.75	8,011,428	Y	N	N	
0	The Corporation	WL Indonesia	Subsidiary of the Corporation	2,288,979	145,360	92,938	54,258	-	0.81	8,011,428	Y	N	N	
0	The Corporation	WL Vietnam	Subsidiary of the Corporation	3,433,469	445,560	242,838	103,749	-	2.12	8,011,428	Y	N	N	
0	The Corporation	WT Industrial	Subsidiary of the Corporation	2,288,979	876,447	573,566	60,102	-	5.01	8,011,428	Y	N	N	
0	The Corporation	KS Corp.	Subsidiary of the Corporation	2,288,979	166,320	166,320	166,320	166,320	1.45	8,011,428	Y	N	N	
1	Shanghai Yikang	Shanghai Chang Wah Electromaterials Inc.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	772,866	54,194	51,416	46,541	-	1.33	1,932,165	N	N	Y	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Corporation	772,866	60,264	60,264	3,347	-	1.56	1,932,165	Y	N	Y	
2	KS Corp.	KSA Corp.	Subsidiary of the Corporation	163,050	1,382	1,382	-	-	0.20	326,100	Y	N	N	

(Continued)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at The End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
2	KS Corp.	KSB Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	$ 652,200	$ 100,000	$ 100,000	$ 31,133	$ 10,000	14.79	$ 1,630,500	Y	N	N	
2	KS Corp.	KSA Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	652,200	507,876	400,000	80,630	25,000	59.14	1,630,500	Y	N	N	
2	KS Corp.	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	-	-	-	4.66	1,630,500	N	N	N	
3	KSA Corp.	KSB Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,500,000	100,000	100,000	31,133	-	312.40	3,750,000	N	N	N	
3	KSA Corp.	KS Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,500,000	1,871,100	1,800,000	886,992	-	5,623.24	3,750,000	N	Y	N	
4	KSB Corp.	KSA Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,000,000	410,000	400,000	80,630	-	3,553.34	4,000,000	N	N	N	
4	KSB Corp.	KS Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,000,000	1,820,000	1,800,000	886,992	-	15,990.05	4,000,000	N	Y	N	
5	Dongguan Hua Gang	Xiamen Hua Chen Da	Subsidiary of the Corporation	396,097	30,500	-	-	-	-	990,242	N	N	Y	

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Corporation. If the Corporation directly or indirectly holds 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. The maximum total amount of endorsement/guarantee shall not exceed 70% of the equity of the Corporation.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. If the Corporation directly or indirectly holds 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 Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

Note 4: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 200% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 500% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 10,000% of the paid-in capital of KSA Corp.; the maximum total amount of endorsement/guarantee shall not exceed 15,000% of the paid-in capital of KSA Corp.

(Continued)

Note 6: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 20,000% of the paid-in capital of KSB Corp.; the maximum total amount of endorsement/guarantee shall not exceed 40,000% of the paid-in capital of KSB Corp.

Note 7: USD is converted by spot exchange USD$1=NT$29.98; JPY is converted by spot exchange JPY1=NT$0.2760; RMB is converted by spot exchange RMB1=NT$4.3046; THB is converted by spot exchange THB1=NT$1.0098.

(Concluded)

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	2,000,000	$ 68,900	-	$ 68,900	
	Daily Polymer Corp.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,154,410	$ 30,808	2.96	$ 30,808	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	91,702	0.75	91,702	
	JingYi Technology Co.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,066,432	43,409	16.94	43,409	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - noncurrent	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party	Financial assets at FVTOCI - noncurrent	9,497	81,100	19.38	81,100	
	Forcera Materials Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,102,476	45,008	8.85	45,008	
	Univision Technology Holdings	-	Financial assets at FVTOCI - noncurrent	38,794,190	-	9.10	-	
	Telelynx Inc.	-	Financial assets at FVTOCI - noncurrent	266,811	898	2.92	898	
	Minima Technology Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	3,600,000	84,736	9.31	84,736	
	TaiGene Biotechnology Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,300,000	10,597	6.57	10,597	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	11,871,585	107,110	4.66	107,110	
	CDIB Capital Group.	-	Financial assets at FVTOCI - noncurrent	5,000,000	46,934	2.86	46,934	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	30,679	8.15	30,679	
	Eleocom Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	1,500,000	-	10.71	-	
					$ 572,981		$ 572,981	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - noncurrent		$ -		$ -	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	$ 46,237	-	$ 46,237	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	27,910	26,374	-	26,374	
					$ 72,611		$ 72,611	

