

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation and its subsidiaries (the "Group") as of June 30, 2020 and 2019, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, combined total assets of these subsidiaries were NT\$5,712,615 thousand and NT\$10,111,340 thousand, respectively, representing 16% and 29%, respectively, of the total consolidated assets, and combined total liabilities of these subsidiaries were NT\$2,768,167 thousand and NT\$5,175,010 thousand, respectively, representing 12% and 24%, respectively, of the total consolidated liabilities; for the three months and six months ended June 30, 2020 and 2019, combined comprehensive income of these subsidiaries were NT\$30,056 thousand, NT\$53,947 thousand, NT\$47,023 thousand and NT\$124,769 thousand, respectively, representing 6%, 20%, 7% and 15%, respectively, of the total consolidated comprehensive income. As disclosed in Note 13 to the consolidated financial statements, the Group's carrying values of the investments in associates accounted for using the equity method of NT\$1,692,429 thousand and NT\$1,927,122 thousand as of June 30, 2020 and 2019, and for the three months and six months ended June 30, 2020 and 2019, the share of profit of associates recognized under the equity method were NT\$55,378 thousand, NT\$35,952 thousand, NT\$95,480 thousand and NT\$63,438 thousand, respectively, were based on unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the consolidated financial statements do not present fairly, in all material respects. The consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Restatement and Reviewed, Note 25)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,006,419	8	\$ 2,348,526	7	\$ 2,636,393	8
Financial assets at fair value through profit or loss - current (Note 7)	129,207	-	172,741	1	178,542	1
Financial assets at fair value through other comprehensive income - current (Note 8)	59,900	-	68,900	-	52,500	-
Notes receivable (Notes 9, 27 and 29)	1,690,988	5	1,988,198	6	2,049,772	6
Trade receivables, net (Note 9)	13,635,755	38	13,482,001	39	13,475,150	39
Trade receivables - related parties (Notes 9 and 28)	88,746	-	105,120	-	134,241	-
Other receivables	86,478	-	65,284	-	41,672	-
Other receivables - related parties (Note 28)	349,578	1	83,571	-	311,045	1
Current tax assets	153	-	-	-	42	-
Inventories (Note 10)	3,786,213	11	3,935,974	11	4,422,761	13
Prepayments for purchases (Note 28)	974,964	3	1,018,095	3	1,049,843	3
Other financial assets - current (Notes 11 and 29)	1,685,376	5	858,536	3	127,248	-
Other current assets	308,027	1	296,008	1	348,163	1
Total current assets	25,801,804	72	24,422,954	71	24,827,372	72
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	590,091	2	572,981	2	644,217	2
Investments accounted for using the equity method (Note 13)	4,243,410	12	4,555,030	13	4,423,182	13
Property, plant and equipment (Notes 14 and 29)	3,897,604	11	3,800,494	11	3,432,841	10
Right-of-use assets (Note 15)	211,468	1	147,846	1	178,451	1
Goodwill	112,541	-	112,668	-	113,293	-
Other intangible assets	220,090	1	230,607	1	237,739	1
Deferred tax assets	334,026	1	325,649	1	283,978	1
Prepayments for equipment	17,341	-	1,706	-	159,504	-
Refundable deposits	107,357	-	108,899	-	97,431	-
Prepayments for investments	80,000	-	-	-	-	-
Other financial assets - noncurrent (Notes 11 and 29)	87,460	-	79,673	-	79,607	-
Other noncurrent assets (Note 3)	54,548	-	52,367	-	54,557	-
Total noncurrent assets	9,955,936	28	9,987,920	29	9,704,800	28
TOTAL	\$ 35,757,740	100	\$ 34,410,874	100	\$ 34,532,172	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16, 28 and 29)	\$ 7,125,007	20	\$ 6,790,253	20	\$ 6,518,983	19
Financial liabilities at fair value through profit or loss - current (Note 7)	1,050	-	1,372	-	636	-
Contract liabilities - current (Note 21)	237,322	1	289,480	1	279,374	1
Notes payable (Note 17)	345,835	1	335,214	1	723,762	2
Notes payable - related parties (Notes 17 and 28)	557	-	201	-	806	-
Trade payables (Note 17)	5,747,938	16	5,532,981	16	5,664,739	17
Trade payables - related parties (Notes 17 and 28)	365,468	1	354,710	1	431,166	1
Dividends payable (Note 20)	766,783	2	10,352	-	742,097	2
Other payables (Notes 18 and 28)	1,177,003	3	1,118,228	3	1,016,379	3
Current tax liabilities	208,007	-	221,112	1	134,667	-
Lease liabilities - current (Note 15)	53,547	-	32,649	-	47,252	-
Current portion of long-term borrowings (Notes 16 and 29)	253,390	1	250,456	1	247,149	1
Refund liabilities - current	228,555	1	161,493	-	129,047	-
Other current liabilities	29,857	-	15,549	-	23,659	-
Total current liabilities	16,540,319	46	15,114,050	44	15,959,716	46
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 29)	4,511,428	13	4,510,009	13	4,119,221	12
Provision for employee benefits - noncurrent	14,760	-	14,760	-	14,760	-
Lease liabilities - noncurrent (Note 15)	156,216	-	109,532	-	128,337	1
Net defined benefit liabilities - noncurrent	312,962	1	320,668	1	368,869	1
Guarantee deposits received	419	-	419	-	419	-
Deferred tax liabilities	1,053,685	3	1,056,833	3	1,097,559	3
Total noncurrent liabilities	6,049,470	17	6,012,221	17	5,729,165	17
Total liabilities	22,589,789	63	21,126,271	61	21,688,881	63
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)						
Share capital	2,313,901	6	2,313,901	7	2,313,901	7
Capital surplus	1,302,118	4	1,318,065	4	1,313,861	4
Retained earnings						
Legal reserve	2,228,083	6	2,084,659	6	2,084,659	6
Special reserve	980,087	3	679,347	2	679,347	2
Unappropriated earnings	5,602,879	16	6,029,012	17	5,241,276	15
Total retained earnings	8,811,049	25	8,793,018	25	8,005,282	23
Other equity	(1,127,474)	(3)	(980,087)	(3)	(613,231)	(2)
Total equity attributable to owners of the Corporation	11,299,594	32	11,444,897	33	11,019,813	32
NON-CONTROLLING INTERESTS (Note 20)	1,868,357	5	1,839,706	6	1,823,478	5
Total equity	13,167,951	37	13,284,603	39	12,843,291	37
TOTAL	\$ 35,757,740	100	\$ 34,410,874	100	\$ 34,532,172	100

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

(With Deloitte & Touche review report dated August 12, 2020)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
			2019				2019	
	2020		(Restatement, Note 25)		2020		(Restatement, Note 25)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 14,836,451	100	\$ 14,041,492	100	\$ 27,189,478	100	\$ 26,107,373	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>13,641,274</u>	<u>92</u>	<u>12,960,653</u>	<u>92</u>	<u>24,989,175</u>	<u>92</u>	<u>24,108,497</u>	<u>92</u>
GROSS PROFIT	<u>1,195,177</u>	<u>8</u>	<u>1,080,839</u>	<u>8</u>	<u>2,200,303</u>	<u>8</u>	<u>1,998,876</u>	<u>8</u>
OPERATING EXPENSES (Notes 9 and 22)								
Selling and marketing expenses	455,522	3	536,951	4	919,914	3	1,011,386	4
General and administrative expenses	142,108	1	120,437	1	256,943	1	238,782	1
Loss (reversal) of expected credit loss	<u>51,606</u>	<u>-</u>	<u>(4,737)</u>	<u>-</u>	<u>52,834</u>	<u>-</u>	<u>(2,915)</u>	<u>-</u>
Total operating expenses	<u>649,236</u>	<u>4</u>	<u>652,651</u>	<u>5</u>	<u>1,229,691</u>	<u>4</u>	<u>1,247,253</u>	<u>5</u>
OPERATING INCOME	<u>545,941</u>	<u>4</u>	<u>428,188</u>	<u>3</u>	<u>970,612</u>	<u>4</u>	<u>751,623</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	18,334	-	4,048	-	29,702	-	6,365	-
Other income (Note 28)	4,120	-	15,450	-	46,119	-	57,119	-
Other gains and losses (Note 22)	(7,886)	-	7,347	-	(30,603)	-	4,087	-
Finance costs (Note 22)	(56,492)	(1)	(63,639)	-	(119,684)	(1)	(138,870)	-
Share of the profit of associates	<u>130,287</u>	<u>1</u>	<u>111,567</u>	<u>1</u>	<u>219,592</u>	<u>1</u>	<u>243,372</u>	<u>1</u>
Total non-operating income and expenses	<u>88,363</u>	<u>-</u>	<u>74,773</u>	<u>1</u>	<u>145,126</u>	<u>-</u>	<u>172,073</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	634,304	4	502,961	4	1,115,738	4	923,696	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>154,034</u>	<u>1</u>	<u>119,707</u>	<u>1</u>	<u>270,400</u>	<u>1</u>	<u>195,562</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>480,270</u>	<u>3</u>	<u>383,254</u>	<u>3</u>	<u>845,338</u>	<u>3</u>	<u>728,134</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	58,999	1	(49,736)	-	8,510	-	(59,454)	-
Share of other comprehensive income of associates accounted for using the equity method	133,720	1	2,642	-	29,858	-	20,992	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,270)</u>	<u>-</u>	<u>6,358</u>	<u>-</u>	<u>611</u>	<u>-</u>	<u>5,839</u>	<u>-</u>
	<u>191,449</u>	<u>2</u>	<u>(40,736)</u>	<u>-</u>	<u>38,979</u>	<u>-</u>	<u>(32,623)</u>	<u>-</u>

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	(Restatement, Note 25) Amount	%	Amount	%	(Restatement, Note 25) Amount	%
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating the financial statements of foreign operations	\$ (114,509)	(1)	\$ (70,992)	(1)	\$ (188,829)	(1)	\$ 116,010	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(46,445)	-	(16,499)	-	(67,148)	-	19,895	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>22,227</u>	<u>-</u>	<u>12,128</u>	<u>-</u>	<u>33,012</u>	<u>-</u>	<u>(18,572)</u>	<u>-</u>
	<u>(138,727)</u>	<u>(1)</u>	<u>(75,363)</u>	<u>(1)</u>	<u>(222,965)</u>	<u>(1)</u>	<u>117,333</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>52,722</u>	<u>1</u>	<u>(116,099)</u>	<u>(1)</u>	<u>(183,986)</u>	<u>(1)</u>	<u>84,710</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 532,992</u>	<u>4</u>	<u>\$ 267,155</u>	<u>2</u>	<u>\$ 661,352</u>	<u>2</u>	<u>\$ 812,844</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 440,828	3	\$ 344,049	3	\$ 784,462	3	\$ 659,113	3
Non-controlling interests	<u>39,442</u>	<u>-</u>	<u>39,205</u>	<u>-</u>	<u>60,876</u>	<u>-</u>	<u>69,021</u>	<u>-</u>
	<u>\$ 480,270</u>	<u>3</u>	<u>\$ 383,254</u>	<u>3</u>	<u>\$ 845,338</u>	<u>3</u>	<u>\$ 728,134</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 508,539	4	\$ 238,304	2	\$ 641,300	2	\$ 720,675	3
Non-controlling interests	<u>24,453</u>	<u>-</u>	<u>28,851</u>	<u>-</u>	<u>20,052</u>	<u>-</u>	<u>92,169</u>	<u>-</u>
	<u>\$ 532,992</u>	<u>4</u>	<u>\$ 267,155</u>	<u>2</u>	<u>\$ 661,352</u>	<u>2</u>	<u>\$ 812,844</u>	<u>3</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 1.91</u>		<u>\$ 1.49</u>		<u>\$ 3.39</u>		<u>\$ 2.85</u>	
Diluted	<u>\$ 1.89</u>		<u>\$ 1.47</u>		<u>\$ 3.30</u>		<u>\$ 2.78</u>	

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

(With Deloitte & Touche review report dated August 12, 2020)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation										Non-controlling Interest	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Other Equity						
				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	Subtotal	Total			
BALANCE AT JANUARY 1, 2020	\$ 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	
Appropriation of 2019 earnings	-	-	-	-	(143,424)	-	-	-	-	-	-	
Legal reserve	-	-	143,424	300,740	(300,740)	-	-	-	-	-	-	
Special reserve	-	-	-	-	(763,587)	-	-	-	(763,587)	-	(763,587)	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	143,424	300,740	(1,207,751)	-	-	-	(763,587)	-	(763,587)	
Net profit for the six months ended June 30, 2020	-	(15,035)	-	-	(7,069)	-	-	-	(22,104)	-	(22,104)	
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	784,462	-	-	-	784,462	60,876	845,338	
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	(182,141)	38,979	(143,162)	(143,162)	(40,824)	(183,986)	
Changes in percentage of ownership interest in subsidiaries (Note 12)	-	-	-	-	784,462	(182,141)	38,979	(143,162)	641,300	20,052	661,352	
Cash dividends distributed by the subsidiaries	-	(912)	-	-	-	-	-	-	(912)	912	-	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(3,196)	(3,196)	
Increase in non-controlling interests	-	-	-	-	4,225	-	(4,225)	(4,225)	-	-	-	
BALANCE AT JUNE 30, 2020	\$ 2,313,901	\$ 1,302,118	\$ 2,228,083	\$ 980,087	\$ 5,602,879	\$ (789,653)	\$ (337,821)	\$ (1,127,474)	\$ 11,299,594	\$ 1,868,357	\$ 13,167,951	
BALANCE AT JANUARY 1, 2019	\$ 2,313,901	\$ 1,331,880	\$ 1,950,063	\$ 78,160	\$ 6,070,997	\$ (355,909)	\$ (323,438)	\$ (679,347)	\$ 11,065,654	\$ 1,343,281	\$ 12,408,935	
Appropriation of 2018 earnings	-	-	-	-	(134,596)	-	-	-	-	-	-	
Legal reserve	-	-	134,596	601,187	(601,187)	-	-	-	-	-	-	
Special reserve	-	-	-	-	(740,448)	-	-	-	(740,448)	-	(740,448)	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	-	
Changes in percentage of ownership interests in subsidiaries (Note 12)	-	-	134,596	601,187	(1,476,231)	-	-	-	(740,448)	-	(740,448)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	(8,049)	-	-	-	(8,049)	10,470	2,421	
Net profit for the six months ended June 30, 2019 (Restatement, Note 25)	-	(18,019)	-	-	-	-	-	-	(18,019)	-	(18,019)	
Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	659,113	-	-	-	659,113	69,021	728,134	
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	94,185	(32,623)	61,562	61,562	23,148	84,710	
Cash dividends distributed by the subsidiaries	-	-	-	-	659,113	94,185	(32,623)	61,562	720,675	92,169	812,844	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(9,900)	(9,900)	
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(4,652)	-	4,652	4,652	-	-	-	
Increase in non-controlling interests	-	-	-	-	98	-	(98)	(98)	-	-	-	
BALANCE AT JUNE 30, 2019 (Restatement, Note 25)	\$ 2,313,901	\$ 1,313,861	\$ 2,084,659	\$ 679,347	\$ 5,241,276	\$ (261,724)	\$ (351,507)	\$ (613,231)	\$ 11,019,813	\$ 1,823,478	\$ 12,843,291	
The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche audit report dated August 12, 2020)												

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated August 12, 2020)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019 (Restatement, Note 25)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,115,738	\$ 923,696
Adjustments for:		
Depreciation expenses	127,237	88,130
Amortization expenses	20,421	16,040
Loss (reversal) of expected credit loss	52,834	(2,915)
Net gain (loss) of financial assets designated as at fair value through profit or loss	5,066	(178)
Finance costs	119,684	138,870
Interest income	(29,702)	(6,365)
Share of profit of associates accounted for using the equity method	(219,592)	(243,372)
Gain on disposal of property, plant and equipment	(67)	(1,072)
Loss on disposal of foreign operation	3,371	-
Loss on disposal of investments accounted for using the equity method	4,688	-
Write-downs of inventories	2,835	-
Reversal of write-downs of inventories	-	(11,681)
Unrealized net loss (gain) on foreign currency exchange	33,894	(17,564)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,356	7,812
Notes receivable	297,210	(226,730)
Trade receivables	(200,748)	(277,181)
Trade receivables - related parties	13,212	35,018
Other receivables	(12,640)	12,638
Other receivables - related parties	1,241	6,329
Inventories	147,754	614,247
Prepayments	43,131	(149,711)
Other current assets	(11,991)	(60,864)
Financial liabilities held for trading	(1,539)	(12,643)
Contract liabilities	(52,158)	97,177
Notes payable	10,621	192,658
Notes payable - related parties	356	(742)
Trade payables	214,957	(193,007)
Trade payables - related parties	10,758	18,914
Other payables	81,547	82,390
Refund liabilities	67,062	(3,276)
Other current liabilities	14,308	3,333
Net defined benefit liabilities	(7,706)	(1,367)
Cash generated from operations	1,854,138	1,028,584

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019 (Restatement, Note 25)
Interest received	\$ 21,148	\$ 6,365
Dividend received	202,886	11,088
Interest paid	(126,149)	(132,416)
Income tax paid	<u>(263,963)</u>	<u>(218,297)</u>
Net cash generated from operating activities	<u>1,688,060</u>	<u>695,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,782
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	400	-
Purchase of financial assets at fair value through profit or loss	(119,559)	(104,908)
Proceeds from disposal of financial assets at fair value through profit or loss	154,481	89,579
Purchase of investments accounted for using the equity method	(3,005)	(7,310)
Increase in prepayments for investments	(80,000)	-
Net cash outflow from acquisition of subsidiaries (Note 25)	(3,000)	(408,208)
Acquisition of property, plant and equipment	(236,847)	(95,521)
Proceeds from disposal of property, plant and equipment	758	2,952
Decrease in refundable deposits	1,542	183
Acquisition of intangible assets	(5,650)	(3,941)
Increase in other financial assets	(834,627)	(33,936)
Increase in other noncurrent assets	<u>(6,425)</u>	<u>(3,391)</u>
Net cash used in investing activities	<u>(1,131,932)</u>	<u>(559,719)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	381,226	(610,983)
Decrease in short-term bills payable	-	(100,000)
Proceeds from long-term borrowings	3,984,577	2,793,942
Repayment of long-term borrowings	(3,979,264)	(2,226,563)
Repayment of the principal portion of lease liabilities	(24,355)	(22,416)
Changes in non-controlling interests	<u>531</u>	<u>(5,365)</u>
Net cash generated from (used in) financing activities	<u>362,715</u>	<u>(171,385)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(260,950)</u>	<u>130,322</u>
		(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019 (Restatement, Note 25)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 657,893	\$ 94,542
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>2,348,526</u>	<u>2,541,851</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 3,006,419</u>	<u>\$ 2,636,393</u>

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

(With Deloitte & Touche review report dated August 12, 2020)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

The consolidated financial statements, 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 reported to the board of directors for issue on August 12, 2020.

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

- a. Initial application of 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)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after

January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable 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, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The basis of preparation applied in these interim consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2019.

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

d. Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2019.

1) Defined retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2019. The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 1,624	\$ 2,742	\$ 2,572
Demand deposits	2,782,858	1,939,221	2,166,087
Checking accounts	17,577	214,936	245,966
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>204,360</u>	<u>191,627</u>	<u>221,768</u>
	<u>\$ 3,006,419</u>	<u>\$ 2,348,526</u>	<u>\$ 2,636,393</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (%)	0.35-1.88	0.85-1.97	2.10-2.45

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

	June 30, 2020	December 31, 2019	June 30, 2019
<hr/> Financial assets <hr/>			
Mandatorily classified as at FVTPL			
Hybrid financial assets - structured deposits (a)	\$ 62,884	\$ 99,007	\$ 104,022
Non-derivative financial assets - mutual funds	66,323	72,611	73,121
Derivative financial assets (not designated for hedge) (b)			
Foreign exchange option contracts	-	1,123	182
Foreign exchange forward contracts	-	-	1,217
	<u>\$ 129,207</u>	<u>\$ 172,741</u>	<u>\$ 178,542</u>
<hr/> Financial liabilities <hr/>			
Held for trading			
Derivative financial liabilities (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>\$ 1,050</u>	<u>\$ 1,372</u>	<u>\$ 636</u>

- a. The Group entered into a RMB structured time deposit contract with a bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. The Group entered into foreign exchange options and 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.

At the end of the reporting period, outstanding foreign exchange option contracts were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<hr/> December 31, 2019 <hr/>			
Buy	RMB/USD	2020.01-2020.04	RMB17,630/USD2,500
Buy	RMB/JPY	2020.01-2020.02	RMB6,470/JPY100,000
<hr/> June 30, 2019 <hr/>			
Buy	RMB/USD	2019.07	RMB3,462/USD500

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2020</u>			
Buy	RMB/USD	2020.07-2020.09	RMB42,248/USD5,920
Buy	RMB/JPY	2020.07	RMB3,255/JPY50,000
<u>December 31, 2019</u>			
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
<u>June 30, 2019</u>			
Buy	RMB/USD	2019.08-2019.09	RMB6,883/USD1,000
Buy	IDR/USD	2019.07	IDR2,124,415/USD150
Buy	THB/USD	2019.07-2019.08	THB12,290/USD400
Buy	TWD/USD	2019.09-2019.10	TWD57,605/USD1,840

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Current</u>			
Domestic investments in equity instruments			
Listed shares	<u>\$ 59,900</u>	<u>\$ 68,900</u>	<u>\$ 52,500</u>
<u>Noncurrent</u>			
Domestic investments in equity instruments			
Listed shares	\$ 33,178	\$ 30,808	\$ 31,024
Unlisted shares	<u>434,075</u>	<u>419,792</u>	<u>461,648</u>
	<u>467,253</u>	<u>450,600</u>	<u>492,672</u>
Foreign investments in equity instruments			
Listed shares	27,622	30,679	54,472
Unlisted shares	<u>95,216</u>	<u>91,702</u>	<u>97,073</u>
	<u>122,838</u>	<u>122,381</u>	<u>151,545</u>
	<u>\$ 590,091</u>	<u>\$ 572,981</u>	<u>\$ 644,217</u>

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.

For the six months ended June 30, 2019, the Group sold some equity shares in order to manage credit concentration risk. The sold shares had fair values of \$4,782 thousand and related unrealized valuation losses of \$4,652 thousand were transferred from other equity to retained earnings.

9. NOTES AND TRADE RECEIVABLES, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable			
Notes receivable - operating	\$ 1,690,988	\$ 1,988,198	\$ 2,049,813
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>41</u>
	<u>\$ 1,690,988</u>	<u>\$ 1,988,198</u>	<u>\$ 2,049,772</u>
Trade receivables - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 13,797,045	\$ 13,596,297	\$ 13,497,906
Less: Allowance for impairment loss	<u>161,290</u>	<u>114,296</u>	<u>22,756</u>
	<u>\$ 13,635,755</u>	<u>\$ 13,482,001</u>	<u>\$ 13,475,150</u>
Trade receivables - related parties			
At amortized cost			
Gross carrying amount	\$ 92,203	\$ 105,415	\$ 134,241
Less: Allowance for impairment loss	<u>3,457</u>	<u>295</u>	<u>-</u>
	<u>\$ 88,746</u>	<u>\$ 105,120</u>	<u>\$ 134,241</u>

a. Notes receivable

For the amounts and related terms of factored notes receivable and the carrying amount of notes receivable pledged as collateral for borrowing, 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 tables detail the loss allowance of trade receivables based on the Group's provision matrix.