(Concluded)

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Notes 1 and 2)
The Corporation	KS Corp.	Investment under the equity method	Open Sky Technology Corporation, Yikang Investment Co., Ltd., other natural person and Issuance of ordinary shares for cash	N	-	$ -	16,632,000	$ 468,384	-	$ -	$ -	$ -	16,632,000	$ 487,944

Note 1: The balance of investment accounted for using the equity method including share of profits/losses of investees and other adjustment related to equity.

Note 2: It was eliminated on consolidation.

TABLE 5

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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.	Subsidiary	Sales	$ (525,245)	(2)	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	$ 76,562	1	Note
	WT Industrial	Subsidiary	Sales	(105,149)	-	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	25,570	1	Note
	Chang Wah Electromaterials Inc.	Associate	Sales	(249,238)	(1)	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	75,121	1	
	Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party	Purchase	1,102,436	6	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(206,985)	(6)	
WL Indonesia	WT Indonesia	Subsidiary	Sales	(165,787)	-	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	43,487	-	Note

Note: It was eliminated on consolidation.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Shanghai Yikang	Subsidiary	$ 758,733	2.36	$ -	-	$ 306,616	$ -
	Raycong H.K.	Subsidiary	210,296	2.71	-	-	64,500	-
	Chang Wah Electromaterials Inc.	Investment under the equity method	156,261	2.25	-	-	156,261	-
Raycong H.K.	Dongguan Hua Gang	Subsidiary	120,447	5.07	-	-	84,982	-

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

Note 2: Trade receivables from subsidiary were eliminated on consolidation.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2019	December 31, 2018						
The Corporation	Wah Lee Holding Ltd.	BVI	International investment business	$ 430,666	$ 430,666	13,070,000	100.00	$ 3,733,888	$ 270,809	$ 270,793	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	3,023,029	483,064	259,297	Subsidiary
The Corporation	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	19,790,218	30.98	1,799,523	1,098,144	340,209	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	675,514	172,589	69,036	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	26.51	987,991	208,498	55,327	Associate
The Corporation	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	249,632	75,750	26,512	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	5,018	(52)	(44)	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	(1,248)	1,184	1,184	Subsidiary
The Corporation	Okayama Solar Ltd.	Japan	Solar power generation business	-	68,918	-	-	-	(62)	(62)	Subsidiary
The Corporation	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	78,867	9,321	9,321	Subsidiary
The Corporation	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	33,164	2,212	2,212	Subsidiary
The Corporation	WL Indonesia	Indonesia	Trading business of industrial materials	14,840	14,840	486,000	60.00	11,758	5,459	3,275	Subsidiary
The Corporation	Meidi H.K.	Hong Kong	International investment business	17,753	17,753	143	80.00	-	-	-	Subsidiary
The Corporation	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	28,312	1,288	1,288	Subsidiary
The Corporation	QuanShun Logistics Co., Ltd.	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	106,501	11,118	7,042	Subsidiary
The Corporation	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	5,000	5,000	500,000	25.00	4,210	(4,059)	(1,014)	Subsidiary
The Corporation	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	197,866	44,445	14,962	Subsidiary
The Corporation	Eco Energy Corporation	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	95,263	790	(213)	Associate