June 30, 2020

	Customers without Signs of Default						Customers with Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		
Cost								
Expected credit loss rate (%)	0.01-0.49	0.01-3.93	0.01-0.16	0.01-0.97	0.01-0.20	0.01-1.19	40-100	
Gross carrying amount	\$ 4,252,152	\$ 2,816,324	\$ 1,319,585	\$ 1,685,273	\$ 186,646	\$ 3,469,925	\$ 159,343	\$ 13,889,248
Loss allowance (Lifetime ECL)	(1,819)	(11,738)	(715)	(544)	(78)	(2,186)	(147,667)	(164,747)
Amortized cost	<u>\$ 4,250,333</u>	<u>\$ 2,804,586</u>	<u>\$ 1,318,870</u>	<u>\$ 1,684,729</u>	<u>\$ 186,568</u>	<u>\$ 3,467,739</u>	<u>\$ 11,676</u>	<u>\$ 13,724,501</u>

December 31, 2019

	Customers without Signs of Default						Customers with Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy	Other		
Cost								
Expected credit loss rate (%)	0.01-0.26	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)	(592)	(346)	(109)	(3,406)	(96,511)	(114,591)
Amortized cost	<u>\$ 2,894,663</u>	<u>\$ 2,697,718</u>	<u>\$ 1,405,219</u>	<u>\$ 1,674,121</u>	<u>\$ 361,442</u>	<u>\$ 4,546,723</u>	<u>\$ 7,235</u>	<u>\$ 13,587,121</u>

June 30, 2019

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Under 90 days	\$ 12,884,813	\$ 12,418,582	\$ 12,847,024
91-150 days	2,102,566	2,381,209	1,893,097
151-180 days	122,225	156,880	556,645
Over 181 days	<u>470,632</u>	<u>733,239</u>	<u>385,194</u>
	<u>\$ 15,580,236</u>	<u>\$ 15,689,910</u>	<u>\$ 15,681,960</u>

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 114,591	\$ 14,748
Acquisitions through business combinations	-	11,617
Add: Impairment losses recognized (reversed)	52,834	(2,915)
Less: Amounts written off	-	(797)
Foreign exchange gains and losses	<u>(2,678)</u>	<u>144</u>
Balance at June 30	<u>\$ 164,747</u>	<u>\$ 22,797</u>

10. INVENTORIES

All inventories are merchandise. The costs of inventories recognized in cost of goods sold for the three months and six months ended June 30, 2020 and 2019 were \$13,476,970 thousand, \$12,879,937 thousand, \$24,674,861 thousand and \$23,922,621 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Inventory (reversal of) write-downs	<u>\$ (10,888)</u>	<u>\$ 7,418</u>	<u>\$ 2,835</u>	<u>\$ (11,681)</u>

11. OTHER FINANCIAL ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
<hr/> Current <hr/>			
Time deposits with original maturity more than 3 months	\$ 1,684,076	\$ 857,191	\$ 50,023
Pledged deposits	<u>1,300</u>	<u>1,345</u>	<u>77,225</u>
	<u>\$ 1,685,376</u>	<u>\$ 858,536</u>	<u>\$ 127,248</u>
<hr/> Noncurrent <hr/>			
Pledged deposits	<u>\$ 87,460</u>	<u>\$ 79,673</u>	<u>\$ 79,607</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (%)	0.65-3.78	1.00-3.80	0.85-2.45

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			Remark
			June 30, 2020	December 31, 2019	June 30, 2019	
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	
	Wah Lee Japan Corp.	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts	83.33	83.33	83.33	Note 1
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, moulding machine and electromechanical parts	100.00	100.00	100.00	Note 1
	Okayama Solar Ltd.	Solar power generation business	-	-	99.99	Notes 1 and 2
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	70.00	60.00	60.00	Notes 1 and 3
	Meidi H.K.	International investment	-	80.00	80.00	Notes 1 and 4
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	QuanShun Logistics Co., Ltd. (QuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd. (WT Industrial)	Trading business of industrial materials	51.00	51.00	51.00	Note 1
	Kingstone Energy Technology Corporation (KS Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	51.00	51.00	51.00	Notes 1 and 5
	Wahlee Green Energy Corporation (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	25.00	25.00	25.00	Notes 1 and 5
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial materials	99.99	99.99	-	Notes 1 and 6
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial materials	99.99	99.99	-	Notes 1 and 7
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Note 1
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	
	Regent King International Limited (Regent King H.K.)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	100.00	Note 1
Raycong H.K.	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	100.00	Note 1
Shanghai Yikang	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	70.00	70.00	Notes 1 and 8
	Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	69.97	69.97	69.97	Note 1 and refer to Note 25
Dongguan Hua Gang	Meizhou Bailun Hemodialysis Co., Ltd. (Meizhou Bailun)	Hemodialysis and examination	-	51.00	51.00	Notes 1 and 9
	Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian)	Medical consulting	100.00	100.00	-	Notes 1 and 10
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	70.00	Note 1

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)			Remark
			June 30, 2020	December 31, 2019	June 30, 2019	
KS Corp.	KSA Energy Corporation (KSA Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	100.00	100.00	Notes 1 and 5
	KSB Energy Corporation (KSB Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	100.00	100.00	Notes 1 and 5
	Wahlee Green Energy (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	51.00	51.00	51.00	Notes 1 and 5
	KSC Energy Corporation (KSC Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	-	-	Notes 1 and 11
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial materials	66.00	66.00	33.00	Notes 1 and 12
QuanShun Logistics Co., Ltd. (QuanShun Logistics)	ChuanCheng Logistics Co., Ltd. (ChuanCheng Logistics)	Freight forwarders and leasing business	100.00	-	-	Note 1 and refer to Note 25
(Concluded)						

Note 1: This is not a significant subsidiary; its financial statements were not reviewed. Dongguan Hua Gang has become a significant component since 2020, and the financial statement for the period ended June 30, 2020 had been reviewed.

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

Note 3: The ownership percentage in WL Indonesia decreased to 70% due to the subscription of the Corporation for additional new shares of WL Indonesia at a percentage different from its existing shareholding proportion in June 2020. As the above transaction did not change the control of the Group over WL Indonesia, the Group processed the equity transaction by reducing capital surplus by \$912 thousand.

Note 4: In May 2020, Meidi H.K. has been liquidated.

Note 5: The Group acquired KS Corp. at May 1, 2020 and obtained 51% ownership, please refer to Note 25. WL Green Corp. is in the process of liquidation.

Note 6: In September 2019, the Corporation invested \$7,755 thousand (PHP12,750 thousand) in WL Philippines Corp. which was established in the Philippines.

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

Note 8: 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 9: In June 2019, Dongguan Hua Gang invested \$2,228 thousand (RMB510 thousand) in Meizhou Bailun which was established in China.

Note 10: In September 2019, Dongguan Hua Gang invested \$4,368 thousand (RMB1,000 thousand) in Guangjou Shing Shian which was established in China.

Note 11: In June 2020, KS Corp. invested \$1,000 thousand in KSC Corp. which was established in Taiwan.

Note 12: WT Industrial obtained 33% equity of WT Indonesia from unrelated party for \$2,020 thousand in October 2019 and the Group's shareholdings in WT Indonesia had increased to 66%

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2020	December 31, 2019	June 30, 2019
<hr/> Investments in associates <hr/>			
Material associates			
Chang Wah Electromaterials Inc.	\$ 1,738,444	\$ 1,799,523	\$ 1,728,005
Associates that are not individually material	<u>2,504,966</u>	<u>2,755,507</u>	<u>2,695,177</u>
	<u>\$ 4,243,410</u>	<u>\$ 4,555,030</u>	<u>\$ 4,423,182</u>

Refer to Tables 6 and 7 for the main business and location of the associates.

a. Material associates

Name of Associate	June 30, 2020	December 31, 2019	June 30, 2019
Chang Wah Electromaterials Inc.	30.98%	30.98%	30.98%

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

Name of Associate	June 30, 2020	December 31, 2019	June 30, 2019
Chang Wah Electromaterials Inc.	<u>\$ 3,196,120</u>	<u>\$ 3,532,554</u>	<u>\$ 3,146,645</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 11,300,510	\$ 10,022,351	\$ 9,174,208
Noncurrent assets	9,981,553	7,993,130	7,887,933
Current liabilities	(8,478,921)	(5,883,765)	(6,450,868)
Noncurrent liabilities	<u>(5,114,110)</u>	<u>(4,084,782)</u>	<u>(2,784,661)</u>
Equity	7,689,032	8,046,934	7,826,612
Non-controlling interests	<u>(2,295,234)</u>	<u>(2,455,979)</u>	<u>(2,466,508)</u>
	<u>\$ 5,393,798</u>	<u>\$ 5,590,955</u>	<u>\$ 5,360,104</u>
Proportion of ownership held by the Corporation (%)	30.98	30.98	30.98

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
Equity attributable to the Corporation	\$ 1,671,017	\$ 1,732,096	\$ 1,660,578
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 1,738,444</u>	<u>\$ 1,799,523</u>	<u>\$ 1,728,005</u> (Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 4,115,902</u>	<u>\$ 3,607,860</u>	<u>\$ 7,904,312</u>	<u>\$ 7,073,533</u>
Net profit for the period	\$ 321,316	\$ 309,706	\$ 536,810	\$ 719,933
Other comprehensive income	<u>397,613</u>	<u>7,339</u>	<u>36,392</u>	<u>120,597</u>
Total comprehensive income	<u>\$ 718,929</u>	<u>\$ 317,045</u>	<u>\$ 573,202</u>	<u>\$ 840,530</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
The Group's share of				
Net profit for the period	\$ 61,010	\$ 38,898	\$ 103,819	\$ 63,069
Other comprehensive income (loss) for the period	<u>(29,989)</u>	<u>(14,646)</u>	<u>(50,760)</u>	<u>11,805</u>
Total comprehensive income for the period	<u>\$ 31,021</u>	<u>\$ 24,252</u>	<u>\$ 53,059</u>	<u>\$ 74,874</u>

c. Fluctuation in investment in associates

- 1) As of June 30 2019, the Group held 63.87% ownership of Eco Energy Corporation. However, the Group does not have control over the board of directors of Eco Energy Corporation, and only exercise significant influence over Eco Energy Corporation; therefore, the Group accounts for it as an associate. 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 the same 40% as of June 30, 2020 and December 31, 2019.
- 2) Huaying Shenzhen 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.
- 3) Huaying Shenzhen subscribed for additional new shares of Xiamen Jiashengyuan at existing shareholding proportion in the amount of \$1,919 thousand (RMB420 thousand) in January 2019.
- 4) The Corporation purchased 156 thousand shares of Wah Hong Industrial Corp. from the open market in the amount of \$3,005 thousand. The shareholdings in Wah Hong Industrial Corp. had increased from 26.11% to 26.67%.
- 5) Shanghai Yikang sold all of its equity shares of Shanghai Chang Wah Electromaterials Inc. to Chang Wah Electromaterials Inc. in June 2020 for \$82,897 thousand (RMB19,729 thousand) and

recognized loss on disposal of investment under the equity method for \$4,688 thousand.

- d. The carrying values of investments accounted for using the equity method of \$1,692,429 thousand and \$1,927,122 thousand as of June 30, 2020 and 2019, respectively, and the share of the profit of associates recognized under the equity method of \$55,378 thousand, \$35,952 thousand, \$95,480 thousand and \$63,438 thousand for the three months ended June 30, 2020 and 2019, and for the six months ended June 30, 2020 and 2019, respectively, were recognized based on unreviewed financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

For six months ended June 30, 2020

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 895,247	\$ 1,042,511	\$ 1,786,703	\$ 818,826	\$ 244,465	\$ 4,787,752
Acquisition through business combinations	-	-	-	4,275	-	4,275
Additions	-	338	58,919	64,214	82,960	206,431
Disposals	-	-	-	(4,790)	-	(4,790)
Effect of foreign currency exchange differences	(204)	(13,103)	(1,190)	(3,360)	-	(17,857)
Balance at June 30, 2020	<u>\$ 895,043</u>	<u>\$ 1,029,746</u>	<u>\$ 1,844,432</u>	<u>\$ 879,165</u>	<u>\$ 327,425</u>	<u>\$ 4,975,811</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 295,986	\$ 122,637	\$ 568,635	\$ -	\$ 987,258
Acquisition through business combinations	-	-	-	2,280	-	2,280
Depreciation expense	-	14,734	44,396	40,106	-	99,236
Disposals	-	-	-	(4,099)	-	(4,099)
Effect of foreign currency exchange differences	-	(3,924)	(208)	(2,336)	-	(6,468)
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 306,796</u>	<u>\$ 166,825</u>	<u>\$ 604,586</u>	<u>\$ -</u>	<u>\$ 1,078,207</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 895,247</u>	<u>\$ 746,525</u>	<u>\$ 1,664,066</u>	<u>\$ 250,191</u>	<u>\$ 244,465</u>	<u>\$ 3,800,494</u>
Carrying amounts at June 30, 2020	<u>\$ 895,043</u>	<u>\$ 722,950</u>	<u>\$ 1,677,607</u>	<u>\$ 274,579</u>	<u>\$ 327,425</u>	<u>\$ 3,897,604</u>

For six months ended June 30, 2019

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 741,916	\$ 1,034,978	\$ 261,451	\$ 761,244	\$ 23,080	\$ 2,822,669
Acquisition through business combinations	151,085	-	1,199,144	7,479	-	1,357,708
Additions	-	-	43,754	48,443	71,018	163,215
Disposals	-	(185)	-	(21,532)	-	(21,717)
Effect of foreign currency exchange differences	2,249	6,904	9,772	2,192	2,343	23,460
Balance at June 30, 2019	<u>\$ 895,250</u>	<u>\$ 1,041,697</u>	<u>\$ 1,514,121</u>	<u>\$ 797,826</u>	<u>\$ 96,441</u>	<u>\$ 4,345,335</u>

(Continued)

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2019	\$ -	\$ 271,835	\$ 25,181	\$ 524,798	\$ -	\$ 821,814
Acquisition through business combinations	-	-	39,845	1,537	-	41,382
Depreciation expense	-	14,874	13,592	36,413	-	64,879
Disposals	-	(185)	-	(19,652)	-	(19,837)
Effect of foreign currency exchange differences	-	1,609	1,051	1,596	-	4,256
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 288,133</u>	<u>\$ 79,669</u>	<u>\$ 544,692</u>	<u>\$ -</u>	<u>\$ 912,494</u>
Carrying amounts at June 30, 2019	<u>\$ 895,250</u>	<u>\$ 753,564</u>	<u>\$ 1,434,452</u>	<u>\$ 253,134</u>	<u>\$ 96,441</u>	<u>\$ 3,432,841</u>

(Concluded)

- 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 Six Months Ended June 30	
	2020	2019
Additions of property, plant and equipment	\$ 206,431	\$ 163,215
Increase (decrease) in prepayments for equipment	15,635	(59,371)
Decrease (increase) in payables for equipment	<u>14,781</u>	<u>(8,323)</u>
Cash paid	<u>\$ 236,847</u>	<u>\$ 95,521</u>

- 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

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Carrying amounts</u>			
Land	\$ 3,134	\$ 3,317	\$ 3,590
Buildings	201,379	135,470	172,390
Transportation Equipment	<u>6,955</u>	<u>9,059</u>	<u>2,471</u>
	<u>\$ 211,468</u>	<u>\$ 147,846</u>	<u>\$ 178,451</u>

		For Six Months Ended June 30	
		2020	2019
Additions to right-of-use assets			
Additions			
Buildings		\$ 93,971	\$ 13,994
Acquisition through business combinations			
Buildings		-	35,563
Transportation equipment		-	2,471
		<u>\$ 93,971</u>	<u>\$ 52,028</u>
		For the Three Months Ended June 30	
		2020	2019
Depreciation charge for right-of-use assets			
Land	\$ 47	\$ 52	\$ 97
Buildings	12,770	11,764	25,890
Transportation equipment	985	-	2,014
	<u>\$ 13,802</u>	<u>\$ 11,816</u>	<u>\$ 28,001</u>
			<u>\$ 23,251</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 53,547</u>	<u>\$ 32,649</u>	<u>\$ 47,252</u>
Noncurrent	<u>\$ 156,216</u>	<u>\$ 109,532</u>	<u>\$ 128,337</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Buildings	1.50-4.80	1.80-4.80	1.80-4.80
Transportation Equipment	1.80-4.80	1.80-4.80	-

c. Material leasing activities and terms

The Group leases aforementioned subjects for the use of warehouse and office, for installation of power generation equipment, and transportation equipment with remaining lease terms of 1 to 18 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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	<u>\$ 28,588</u>	<u>\$ 30,995</u>	<u>\$ 54,415</u>	<u>\$ 61,164</u>
Expenses relating to low-value asset leases	<u>\$ 810</u>	<u>\$ 4,057</u>	<u>\$ 1,824</u>	<u>\$ 7,931</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 5,272</u>	<u>\$ 1,736</u>	<u>\$ 9,636</u>	<u>\$ 1,736</u>
Total cash outflow for leases			<u>\$ 92,398</u>	<u>\$ 94,965</u>

The Group leases certain dormitories, warehouses, and 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.

16. BORROWINGS

a. Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Secured bank loans (Note 29)	\$ 664,952	\$ 1,046,567	\$ 744,896
Unsecured bank loans	6,460,055	5,720,686	5,669,587
Other loans (Note 28)	<u>-</u>	<u>23,000</u>	<u>104,500</u>
	<u>\$ 7,125,007</u>	<u>\$ 6,790,253</u>	<u>\$ 6,518,983</u>
Annual interest rate (%)	0.50-6.73	0.43-3.92	0.43-4.57

b. Long-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings			
Syndicated bank loans (Note 1)	\$ 1,799,670	\$ 1,799,438	\$ 1,506,022
Less: Syndicated loan fee	<u>5,040</u>	<u>5,760</u>	<u>6,480</u>
	1,794,630	1,793,678	1,499,542
Bank loans (Note 2)	<u>1,253,797</u>	<u>1,265,830</u>	<u>1,282,961</u>
	<u>3,048,427</u>	<u>3,059,508</u>	<u>2,782,503</u>
Secured borrowings (Note 29)			
Syndicated bank loans (Note 3)	1,166,788	998,755	-
Less: Syndicated loan fee	<u>10,352</u>	<u>7,513</u>	<u>-</u>
	1,156,436	991,242	-

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
Bank loans	\$ 558,292	\$ 706,625	\$ 1,578,159
Other loans	<u>1,663</u>	<u>3,090</u>	<u>5,708</u>
	<u>1,716,391</u>	<u>1,700,957</u>	<u>1,583,867</u>
	4,764,818	4,760,465	4,366,370
Less: Current portion	<u>253,390</u>	<u>250,456</u>	<u>247,149</u>
	<u>\$ 4,511,428</u>	<u>\$ 4,510,009</u>	<u>\$ 4,119,221</u>
Annual interest rate (%)			
Syndicated bank loans	0.67-1.85	0.66-1.90	0.66
Bank loans	0.83-1.43	0.94-3.16	0.95-3.61
Other loans	3.00	3.00	3.00-5.00
Expiration period			
Syndicated bank loans	January, 2023- October 2024	January, 2023- October 2024	January, 2023
Bank loans	December, 2020- June, 2037	June, 2020- June, 2037	May, 2020- June, 2037
Other loans	August, 2021	August, 2021	August, 2021- February, 2024 (Concluded)

Note 1: 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 2: 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.

Note 3: 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 in 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

	June 30, 2020	December 31, 2019	June 30, 2019
Payable for salaries and bonuses	\$ 533,966	\$ 524,065	\$ 420,249
Payable for employees' compensation and remuneration to directors	303,097	222,010	335,228
Payable for commission	20,634	18,366	48,811
Payable for freight	33,940	22,970	27,173
Payable for insurance	21,364	18,042	19,902
Payable for business tax	80,938	83,861	28,685
Payable for equipment	9,295	24,077	-
Others	<u>173,769</u>	<u>204,837</u>	<u>136,331</u>
	<u>\$ 1,177,003</u>	<u>\$ 1,118,228</u>	<u>\$ 1,016,379</u>

19. RETIREMENT BENEFIT PLANS

The pension expenses of defined benefit plan (estimated by actuarial pension cost rate as of December 31, 2019 and 2018, respectively) were \$14 thousand, \$4,262 thousand, \$1,035 thousand and \$8,524 thousand for the three months and six months ended June 30, 2020 and 2019, respectively.

20. EQUITY

a. Share capital

	June 30, 2020	December 31, 2019	June 30, 2019
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>231,390</u>	<u>231,390</u>	<u>231,390</u>
Amount of issued and fully paid shares	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
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	\$ 1,160,519
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	29	29
May be used only to offset a deficit			
Donations	11,867	11,867	11,867
Expired share options	22,374	22,374	22,374
Share of changes in capital surplus of associates	21,660	22,572	-
May not be used for any purpose			
Share of changes in capital surplus of associates	<u>85,669</u>	<u>100,704</u>	<u>119,072</u>
	<u>\$ 1,302,118</u>	<u>\$ 1,318,065</u>	<u>\$ 1,313,861</u>

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 2019 and 2018 had been approved in the shareholders' meetings in May 2020 and 2019, respectively; the amounts were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	\$ 143,424	\$ 134,596		
Special reserve	300,740	601,187		
Cash dividends to shareholders	<u>763,587</u>	<u>740,448</u>	\$ 3.3	\$ 3.2
	<u>\$ 1,207,751</u>	<u>\$ 1,476,231</u>		

As of June 30, 2020 and 2019, the abovementioned cash dividends had not been paid and recognized as dividends payable.

d. Other equity items

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ (607,512)	\$ (355,909)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(151,376)	92,862
Share from associates accounted for using the equity method	(67,148)	19,895
		(Continued)

	For the Six Months Ended June 30	
	2020	2019
Income tax	\$ 33,012	\$ (18,572)
Reclassification adjustment		
Disposal of foreign operations	<u>3,371</u>	<u>-</u>
Balance at June 30	<u><u>\$ (789,653)</u></u>	<u><u>\$ (261,724)</u></u> (Concluded)

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ (372,575)	\$ (323,438)
Recognized for the period		
Unrealized gain (loss) - equity instruments	8,510	(59,454)
Share from associates accounted for using the equity method	29,858	20,992
Income tax	611	5,839
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Equity instruments of the Group	-	4,652
Share from associates accounted for using the equity method	<u>(4,225)</u>	<u>(98)</u>
Balance at June 30	<u><u>\$ (337,821)</u></u>	<u><u>\$ (351,507)</u></u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 1,839,706	\$ 1,343,281
Other comprehensive income (loss) during the period		
Net Profit	60,876	69,021
Exchange differences on translating the financial statements of foreign operations	(40,824)	23,148
Non-controlling interests arising from subsidiaries' capital increase	11,795	14,596
Non-controlling interests arising from acquisition of subsidiaries	-	383,332
Cash dividends distributed to non-controlling interests	<u>(3,196)</u>	<u>(9,900)</u>
Balance at June 30	<u><u>\$ 1,868,357</u></u>	<u><u>\$ 1,823,478</u></u>

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue from contracts with customers				
Revenue from sale of goods	\$ 14,617,540	\$ 13,895,853	\$ 26,786,510	\$ 25,832,509
Other operating revenue	<u>218,911</u>	<u>145,639</u>	<u>402,968</u>	<u>274,864</u>
	<u>\$ 14,836,451</u>	<u>\$ 14,041,492</u>	<u>\$ 27,189,478</u>	<u>\$ 26,107,373</u>

a. Contract balances

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Notes receivable	\$ 1,690,988	\$ 1,988,198	\$ 2,049,772	\$ 1,823,042
Trade receivables, net (including related parties)	<u>13,724,501</u>	<u>13,587,121</u>	<u>13,609,391</u>	<u>13,331,880</u>
	<u>\$ 15,415,489</u>	<u>\$ 15,575,319</u>	<u>\$ 15,659,163</u>	<u>\$ 15,154,922</u>
Contract liabilities				
Sale of goods	<u>\$ 237,322</u>	<u>\$ 289,480</u>	<u>\$ 279,374</u>	<u>\$ 151,748</u>

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 six months ended June 30, 2020 and 2019, except the increase in contract liabilities of \$30,449 thousand due to the acquisition of the subsidiary at May 1, 2019.