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2019	December 31, 2018						
The Corporation	KS Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	$ 468,384	$ -	16,632,000	51.00	$ 487,960	$ 19,469	$ 11,953	Subsidiary
The Corporation	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	-	127,495	99.99	7,755	-	-	Subsidiary
The Corporation	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	-	126,997	99.99	7,747	-	-	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	25,000	-	2,500,000	100.00	32,010	3,340	3,340	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	10,000	-	1,000,000	100.00	11,257	1,373	1,373	Subsidiary
KS Corp.	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	10,200	-	1,020,000	51.00	8,588	(4,059)	(1,895)	Subsidiary
KS Corp.	Eco Energy Corporation	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	-	8,000,000	20.00	95,263	790	329	Associate
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment business	43,892	43,892	1,290,000	100.00	700,421	31,632	31,632	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	51,639	51,639	1,600,000	100.00	330,149	16,885	16,885	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	2,616,034	483,064	223,692	Subsidiary
Wah Lee Holding Ltd.	Regent King H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	-	100.00	1,374	(8,546)	(7,999)	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	1,933	18,150	66.00	3,464	(415)	-	Subsidiary
WL Singapore	Gishine Tech	Singapore	Research and development of environmental protection and cleaning technology	-	-	-	49.00	-	-	-	Associate

(Concluded)

Note 1: The share of profit (loss) recognized for the year ended December 31, 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 8 for information on investments in mainland China.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Dongguan Hua Gang	Sales of industrial materials	$ 1,122,295	Invested through the third region, Raycong H.K.	$ -	$ -	$ -	$ -	$ 121,622	100.00	$ 121,622	$ 1,975,171	$ -	
Shanghai Yikang	Processing and selling of chemical material for release of wax; international trading; trading agent and warehousing business within enterprises in the bonded area	977,758	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	385,931	70.00	270,152	2,723,707	-	
Shenzhen Huaying	Sales of industrial materials	23,769	Invested through the third region, Raycong H.K.	-	-	-	-	18,183	100.00	18,183	196,553	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	71,952	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	92,210	30.00	27,663	556,487	-	
Shanghai Chang Wah Electromaterials Inc.	Agency of IC packaging material and equipment	119,920	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	37,760	21.44	11,564	82,211	-	
Shanghai Yadi	Import and export of goods and technology	12,914	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(6,074)	49.00	(5,059)	30,360	-	
Shanghai Lihuang	Medical devices and equipment	14,334	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(1,185)	48.98	(2,225)	11,633	-	
Meizhou Bailun	Hemodialysis and examination	4,305	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(1,435)	51.00	(732)	1,466	-	
Guangjou Shing Shian	Hospital management, medical equipment repair, wholesale of medical supplies	4,305	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	10,008	100.00	10,008	14,200	-	
Xiamen Hua Chen Da	Warehouse logistics	12,914	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(1,606)	70.00	(1,124)	7,571	-	
Jian Yuan Rong Xiamen Logistics Ltd.	Warehouse logistics	34,437	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(977)	30.00	(293)	10,175	-	
Jia Cheng Yuan Xiamen Trading and Development Co. Ltd.	Warehouse logistics	8,609	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	1,193	30.00	358	2,971	-	

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Corporation	$ 384,343	$ 2,478,240	$ -

Note 1: The disclosure of investment gains and losses this period are recognized under the following conditions:

1. Dongguan Hua Gang and Shanghai Yikang: audited by the Corporation's CPA.

2. Others are based on unaudited financial statements.

Note 2: The difference of $2,093,897 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of $1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of $108,887 thousand (USD3,497 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of $434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of $14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of $162,978 thousand and the invested amount of $34,461 thousand which had already been liquidated but not yet revoked.

Note 3: 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; thus, the amount that can be invested in companies located in mainland China is unlimited.

(Concluded)

WAH LEE INDUSTRIAL 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 YEAR ENDED DECEMBER 31, 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	$ 1,798,331	6	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	$ 645,560	8	$ 15,317	Note
	Dongguan Hua Gang	Sales	553,013	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	98,269	1	2,662	Note
Raycong H.K.	Dongguan Hua Gang	Sales	577,747	23	Normal trade terms	60 to 180 days after monthly closing	The terms with related parties are not significantly different from those with third parties	120,447	12	5,312	Note

Note: It was eliminated on consolidation.