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

	For the Six Months Ended June 30	
	2020	2019
Sale of goods	<u>\$ 253,194</u>	<u>\$ 151,748</u>

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 gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Gain (loss) of financial assets designated as at FVTPL	\$ 3,999	\$ 5,115	\$ (5,066)	\$ 178
Loss on disposal of investment under the equity method (Note 13)	(4,688)	-	(4,688)	-
Loss on disposal of foreign operations	(3,371)	-	(3,371)	-
Net foreign exchange gain (loss)	3,865	6,222	(5,066)	12,626
Others	<u>(7,691)</u>	<u>(3,990)</u>	<u>(12,412)</u>	<u>(8,717)</u>
	<u>\$ (7,886)</u>	<u>\$ 7,347</u>	<u>\$ (30,603)</u>	<u>\$ 4,087</u>

b. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest on bank loans	\$ 54,394	\$ 62,433	\$ 115,990	\$ 134,992
Interest on lease liabilities	1,335	846	2,168	1,718
Syndicated loan fee amortization	<u>763</u>	<u>360</u>	<u>1,526</u>	<u>2,160</u>
	<u>\$ 56,492</u>	<u>\$ 63,639</u>	<u>\$ 119,684</u>	<u>\$ 138,870</u>

c. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Property, plant and equipment	\$ 51,258	\$ 36,950	\$ 99,236	\$ 64,879
Right-of-use assets	13,802	11,816	28,001	23,251
Intangible assets	8,454	5,434	16,708	10,329
Other noncurrent assets	<u>2,157</u>	<u>4,155</u>	<u>3,713</u>	<u>5,711</u>
	<u>\$ 75,671</u>	<u>\$ 58,355</u>	<u>\$ 147,658</u>	<u>\$ 104,170</u>
An analysis of depreciation by function				
Operating costs	\$ 29,348	\$ 12,158	\$ 57,870	\$ 24,385
Operating expenses	<u>35,712</u>	<u>36,608</u>	<u>69,367</u>	<u>63,745</u>
	<u>\$ 65,060</u>	<u>\$ 48,766</u>	<u>\$ 127,237</u>	<u>\$ 88,130</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
An analysis of amortization by function				
Operating costs	\$ 1,825	\$ 587	\$ 3,617	\$ 587
Operating expenses	<u>8,786</u>	<u>9,002</u>	<u>16,804</u>	<u>15,453</u>
	<u>\$ 10,611</u>	<u>\$ 9,589</u>	<u>\$ 20,421</u>	<u>\$ 16,040</u>
				(Concluded)

d. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	<u>\$ 364,751</u>	<u>\$ 359,708</u>	<u>\$ 726,155</u>	<u>\$ 691,903</u>
Post-employment benefits				
Defined contribution plans	6,204	13,483	18,213	26,947
Defined benefit plans (Note 19)	<u>14</u>	<u>4,262</u>	<u>1,035</u>	<u>8,524</u>
	<u>6,218</u>	<u>17,745</u>	<u>19,248</u>	<u>35,471</u>
	<u>\$ 370,969</u>	<u>\$ 377,453</u>	<u>\$ 745,403</u>	<u>\$ 727,374</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 20,575	\$ 13,079	\$ 39,819	\$ 25,774
Operating expenses	<u>350,394</u>	<u>364,374</u>	<u>705,584</u>	<u>701,600</u>
	<u>\$ 370,969</u>	<u>\$ 377,453</u>	<u>\$ 745,403</u>	<u>\$ 727,374</u>

e. 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. For the three months and six months ended June 30, 2020 and 2019, the employees' compensation and the remuneration to directors were accrued as follows.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Estimated rate				
Employees' compensation (%)	7.99	11.30	9.00	11.02
Remuneration to directors (%)	1.23	1.18	1.15	1.15

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Amounts				
Employees' compensation	\$ 42,297	\$ 53,065	\$ 90,532	\$ 96,150
Remuneration to directors	\$ 6,525	\$ 5,549	\$ 11,568	\$ 10,053
				(Concluded)

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

The appropriations of employees' compensation and remuneration to directors for 2019 and 2018 resolved by the board of directors in March 25, 2020 and March 22, 2019, respectively, 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

There was no difference between the actual amounts of the employees' compensation and the remuneration to directors paid and the accrued amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

23. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	\$ 140,556	\$ 88,491	\$ 242,219	\$ 157,212
Income tax on unappropriated earnings	11,325	13,829	11,325	13,829
Adjustments for prior periods	(2,839)	3,703	(2,839)	3,703
	<u>149,042</u>	<u>106,023</u>	<u>250,705</u>	<u>174,744</u>
Deferred tax				
In respect of the current period	<u>4,992</u>	<u>13,684</u>	<u>19,695</u>	<u>20,818</u>
	<u>\$ 154,034</u>	<u>\$ 119,707</u>	<u>\$ 270,400</u>	<u>\$ 195,562</u>

b. Income tax benefit recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Deferred tax				
Disposal parts of subsidiaries' equity	\$ -	\$ 2,012	\$ -	\$ 2,012

c. Income tax benefit (expense) recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Deferred tax				
In respect of the current period				
Unrealized loss (gain) on financial assets at FVTOCI	\$ (1,270)	\$ 6,358	\$ 611	\$ 5,839
Translations of foreign operations	22,227	12,128	33,012	(18,572)
	<u>\$ 20,957</u>	<u>\$ 18,486</u>	<u>\$ 33,623</u>	<u>\$ (12,733)</u>

d. Income tax assessments

The income tax returns of the Corporation and the domestic subsidiaries through 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 periods attributable to the owners of the Corporation

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Earnings used in the computation of basic/diluted EPS	<u>\$ 440,828</u>	<u>\$ 344,049</u>	<u>\$ 784,462</u>	<u>\$ 659,113</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Weighted average number of shares outstanding used in computation of basic EPS	231,390	231,390	231,390	231,390
Effect of potentially dilutive shares				
Employees' compensation	<u>1,811</u>	<u>2,033</u>	<u>6,104</u>	<u>5,765</u>
Weighted average number of shares used in computation of diluted EPS	<u>233,201</u>	<u>233,423</u>	<u>237,494</u>	<u>237,155</u>

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

Subsidiary	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	51.00	<u>\$ 468,384</u>
Shanghai Lihuang	Medical devices and equipment	June 30, 2019	69.97	<u>\$ 14,518</u>
Chuancheng Logistics	Freight forwarders and leasing business	April 30, 2020	100.00	<u>\$ 12,947</u>

The Group acquired Chuancheng Logistics, KS Corp., Shanghai Lihuang in 2020 and 2019 to expand the Group's operation.

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

	As of June 30		
	2020	2019	
	Chuancheng Logistics	Shanghai Lihuang	KS Corp.
Current assets			
Cash and cash equivalents	\$ 9,947	\$ 6,980	\$ 67,714
Financial assets at FVTPL	-	-	7,648
Trade receivables	-	158	32,420
Other receivables	-	150	2,585
Current tax assets	-	-	28
Inventories	-	3,761	11,891
Prepayments for purchases	-	-	28,774
Other assets - current	28	69	29,989
Noncurrent assets			
Investments under the equity method	-	-	79,989
Property, plant and equipment	1,995	-	1,316,326
Right-of-use assets	-	1,446	36,588
Prepayments for equipment	-	-	204,475
Other intangible assets	977	20,574	138,062
Other financial assets - noncurrent	-	-	79,607
Deferred tax assets	-	-	1,404
Refundable deposits	-	-	21,301
Current liabilities			
Short-term borrowings	-	-	(160,510)
Contract liabilities - current	-	(935)	(29,514)
Trade payables	-	(10,008)	(115,060)
Other payables	-	-	(2,347)
Current tax liabilities	-	-	(10,892)
Other liabilities - current	-	-	(505)
Noncurrent liabilities			
Long-term borrowings	-	-	(932,345)
Lease liabilities - noncurrent	-	(1,446)	(36,588)
Deferred tax liabilities	-	-	(1,404)
	<u>\$ 12,947</u>	<u>\$ 20,749</u>	<u>\$ 769,636</u>

c. Goodwill recognized on acquisitions

	Chuancheng Logistics	Shanghai Lihuang	KS Corp.
Consideration transferred	\$ 12,947	\$ 14,518	\$ 468,384
Plus: Fair value of the equity held by the Group on the date of acquisition	-	-	5,136
Plus: Non-controlling interests	-	6,231	377,101
Less: Fair value of identifiable net assets acquired	<u>(12,947)</u>	<u>(20,749)</u>	<u>(769,636)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,985</u>

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. and Shanghai Lihuang were measured at their proportionate share of recognized identifiable net assets.

e. Net cash outflow on acquisition of subsidiaries

	Chuancheng Logistics	Shanghai Lihuang	KS Corp.
Consideration paid in cash	\$ 12,947	\$ 14,518	\$ 468,384
Less: Cash and cash equivalent acquired	<u>(9,947)</u>	<u>(6,980)</u>	<u>(67,714)</u>
	<u>\$ 3,000</u>	<u>\$ 7,538</u>	<u>\$ 400,670</u>

- f. At the end of 2019, the Group has completed the identification of the difference between the cost of the investment and the Group's share of the net fair value of KS Corp. and Shanghai Lihuangs' identifiable assets and liabilities and therefore, the Group has retrospectively adjusted the comparative consolidated financial statements for prior periods. The retrospective adjustments are summarized as follows:

	After Retrospectively Adjusted	Before Retrospectively Adjusted
<hr/> June 30, 2019 <hr/>		
Property, plant and equipment	<u>\$ 3,432,841</u>	<u>\$ 3,445,053</u>
Goodwill	<u>\$ 113,293</u>	<u>\$ 191,809</u>
Other intangible assets	<u>\$ 237,739</u>	<u>\$ 79,818</u>
<hr/> For the six months ended June 30, 2019 <hr/>		
Operating costs	<u>\$ 24,108,497</u>	<u>\$ 24,107,910</u>

The aforementioned retrospective adjustments are accordingly recorded as a decrease in retained earnings of \$299 thousand and as an increase in non-controlling interests of \$67,492 thousand as of June 30, 2019.

g. Impact of acquisitions on the results of the Group

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

	Chuancheng Logistics	Shanghai Lihuang	Kingstone Energy Technology
Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,053</u>
Net profit (loss)	<u>\$ (186)</u>	<u>\$ -</u>	<u>\$ 3,241</u>

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 \$14,836,451 thousand, \$14,097,609 thousand, \$27,189,478 thousand, and \$26,193,358 thousand, and net pro-forma profit would have been \$480,177 thousand, \$365,799 thousand, \$844,966 thousand and \$716,102 thousand for the three months and six months ended June 30, 2020 and 2019, 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 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

June 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 66,323	\$ -	\$ -	\$ 66,323
Structured deposits	-	62,884	-	62,884
	<u>\$ 66,323</u>	<u>\$ 62,884</u>	<u>\$ -</u>	<u>\$ 129,207</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 93,078	\$ -	\$ -	\$ 93,078
Unlisted shares	-	-	529,291	529,291

(Continued)

	Level 1	Level 2	Level 3	Total
Foreign listed shares	\$ 27,622	\$ -	\$ -	\$ 27,622
	<u>\$ 120,700</u>	<u>\$ -</u>	<u>\$ 529,291</u>	<u>\$ 649,991</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ -</u>	<u>\$ 1,050</u> (Concluded)

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 72,611	\$ -	\$ -	\$ 72,611
Structured deposits	-	99,007	-	99,007
Foreign exchange option contracts	<u>-</u>	<u>1,123</u>	<u>-</u>	<u>1,123</u>
	<u>\$ 72,611</u>	<u>\$ 100,130</u>	<u>\$ -</u>	<u>\$ 172,741</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic listed shares	\$ 99,708	\$ -	\$ -	\$ 99,708
Unlisted share	-	-	\$ 511,494	511,494
Foreign listed shares	<u>30,679</u>	<u>-</u>	<u>-</u>	<u>30,679</u>
	<u>\$ 130,387</u>	<u>\$ -</u>	<u>\$ 511,494</u>	<u>\$ 641,881</u>

Financial liabilities at FVTPL

Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,372</u>	<u>\$ -</u>	<u>\$ 1,372</u>
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June 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 73,121	\$ -	\$ -	\$ 73,121
Structured deposits	-	104,022	-	104,022
Foreign exchange option contracts	-	182	-	182
Foreign exchange forward contracts	<u>-</u>	<u>1,217</u>	<u>-</u>	<u>1,217</u>
	<u>\$ 73,121</u>	<u>\$ 105,421</u>	<u>\$ -</u>	<u>\$ 178,542</u> (Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 83,524	\$ -	\$ -	\$ 83,524
Unlisted shares	-	-	558,721	558,721
Foreign listed shares	<u>54,472</u>	<u>-</u>	<u>-</u>	<u>54,472</u>
	<u>\$ 137,996</u>	<u>\$ -</u>	<u>\$ 558,721</u>	<u>\$ 696,717</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 636</u>	<u>\$ -</u>	<u>\$ 636</u> (Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2020 and 2019.