TABLE 10

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 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	$ 1,798,331	According to the contract	3.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other revenue	38,123	According to the contract	-
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Trade receivables	645,560	According to the contract	2.00
0	The Corporation	Shanghai Yikang	Parent to subsidiaries	Other receivables	113,173	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Operating revenue	525,245	According to the contract	1.00
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other revenue	41,112	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Trade receivables	76,562	According to the contract	-
0	The Corporation	Raycong H.K.	Parent to subsidiaries	Other receivables	133,734	According to the contract	-
0	The Corporation	Dongguan Hua Gang	Parent to subsidiaries	Operating revenue	553,013	According to the contract	1.00
0	The Corporation	Dongguan Hua Gang	Parent to subsidiaries	Trade receivables	98,269	According to the contract	-
0	The Corporation	WT Singapore	Parent to subsidiaries	Operating revenue	63,752	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Operating revenue	10,433	According to the contract	-
0	The Corporation	Regent King H.K.	Parent to subsidiaries	Other receivables	10,043	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Operating revenue	54,449	According to the contract	-
0	The Corporation	WL Vietnam	Parent to subsidiaries	Trade receivables	16,597	According to the contract	-
0	The Corporation	QuanShun Logistics Co., Ltd.	Parent to subsidiaries	Other revenue	18,216	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Operating revenue	105,149	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Other revenue	11,114	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Trade receivables	25,570	According to the contract	-
0	The Corporation	WT Industrial	Parent to subsidiaries	Other receivables	18,712	According to the contract	-
0	The Corporation	Shanhai Yadi	Parent to subsidiaries	Operating revenue	31,844	According to the contract	-
0	The Corporation	Shanhai Yadi	Parent to subsidiaries	Trade receivables	14,110	According to the contract	-
0	The Corporation	KS Corp.	Parent to subsidiaries	Operating revenue	3,387	According to the contract	-
0	The Corporation	KS Corp.	Parent to subsidiaries	Other revenue	700	According to the contract	-
0	The Corporation	KS Corp.	Parent to subsidiaries	Commission revenue	1,682	According to the contract	-
0	The Corporation	KS Corp.	Parent to subsidiaries	Trade receivables	13,642	According to the contract	-
0	The Corporation	KS Corp.	Parent to subsidiaries	Contract liabilities	106,748	According to the contract	-
0	The Corporation	KSA Corp.	Parent to subsidiaries	Contract liabilities	4,217	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiary to parent	Commission revenue	111,541	According to the contract	-
1	Shanghai Yikang	The Corporation	Subsidiary to parent	Trade receivables	26,937	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	53,970	According to the contract	-
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiaries	Operating revenue	577,747	According to the contract	1.00

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiaries	Trade receivables	$ 120,447	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	33,875	According to the contract	-
4	Regent King H.K.	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	37,451	According to the contract	-
5	QuanShun Logistics Co., Ltd.	The Corporation	Subsidiary to parent	Operating revenue	73,802	According to the contract	-
5	QuanShun Logistics Co., Ltd.	The Corporation	Subsidiary to parent	Trade receivables	22,267	According to the contract	-
6	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	45,877	According to the contract	-
6	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Trade receivables	28,300	According to the contract	-
7	WL Green Corp.	The Corporation	Subsidiary to parent	Operating revenue	11,838	According to the contract	-
8	Guangjou Shing Shian	Shanghai Yadi	Subsidiary to subsidiary	Operating revenue	10,968	According to the contract	-
8	Guangjou Shing Shian	Shanghai Yadi	Subsidiary to subsidiary	Trade receivables	11,487	According to the contract	-
9	Shanghai Yadi	Guangjou Shing Shian	Subsidiary to subsidiary	Operating revenue	16,223	According to the contract	-
9	Shanghai Yadi	Guangjou Shing Shian	Subsidiary to subsidiary	Trade receivables	18,282	According to the contract	-
10	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Operating revenue	20,909	According to the contract	-
10	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Trade receivables	43,487	According to the contract	-

(Concluded)