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

	<u>For the Six Months Ended June 30</u>	
	2020	2019
Balance at January 1	\$ 511,494	\$ 569,293
Recognized in other comprehensive income	<u>17,797</u>	<u>(10,572)</u>
Balance at June 30	<u>\$ 529,291</u>	<u>\$ 558,721</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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

	June 30, 2020	December 31, 2019	June 30, 2019
<hr/> Financial assets <hr/>			
FVTPL			
Mandatorily classified at FVTPL	\$ 129,207	\$ 172,741	\$ 178,542
FVTOCI			
Equity instruments	649,991	641,881	696,717
Measured at amortized cost (Note 1)	20,738,157	19,119,808	18,952,559
<hr/> Financial liabilities <hr/>			
FVTPL			
Held for trading	1,050	1,372	636
Measured at amortized cost (Note 2)	19,527,045	18,892,471	18,722,624

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, notes payable (including related parties), trade payables (including related parties), other payables, 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 six months ended June 30, 2020 and 2019 would have been higher (lower) by \$8,175 thousand and \$7,214 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:

	June 30, 2020	December 31, 2019	June 30, 2019
Fair value interest rate risk			
Financial assets	\$ 1,977,186	\$ 1,127,532	\$ 342,830
Financial liabilities	5,685,059	4,701,852	5,523,105
Cash flow interest rate risk			
Financial assets	2,782,868	1,941,525	2,251,880
Financial liabilities	6,414,528	6,991,047	5,537,837

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 reporting period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2020 and 2019 would have been lower/higher by \$18,158 thousand and \$16,430 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity 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 six months ended June 30, 2020 and 2019 would have been higher/lower by \$663 thousand and \$731 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2020 and 2019 would have been higher/lower by \$6,500 thousand and \$6,967 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group 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 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 reporting period.

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
June 30, 2020					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 7,310,754	\$ 1,092,830	\$ 419	\$ -	\$ 8,404,003
Lease liabilities	14,668	44,403	95,768	70,377	225,216
Variable interest rate liabilities	2,532,882	1,425,142	1,389,316	1,326,187	6,673,527
Fixed interest rate liabilities	3,201,448	320,489	246,131	1,807,955	5,576,023
Financial guarantee contracts	909,099	-	-	-	909,099
	<u>\$ 13,968,851</u>	<u>\$ 2,882,864</u>	<u>\$ 1,731,634</u>	<u>\$ 3,204,519</u>	<u>\$ 21,787,868</u>

(Continued)

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
<u>December 31, 2019</u>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 5,923,820	\$ 1,427,866	\$ 419	\$ -	\$ 7,352,105
Lease liabilities	10,203	27,205	59,922	53,451	150,781
Variable interest rate liabilities	3,936,446	705,465	1,326,108	1,396,385	7,364,404
Fixed interest rate liabilities	1,732,538	878,551	251,629	1,820,354	4,683,072
Financial guarantee contracts	<u>777,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>777,098</u>
	<u>\$ 12,380,105</u>	<u>\$ 3,039,087</u>	<u>\$ 1,638,078</u>	<u>\$ 3,270,190</u>	<u>\$ 20,327,460</u>
<u>June 30, 2019</u>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 7,848,324	\$ 730,625	\$ 419	\$ -	\$ 8,579,368
Lease liabilities	14,925	39,714	70,251	64,924	189,814
Variable interest rate liabilities	3,814,859	427,203	868,761	561,604	5,672,427
Fixed interest rate liabilities	2,125,662	528,500	724,234	2,205,392	5,583,788
Financial guarantee contracts	<u>910,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,054</u>
	<u>\$ 14,713,824</u>	<u>\$ 1,726,042</u>	<u>\$ 1,663,665</u>	<u>\$ 2,831,920</u>	<u>\$ 20,935,451</u>
					(Concluded)

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 reporting period, 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 reporting period.

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

The Group discounted commercial acceptance bills to banks and transferred a portion of commercial acceptance bills in China to some of its suppliers in order to settle the trade payables to these 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.

	June 30, 2020	December 31, 2019	June 30, 2019
Discounted to banks	<u>\$ 664,952</u>	<u>\$1,046,567</u>	<u>\$ 667,155</u>
Endorsement transfer to suppliers	<u>\$ 224,544</u>	<u>\$ 203,259</u>	<u>\$ 249,922</u>

2) Derecognition of notes receivable that had been transferred

The Group transferred a portion of its banker's acceptance bills in China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request 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 June 30, 2020, December 31, 2019 and June 30, 2019, the face amounts of these unsettled bills receivable were \$60,854, \$39,687 and \$130,413 thousand. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the six months ended June 30, 2020 and 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. 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 Inc.	Associate
WT Indonesia	Associate (became a subsidiary since October 2019)
WL Green Corp.	Associate (became a subsidiary since May 2019)
Eco Energy Corporation	Associate
Open Sky Technology Corp.	Associate
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

(Continued)

Related Parties	Relation with the Corporation
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 (had been incorporated since April 2020)
	(Concluded)

b. Operating transactions

1) Sales of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Associates and their subsidiaries	\$ 85,018	\$ 127,199	\$ 216,782	\$ 237,373
Substantial related parties	<u>6,719</u>	<u>4,123</u>	<u>10,247</u>	<u>9,101</u>
	<u>\$ 91,737</u>	<u>\$ 131,322</u>	<u>\$ 227,029</u>	<u>\$ 246,474</u>

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Associates and their subsidiaries	\$ 145,541	\$ 107,106	\$ 291,634	\$ 198,806
Substantial related parties	<u>338,777</u>	<u>310,344</u>	<u>647,442</u>	<u>579,218</u>
	<u>\$ 484,318</u>	<u>\$ 417,450</u>	<u>\$ 939,076</u>	<u>\$ 778,024</u>

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 expense

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Substantial related parties	<u>\$ 59</u>	<u>\$ 75</u>	<u>\$ 96</u>	<u>\$ 126</u>

4) Receivables from related parties

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Trade receivables - related parties</u>			
Associates and their subsidiaries	\$ 85,748	\$ 98,237	\$ 124,736
Substantial related parties	<u>6,455</u>	<u>7,178</u>	<u>9,505</u>
	92,203	105,415	134,241
Less: Allowance for impairment loss	<u>3,457</u>	<u>295</u>	<u>-</u>
	<u>\$ 88,746</u>	<u>\$ 105,120</u>	<u>\$ 134,241</u>
<u>Other receivables - related parties</u>			
Associates and their subsidiaries			
Chang Wah Electromaterials Inc.	\$ 250,927	\$ 81,140	\$ 237,483
Nagase Wahlee Plastics Corp.	64,037	-	48,032
Others	34,322	2,077	24,979
Substantial related parties	<u>292</u>	<u>354</u>	<u>551</u>
	<u>\$ 349,578</u>	<u>\$ 83,571</u>	<u>\$ 311,045</u>

Other receivables - related parties included dividends receivable and proceeds of disposal of share of interest of investment.

The outstanding trade receivables from related parties are unsecured.

5) Payables to related parties

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Notes payable - related parties</u>			
Associates	<u>\$ 557</u>	<u>\$ 201</u>	<u>\$ 806</u>
<u>Trade payables - related parties</u>			
Associates and their subsidiaries	\$ 121,835	\$ 108,081	\$ 96,200
Substantial related parties	<u>243,633</u>	<u>246,629</u>	<u>334,966</u>
	<u>\$ 365,468</u>	<u>\$ 354,710</u>	<u>\$ 431,166</u>
<u>Other payables</u>			
Associates	\$ 1,739	\$ 5	\$ -
Substantial related parties	<u>547</u>	<u>329</u>	<u>430</u>
	<u>\$ 2,286</u>	<u>\$ 334</u>	<u>\$ 430</u>

The outstanding payables to related parties are unsecured.

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

Related Party Category/Name	December 31, 2019	June 30, 2019
Associates		
Eco Energy Corporation	\$ 23,000	\$ 84,500
Open Sky Technology Corporation	<u>-</u>	<u>20,000</u>
	<u>\$ 23,000</u>	<u>\$ 104,500</u>

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

d. Acquisitions of property, plant and equipment

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Associates	<u>\$ 30,614</u>	<u>\$ -</u>	<u>\$ 72,452</u>	<u>\$ -</u>

e. Disposals of investment under the equity method

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Loss on Disposal
Associates					
Chang Wah Electromaterials Inc.	Investment under the equity method	<u>1,225,000</u>	Share interest of Shanghai Chang Wah Electromaterials Inc.	<u>\$ 82,897</u>	<u>\$ (4,688)</u>

f. Other income

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Associates and their subsidiaries	\$ (14,163)	\$ 3,593	\$ 9,446	\$ 5,581
Substantial related parties	<u>6</u>	<u>4</u>	<u>36</u>	<u>34</u>
	<u>\$ (14,157)</u>	<u>\$ 3,597</u>	<u>\$ 9,482</u>	<u>\$ 5,615</u>

Other income includes rental income, management consulting service income, and endorsement income from related parties.

g. Endorsements and guarantees

Endorsements and guarantees

Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Associates and their subsidiaries			
Amount endorsed	<u>\$ 1,211,861</u>	<u>\$ 1,281,922</u>	<u>\$ 1,257,182</u>
Amount utilized	<u>\$ 848,245</u>	<u>\$ 737,411</u>	<u>\$ 866,912</u>

(Continued)

Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Substantial related parties			
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			(Concluded)

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 31,690	\$ 19,920	\$ 61,011	\$ 50,217
Post-employment benefits	<u>185</u>	<u>270</u>	<u>395</u>	<u>507</u>
	<u>\$ 31,875</u>	<u>\$ 20,190</u>	<u>\$ 61,406</u>	<u>\$ 50,724</u>

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 borrowings and performance guarantee.

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 889,496	\$ 1,249,826	\$ 667,155
Other financial assets - current	1,300	1,345	130,449
Other financial assets - noncurrent	87,460	79,673	79,607
Property, plant and equipment			
Freehold land	608,107	608,107	664,526
Buildings	418,697	426,129	446,685
Power generation equipment	1,434,744	1,338,092	1,134,023
Other	<u>2,437</u>	<u>4,694</u>	<u>7,129</u>
	<u>\$ 3,442,241</u>	<u>\$ 3,707,866</u>	<u>\$ 3,129,574</u>

In addition to 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 as of June 30, 2020 were as follows:

- a. The Group's unused letters of credit for purchase of merchandise was \$301,384 thousand.
- b. The unrecognized commitments of acquisition of property, plant and equipment was \$105,371 thousand.

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
<hr/> June 30, 2020 <hr/>				
Monetary financial assets				
USD	\$ 208,441	29.63	(USD:NTD)	\$ 6,176,103
USD	26,640	7.7505	(USD:HKD)	789,337
USD	29,035	7.0677	(USD:RMB)	860,301
USD	1,203	25,765.22	(USD:VND)	35,653
USD	1,106	30.72	(USD:THB)	32,761
Non-monetary financial assets				
Investment accounted for using the equity method				
USD	11,293	29.63	(USD:NTD)	334,620
RMB	167,452	4.1923	(RMB:NTD)	702,010
RMB	1,192,288	1.0966	(RMB:HKD)	4,998,443
JPY	444,931	0.2751	(JPY:NTD)	122,401
HKD	1,509,076	3.823	(HKD:NTD)	5,769,196
THB	175,512	0.9645	(THB:NTD)	171,286
Monetary financial liabilities				
USD	194,696	29.63	(USD:NTD)	5,768,842
USD	14,499	7.7505	(USD: HKD)	429,615
USD	23,545	7.0677	(USD: RMB)	697,641
USD	5,086	25,765.22	(USD: VND)	150,692
USD	1,007	30.72	(USD: THB)	29,832
<hr/> December 31, 2019 <hr/>				
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
<hr/> June 30, 2019 <hr/>				
Monetary financial assets				
USD	180,122	31.06	(USD:NTD)	5,594,590
USD	21,654	7.8099	(USD:HKD)	672,573
USD	30,669	6.8676	(USD:RMB)	952,576
USD	1,555	30.56	(USD:THB)	48,295
Non-monetary financial assets				
Investment accounted for using the equity method				
USD	10,325	31.06	(USD:NTD)	320,697
RMB	160,128	4.5227	(RMB:NTD)	724,210
RMB	1,082,058	1.1372	(RMB:HKD)	4,893,808
JPY	416,529	0.2886	(JPY:NTD)	120,210
HKD	1,418,267	3.977	(HKD:NTD)	5,640,449
THB	169,618	1.0165	(THB:NTD)	172,416
Monetary financial liabilities				
USD	165,670	31.06	(USD:NTD)	5,145,714
USD	10,806	7.8099	(USD: HKD)	335,626
USD	29,491	6.8676	(USD: RMB)	915,992
USD	3,072	25,669.42	(USD: VND)	95,419
USD	1,735	30.56	(USD: THB)	53,895
(Concluded)				

For the three months and for the six months ended June 30, 2020 and 2019, realized and unrealized net foreign exchange were net gain \$3,865 thousand, net gain \$6,222 thousand, net loss \$5,066 thousand and net loss \$12,626 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: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: Note 7. In addition, the Group incurred a net gain of \$16 thousand on derivative instruments transactions for the six months ended June 30, 2020.
- 10) Intercompany relationships and significant intercompany transactions: Table 9
- 11) Information on investees: Table 6

b. Information on investments in Mainland China

- 1) Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: Table 7
- 2) Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: For the six months ended and as of June 30, 2020, the amount of purchases and trade payables from Shanghai Yikang and Dongguan Hua Gang were \$11,463 thousand and \$3,388 thousand.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

The Corporation's other significant transactions with investee companies in Mainland China for the six months ended and as of June 30, 2020 were as follow:

Account	Trade Partners	Amount
Other income	Shanghai Yikang Co., Ltd.	\$ 15,360
Commission expenses	Shanghai Yikang Co., Ltd.	56,654
Other receivables	Shanghai Yikang Co., Ltd.	97,762
Other payables	Shanghai Yikang Co., Ltd.	29,653

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 revenues and results

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

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
For the six months ended June 30, 2020						
Revenues from external customers	\$ 14,485,172	\$ 5,632,036	\$ 5,509,228	\$ 1,563,042	\$ -	\$ 27,189,478
Inter-segment revenues	<u>1,384,805</u>	<u>28,185</u>	<u>102,012</u>	<u>102,536</u>	<u>(1,617,538)</u>	<u>-</u>
Segment revenues	<u>\$ 15,869,977</u>	<u>\$ 5,660,221</u>	<u>\$ 5,611,240</u>	<u>\$ 1,665,578</u>	<u>\$ (1,617,538)</u>	<u>\$ 27,189,478</u>

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Segment income	\$ 368,219	\$ 197,109	\$ 258,805	\$ 94,204	\$ 52,275	\$ 970,612
Interest income	467	1,387	25,833	2,015	-	29,702
Other income	90,257	7,665	11,625	3,323	(66,751)	46,119
Other gains and losses	(5,479)	(4,454)	(14,158)	(6,512)	-	(30,603)
Finance costs	(48,999)	(24,500)	(25,205)	(20,980)	-	(119,684)
Profit before income tax	404,465	177,207	256,900	72,050	(14,476)	896,146
Income tax expense	(119,358)	(47,838)	(81,308)	(21,434)	(462)	(270,400)
Net profit after tax	<u>\$ 285,107</u>	<u>\$ 129,369</u>	<u>\$ 175,592</u>	<u>\$ 50,616</u>	<u>\$ (14,938)</u>	625,746
Share of profit or loss of associates under the equity method						<u>219,592</u>
Consolidated net profit						<u>\$ 845,338</u>
<u>June 30, 2020</u>						
Identifiable assets	<u>\$ 14,182,725</u>	<u>\$ 6,207,514</u>	<u>\$ 7,235,365</u>	<u>\$ 4,731,822</u>	<u>\$ (955,637)</u>	\$ 31,401,789
Goodwill						112,541
Investment accounted for using the equity method						<u>4,243,410</u>
Total assets						<u>\$ 35,757,740</u>
<u>For the six months ended June 30, 2019</u>						
Revenues from external customers	\$ 12,407,509	\$ 5,600,650	\$ 6,587,271	\$ 1,511,943	\$ -	\$ 26,107,373
Inter-segment revenues	1,574,110	14,967	76,160	76,911	(1,742,148)	-
Segment revenues	<u>\$ 13,981,619</u>	<u>\$ 5,615,617</u>	<u>\$ 6,663,431</u>	<u>\$ 1,588,854</u>	<u>\$ (1,742,148)</u>	<u>\$ 26,107,373</u>
Segment income	\$ 242,185	\$ 142,881	\$ 250,628	\$ 66,228	\$ 49,701	\$ 751,623
Interest income	673	1,642	1,131	2,919	-	6,365
Other income	83,047	2,720	30,873	1,146	(60,667)	57,119
Other gains and losses	26,243	(10,193)	(19,867)	5,720	2,184	4,087
Finance costs	(65,237)	(46,323)	(13,823)	(13,487)	-	(138,870)
Profit before income tax	286,911	90,727	248,942	62,526	(8,782)	680,324
Income tax expense	(106,931)	(15,879)	(63,561)	(8,808)	(383)	(195,562)
Net profit after tax	<u>\$ 179,980</u>	<u>\$ 74,848</u>	<u>\$ 185,381</u>	<u>\$ 53,718</u>	<u>\$ (9,165)</u>	484,762
Share of profit or loss of associates under the equity method						<u>243,372</u>
Consolidated net profit						<u>\$ 728,134</u>
<u>June 30, 2019</u>						
Identifiable assets	<u>\$ 13,373,729</u>	<u>\$ 6,376,159</u>	<u>\$ 6,847,699</u>	<u>\$ 4,440,905</u>	<u>\$ (1,042,795)</u>	\$ 29,995,697
Goodwill						113,293
Investment accounted for using the equity method						<u>4,423,182</u>
Total assets						<u>\$ 34,532,172</u>
						(Concluded)

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

TABLE 1

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 4)	Interest Rate (%)	Nature for Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Shanghai Yikang	Yudi Shanghai	Other receivables - related parties	Yes	\$ 64,863	\$ 62,885	\$ 2,096	5.07	short-term financing	\$ -	Operating capital	\$ -	\$ -	-	\$ 1,182,907	\$ 1,182,907	
2	Shenzhen Huaying	Xianren Hua Chen Da	Other receivables - related parties	Yes	17,297	8,385	4,593	4.77	short-term financing	-	Operating capital	-	-	-	60,024	60,024	
3	Dongguan Hua Gang	Guangjiou Shing Shun	Other receivables - related parties	Yes	38,918	37,731	37,731	4.77	short-term financing	-	Operating capital	-	-	-	611,474	611,474	
4	Dongguan Hua Gang	Meizhou Bailun	Other receivables - related parties	Yes	19,891	-	-	-	short-term financing	-	Operating capital	-	-	-	611,474	611,474	
5	KS Corp.	KSA Corp.	Other receivables - related parties	Yes	15,000	15,000	10,000	2.00	short-term financing	-	Operating capital	-	-	-	204,345	204,345	

Note 1: RMB is converted by spot exchange CNY1 = \$4.1923.

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

Note 3: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement /Guarantee Given on Behalf of Each Party (Notes 1-6, 9)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at The End of the Period	Actual Borrowing Amount (Notes 7)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-6)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Corporation	Nagae Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	\$ 2,259,919	\$ 970,000	\$ 480,000	\$ 352,043	\$ -	4.24	\$ 7,909,716	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	2,259,919	50,388	25,194	-	-	0.22	7,909,716	N	N	N	
0	The Corporation	Shanghai Yikang	Subsidiary of the Corporation	3,389,878	157,170	154,076	90,850	-	1.36	7,909,716	Y	N	Y	
0	The Corporation	Dongguan Hua Gang	Subsidiary of the Corporation	3,389,878	368,318	266,670	266,670	-	2.36	7,909,716	Y	N	Y	
0	The Corporation	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Corporation	3,389,878	120,000	120,000	79,505	-	1.06	7,909,716	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	2,259,919	1,494,350	731,861	496,202	-	6.47	7,909,716	N	N	Y	
0	The Corporation	WL Singapore	Subsidiary of the Corporation	3,389,878	677,040	574,822	308,152	-	5.08	7,909,716	Y	N	N	
0	The Corporation	Sakuragawa Solar Ltd.	Subsidiary of the Corporation	2,259,919	177,023	173,863	97,287	-	1.54	7,909,716	Y	N	N	
0	The Corporation	Miyazaki Solar Ltd.	Subsidiary of the Corporation	2,259,919	319,594	313,889	256,510	-	2.77	7,909,716	Y	N	N	
0	The Corporation	WL Indonesia	Subsidiary of the Corporation	2,259,919	187,550	183,706	21,050	-	1.62	7,909,716	Y	N	N	
0	The Corporation	WL Vietnam	Subsidiary of the Corporation	3,389,878	490,050	480,006	122,907	-	4.24	7,909,716	Y	N	N	
0	The Corporation	WT Industrial	Subsidiary of the Corporation	2,259,919	553,573	547,836	74,127	-	4.84	7,909,716	Y	N	N	
0	The Corporation	KS Corp.	Subsidiary of the Corporation	2,259,919	166,320	166,320	166,320	166,320	1.47	7,909,716	Y	N	N	

(Continued)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-5, 9)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at The End of the Period	Actual Borrowing Amount (Notes 7)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-6)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
1	Shanghai Yikang	Shanghai Chang Wah Electromaterials Inc.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	\$ -	\$ 51,879	\$ -	\$ -	\$ -	-	\$ 1,971,512	N	N	Y	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Corporation	788,605	60,539	58,692	28,918	-	1.49	1,971,512	Y	N	Y	
2	KS Corp.	KS A Corp.	Subsidiary of the Corporation	163,050	1,382	1,382	1,382	-	0.20	352,188	Y	N	N	
2	KS Corp.	KS B 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	30,012	10,000	14.68	1,760,940	Y	N	N	
2	KS Corp.	KS A Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	652,200	400,000	400,000	128,075	25,000	58.72	1,760,940	Y	N	N	
3	KS A Corp.	KS B Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	5,500,000	100,000	100,000	30,012	-	155.26	8,250,000	N	N	N	
3	KS A Corp.	KS Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	5,500,000	1,800,000	1,800,000	892,700	-	2,794.73	8,250,000	N	Y	N	
4	KS B Corp.	KS A Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,000,000	400,000	400,000	128,075	-	3,370.69	4,000,000	N	N	N	
4	KS B Corp.	KS Corp.	The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract	2,000,000	1,800,000	1,800,000	892,700	-	15,168.11	4,000,000	N	Y	N	
5	Dongguan Hua Qing	Guangjiao Shing Shian	Subsidiary of the Corporation	407,650	89,571	88,038	31,484	-	4.32	1,019,124	Y	N	Y	
6	Raycoong H.K.	Xiamen Hua Chen Da	Subsidiary of the Corporation	1,153,839	30,020	29,630	-	-	1.45	2,884,599	Y	N	Y	

(Continued)

- 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 or Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang or Raycong H.K..
- 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.
- 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 USD1=NT\$29.63, JPY is converted by spot exchange JPY1=NT\$0.2751, RMB is converted by spot exchange RMB1=NT\$4.1923, THB is converted by spot exchange THB1=NT\$0.9645.

(Concluded)

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2020			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	\$ 59,900	-	\$ 59,900
	Daily Polymer Corp.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,154,410	\$ 33,178	2.96	\$ 33,178
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	95,216	0.75	95,216
	Jing Yi Technology Co.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,066,432	57,448	16.94	57,448
	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	95,019	19.38	95,019
	Forcera Materials Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,102,476	45,179	8.85	45,179
	Univision Technology Holdings	-	Financial assets at FVTOCI - noncurrent	38,794,190	-	9.10	-
	Telelynx Inc.	-	Financial assets at FVTOCI - noncurrent	266,811	-	2.92	-
	Minima Technology Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	3,600,000	84,685	9.31	84,685
	TaiGene Biotechnology Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	2,300,000	10,495	6.57	10,495
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	11,871,585	89,506	4.66	89,506
	CDIB Capital Group	-	Financial assets at FVTOCI - noncurrent	5,000,000	51,743	2.86	51,743
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	27,622	8.15	27,622
	Eleocom Co., Ltd.	Substantial related party	Financial assets at FVTOCI - noncurrent	1,500,000	-	10.71	-
					<u>\$ 590,091</u>		<u>\$ 590,091</u>

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd. Wah Lee Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	-	\$ -	12.82	\$ -	
	Mutual funds JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 42,481	-	\$ 42,481	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	27,910	23,842	-	23,842	
					<u>\$ 66,323</u>		<u>\$ 66,323</u>	

(Concluded)

TABLE 4

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 SIX MONTHS ENDED JUNE 30, 2020
(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	Ending Balance	% of Total	
The Corporation	Raycong H.K.	Subsidiary	Sales	\$ (355,484)	(1)	30 to 90 days after monthly closing	Normal trade terms	\$ 197,606	3	Note
	Shanghai Yikang	Subsidiary	Sales	(597,049)	(2)	30 to 120 days after monthly closing	Normal trade terms	327,371	4	Note
	Dongguan Hua Gang	Subsidiary	Sales	(265,506)	(1)	30 to 120 days after monthly closing	Normal trade terms	132,621	2	Note
	Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party	Purchase	566,523	4	105 days after monthly closing	No comparable transactions with third party	(206,996)	(6)	
	Chang Wah Electromaterials Inc.	Associate	Sales	(134,173)	(1)	90 days after monthly closing	Normal trade terms	73,215	1	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	(323,767)	(19)	30 to 180 days after monthly closing	Normal trade terms	145,562	16	Note

Note: It was eliminated on consolidation.

TABLE 5

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2020
(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	\$ 425,133	2.07	-	-	\$ 151,316	\$ -
	Raycong H.K.	Subsidiary	243,948	3.30	-	-	109,264	-
	Dongguan Hua Gang	Subsidiary	132,621	4.60	-	-	88,942	-
	Chang Wah Electromaterials Inc.	Associate	241,432	1.35	-	-	58,219	-
Raycong H.K.	Dongguan Hua Gang	Subsidiary	145,562	4.87	-	-	99,738	-

Note 1: Including trade receivables and other receivables. Other receivables are mainly service revenue from related parties, dividends receivables and proceeds of disposal of share of interest of investment.

Note 2: It was eliminated on consolidation.

TABLE 6

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(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
				June 30, 2020	December 31, 2019						
The Corporation	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 3,802,976	\$ 150,702	\$ 150,488	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	3,091,774	255,769	137,082	Subsidiary
The Corporation	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	19,790,218	30.98	1,738,444	150,082	115,773	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	635,295	33,572	38,279	Associate
The Corporation	Wah Hong Industrial Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	942,926	939,921	25,962,978	26.67	957,154	31,506	19,317	Associate
The Corporation	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	161,415	30,837	16,783	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	4,965	(45)	(37)	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	(531)	656	656	Subsidiary
The Corporation	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	83,563	5,005	5,005	Subsidiary
The Corporation	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	33,873	842	842	Subsidiary
The Corporation	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	14,840	1,610,000	70.00	41,493	(3,079)	(1,847)	Subsidiary
The Corporation	Meidi H.K.	Hong Kong	International investment business	-	17,753	-	-	-	-	-	Subsidiary
The Corporation	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	26,547	(1,287)	(1,287)	Subsidiary
The Corporation	ChuanShun Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	115,630	14,415	9,129	Subsidiary
The Corporation	Wahlee Green Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	5,000	5,000	500,000	25.00	4,217	31	8	Subsidiary
The Corporation	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	194,401	15,890	4,251	Subsidiary
The Corporation	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	96,570	2,509	1,306	Associate
The Corporation	KS Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	468,384	468,384	16,632,000	51.00	488,619	11,336	3,986	Subsidiary

(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
				June 30, 2019	December 31, 2019						
The Corporation	WL Philippines Corp.	Philippines	Trading business of industrial materials	\$ 7,755	\$ 7,755	127,495	99.99	\$ 7,492	\$ -	\$ -	Subsidiary
The Corporation	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	7,083	(378)	(378)	Subsidiary
QuanShun Logistics	Chuangheng Logistic Co., Ltd.	Taiwan	Freight forwarders and leasing business	12,947	-	25,000	100.00	12,762	(153)	(186)	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	23,000	23,000	2,500,000	100.00	64,407	2,397	2,397	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	10,000	10,000	1,000,000	100.00	11,867	610	610	Subsidiary
KS Corp.	Wahlee Green Energy	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	10,200	10,200	1,020,000	51.00	8,603	31	16	Subsidiary
KS Corp.	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	96,537	2,509	1,274	Associate
KS Corp.	KSC Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	1,000	-	100,000	100.00	1,000	-	-	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	renewable energy self-use power generation equipment business	43,892	43,892	1,290,000	100.00	705,123	23,222	23,222	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	International investment business	51,639	51,639	1,600,000	100.00	346,182	20,015	20,015	Subsidiary
Wah Lee Holding Ltd.	Raycong H. K.	Hong Kong	Agency of semiconductor materials and equipment	943,164	943,164	48,296,655	46.31	2,671,542	255,769	118,439	Subsidiary
Wah Lee Holding Ltd.	Regent King H K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	-	100.00	(3,113)	(4,524)	(4,524)	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of engineering plastic, composite materials and equipment	3,953	3,953	18,150	66.00	(3,229)	(10,826)	(7,145)	Subsidiary
WT Singapore	Gishine Tech Pte. Ltd.	Singapore	Trading business of industrial materials	-	-	-	49.00	-	-	-	Associate
			Research and development of environmental protection and cleaning technology	-	-	-	-	-	-	-	

(Concluded)

Note 1: The share of profit (loss) recognized for the period ended June 30, 2020 included eliminated unrealized gains or losses and amortization of investment premium.

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

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

TABLE 7

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2020	Accumulated Repatritation of Investment Income as of June 30, 2020	Note
					Outward	Inward							
Dongguan Hua Gang	Sales of industrial materials	\$ 1,093,013	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 110,536	100.00	\$ 110,536	\$ 2,032,973	\$ -	
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	952,246	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	182,043	70.00	127,430	2,778,665	-	
Shenzhen Huaying	Sales of industrial materials	23,149	Invested through the third region, Raycong H.K.	-	-	-	-	8,906	100.00	8,906	200,079	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	711,112	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	66,947	30.00	20,084	545,819	-	
Shanghai Chang Wah Electro materials Inc.	Agency of IC packaging material and equipment	118,520	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	24,255	-	7,428	-	-	
Shanghai Yadi	Import and export of goods and technology	12,577	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(2,777)	49.00	(1,944)	27,652	-	
Shanghai Lihuang	Medical devices and equipment	13,960	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(128)	48.98	(1,424)	9,908	-	
Meizhou Bailun	Hemodialysis and examination	4,192	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(562)	-	(287)	-	-	
Guangzhou Shing Shian	Hospital management, medical equipment repair, wholesale of medical supplies	20,962	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	5,395	100.00	5,395	35,914	-	
Xiamen Hua Chen Da	Warehouse logistics	12,577	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(1,014)	70.00	(710)	6,669	-	
Jian Yuan Rong Xiamen Logistics Ltd.	Warehouse logistics	33,538	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(1,970)	30.00	(591)	9,342	-	
Jia Cheng Yuan Xiamen Trading and Development Co. Ltd.	Warehouse logistics	8,385	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(203)	30.00	(61)	2,834	-	

(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	\$ 2,480,528	\$ -

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

1. Dongguan Hua Gang and Shanghai Yikang: reviewed by the Corporation's CPA.
2. Others are based on unreviewed financial statements.

Note 2: The difference of \$2,096,185 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 \$11,175 thousand (USD3,572 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)

TABLE 8

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 SIX MONTHS ENDED JUNE 30, 2020
(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	\$ 597,049	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 327,371	4	\$ 6,852	Note
	Dongguan Hua Gang	Sales	265,506	1	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	132,621	2	2,135	Note
Raycong H.K.	Dongguan Hua Gang	Sales	323,767	19	Normal trade terms	60 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	145,562	16	5,276	Note

Note: It was eliminated on consolidation.

TABLE 9

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details		
				Financial Statement Accounts	Amount	% of Total Sales or Assets
0	The Corporation	Shanghai Yikang	Parent to subsidiary	Operating revenue	\$ 597,049	2.00
0	The Corporation	Shanghai Yikang	Parent to subsidiary	Other revenue	15,360	-
0	The Corporation	Shanghai Yikang	Parent to subsidiary	Trade receivables	327,371	-
0	The Corporation	Shanghai Yikang	Parent to subsidiary	Other receivables	97,762	-
0	The Corporation	Shanghai Yadi	Parent to subsidiary	Operating revenue	10,232	-
0	The Corporation	Shanghai Yadi	Parent to subsidiary	Trade receivables	10,452	-
0	The Corporation	Raycong H.K.	Parent to subsidiary	Operating revenue	355,484	1.00
0	The Corporation	Raycong H.K.	Parent to subsidiary	Other revenue	19,610	-
0	The Corporation	Raycong H.K.	Parent to subsidiary	Trade receivables	197,606	-
0	The Corporation	Raycong H.K.	Parent to subsidiary	Other receivables	46,342	-
0	The Corporation	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	265,506	-
0	The Corporation	Dongguan Hua Gang	Parent to subsidiary	Trade receivables	132,621	-
0	The Corporation	WL Singapore	Parent to subsidiary	Operating revenue	29,900	-
0	The Corporation	WL Singapore	Parent to subsidiary	Other revenue	2,760	-
0	The Corporation	WL Singapore	Parent to subsidiary	Other receivables	11,352	-
0	The Corporation	Regent King H.K.	Parent to subsidiary	Other revenue	4,804	-
0	The Corporation	Regent King H.K.	Parent to subsidiary	Other receivables	14,667	-
0	The Corporation	WL Vietnam	Parent to subsidiary	Operating revenue	39,744	-
0	The Corporation	WT Industrial	Parent to subsidiary	Trade receivables	20,631	-
0	The Corporation	WT Industrial	Parent to subsidiary	Operating revenue	36,608	-
0	The Corporation	WT Industrial	Parent to subsidiary	Other revenue	10,193	-
0	The Corporation	WT Industrial	Parent to subsidiary	Trade receivables	5,385	-
0	The Corporation	KS Corp.	Parent to subsidiary	Other receivables	9,995	-
0	The Corporation	KS Corp.	Parent to subsidiary	Operating revenue	39,938	-
0	The Corporation	KS Corp.	Parent to subsidiary	Contract liabilities	58,152	-
0	The Corporation	KS Corp.	Parent to subsidiary	Operating revenue	39,938	-
0	The Corporation	KS Corp.	Parent to subsidiary	Trade receivables	45,264	-
0	The Corporation	KSA Corp.	Parent to subsidiary	Contract liabilities	36,562	-
1	Shanghai Yikang	The Corporation	Subsidiary to Parent	Operating revenue	9,317	-
1	Shanghai Yikang	The Corporation	Subsidiary to Parent	Commission revenue	56,654	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to Parent	Trade receivables	32,806	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	37,404	-
2	Raycong H.K.	Dongguan Hua Gang	Subsidiary to subsidiary	Trade receivables	9,085	-
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	323,767	1.00
2	Dongguan Hua Gang	The Corporation	Parent to subsidiary	Trade receivables	145,562	-
2	Dongguan Hua Gang	The Corporation	Subsidiary to Parent	Operating revenue	2,146	-
2	Dongguan Hua Gang	The Corporation	Subsidiary to Parent	Trade receivables	235	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	\$ 21,934	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Trade receivables	9,336	According to the contract	-
3	Dongguan Hua Gang	Guangjiao Shing Shian	Parent to subsidiary	Other revenue	846	According to the contract	-
3	Dongguan Hua Gang	Guangjiao Shing Shian	Parent to subsidiary	Other receivables	38,685	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Corporation	Subsidiary to Parent	Operating revenue	37,201	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Corporation	Subsidiary to Parent	Trade receivables	22,479	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	20,047	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Trade receivables	35,251	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Operating revenue	61,875	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Trade receivables	43,427	According to the contract	-
7	KS Corp.	KS Corp.	Parent to subsidiary	Other receivables	17,133	According to the contract	-

(Concluded)

TABLE 10

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

JUNE 30, 2020

[illegible]

Note : The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Corporation as of the last business day for the current quarter.