

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of affiliates of Wah Lee Industrial Corporation for the year ended December 31, 2020, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Wah Lee Industrial Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Wah Lee Industrial Corporation

By

Jui-Chin Chung
Chairman

March 26, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Lee Industrial Corporation

Opinion

We have audited the accompanying consolidated financial statements of Wah Lee Industrial Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is discussed as follows:

Occurrence of revenue from specific customers

The operating revenue of the Group for the year ended December 31, 2020 was NT\$59,080,920 thousand, of which the revenue and gross profit from specific customers show significant growth over the past year. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

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

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

1. We understood and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We verified, on a sampling basis, the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked whether the payer is the same as the buyer.

Other Matter

The financial statements of certain investees accounted for using the equity method in the Group's consolidated financial statements for the years ended December 31, 2020 and 2019 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors.

The carrying values of the investments accounted for using the equity method as of December 31, 2020 and 2019 were NT\$728,537 thousand and NT\$675,514 thousand, respectively, both representing 2% of total consolidated assets; and the amounts of the share of profit of associates for the years ended December 31, 2020 and 2019 were NT\$111,793 thousand and NT\$69,036 thousand, both representing 4% of consolidated profit before income tax.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,053,182	8	\$ 2,348,526	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	211,665	1	172,741	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	119,600	-	68,900	-
Notes receivable (Notes 9, 28 and 30)	2,399,770	6	1,972,660	6
Notes receivable - related parties	6,925	-	15,538	-
Accounts receivable, net (Notes 4, 5 and 9)	15,111,761	39	13,482,001	39
Accounts receivable - related parties (Notes 4, 5, 9 and 29)	113,442	-	105,120	-
Other receivables	132,686	-	65,284	-
Other receivables - related parties (Note 29)	59,752	-	83,571	-
Current tax assets	114	-	-	-
Merchandise (Notes 4, 5 and 10)	4,286,609	11	3,935,974	11
Prepayments for purchases	1,398,090	4	1,018,095	3
Other financial assets - current (Notes 11 and 30)	838,212	2	858,536	3
Other current assets	209,496	1	296,008	1
Total current assets	27,941,304	72	24,422,954	71
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	634,098	2	572,981	2
Investments accounted for using the equity method (Notes 4 and 13)	4,826,082	12	4,555,030	13
Property, plant and equipment (Notes 4, 14, 29 and 30)	3,785,578	10	3,800,494	11
Right-of-use assets (Notes 4 and 15)	624,245	2	147,846	-
Goodwill (Notes 4 and 25)	111,809	-	112,668	-
Other intangible assets	205,407	1	230,607	1
Deferred tax assets (Notes 4 and 23)	345,131	1	325,649	1
Prepayments for equipment	20,663	-	1,706	-
Prepayments for investments	10,000	-	-	-
Other financial assets - noncurrent (Notes 11 and 30)	196,403	-	188,572	1
Other noncurrent assets	54,249	-	52,367	-
Total noncurrent assets	10,813,665	28	9,987,920	29
TOTAL	\$ 38,754,969	100	\$ 34,410,874	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 28 and 29)	\$ 7,400,936	19	\$ 6,790,253	20
Short-term bills payable (Note 16)	59,917	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	280	-	1,372	-
Contract liabilities - current (Note 21)	345,351	1	289,480	1
Notes payable (Note 17)	102,174	-	335,214	1
Notes payable - related parties (Notes 17 and 29)	1,261	-	201	-
Accounts payable (Note 17)	7,066,208	18	5,532,981	16
Accounts payable - related parties (Notes 17 and 29)	378,004	1	354,710	1
Dividends payable	1,400	-	10,352	-
Other payables (Notes 18 and 29)	1,223,813	3	1,118,228	3
Current tax liabilities (Note 23)	272,968	1	221,112	1
Lease liabilities - current (Notes 4 and 15)	64,747	-	32,649	-
Current portion of long-term borrowings (Note 16)	538,534	2	250,456	1
Refund liabilities - current	174,275	1	161,493	-
Other current liabilities	29,053	-	15,549	-
Total current liabilities	17,658,921	46	15,114,050	44
NONCURRENT LIABILITIES				
Long-term borrowings (Note 16)	4,107,003	11	4,510,009	13
Provision for employee benefits - noncurrent (Note 4)	41,875	-	14,760	-
Lease liabilities - noncurrent (Notes 4 and 15)	566,902	1	109,532	-
Net defined benefit liabilities - noncurrent (Notes 4 and 19)	314,840	1	320,668	1
Guarantee deposits received	1,616	-	419	-
Deferred tax liabilities (Notes 4 and 23)	1,155,352	3	1,056,833	3
Total noncurrent liabilities	6,187,588	16	6,012,221	17
Total liabilities	23,846,509	62	21,126,271	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share Capital	2,313,901	6	2,313,901	7
Capital surplus	1,331,725	3	1,318,065	4
Retained earnings				
Legal reserve	2,228,083	6	2,084,659	6
Special reserve	980,087	3	679,347	2
Unappropriated earnings	6,660,831	17	6,029,012	17
Total retained earnings	9,869,001	26	8,793,018	25
Other equity	(636,618)	(2)	(980,087)	(3)
Total equity attributable to owners of the Company	12,878,009	33	11,444,897	33
NON-CONTROLLING INTERESTS (Notes 20 and 25)	2,030,451	5	1,839,706	6
Total equity	14,908,460	38	13,284,603	39
TOTAL	\$ 38,754,969	100	\$ 34,410,874	100

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 59,080,920	100	\$ 54,681,829	100
OPERATING COSTS (Notes 10, 22 and 29)	<u>54,280,230</u>	<u>92</u>	<u>50,497,138</u>	<u>92</u>
GROSS PROFIT	<u>4,800,690</u>	<u>8</u>	<u>4,184,691</u>	<u>8</u>
OPERATING EXPENSES (Notes 9 and 22)				
Selling and marketing expenses	2,051,331	4	2,015,201	4
General and administrative expenses	531,187	1	505,988	1
Expected credit loss	<u>110,257</u>	<u>-</u>	<u>89,067</u>	<u>-</u>
Total operating expenses	<u>2,692,775</u>	<u>5</u>	<u>2,610,256</u>	<u>5</u>
OPERATING INCOME	<u>2,107,915</u>	<u>3</u>	<u>1,574,435</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	52,018	-	14,879	-
Other income (Notes 22 and 29)	151,737	-	149,958	-
Other gains and losses (Note 22)	(51,449)	-	(29,489)	-
Finance costs (Notes 22 and 28)	(204,649)	-	(274,026)	-
Share of profit of associates and joint ventures	<u>580,063</u>	<u>1</u>	<u>530,407</u>	<u>1</u>
Total non-operating income and expenses	<u>527,720</u>	<u>1</u>	<u>391,729</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,635,635	4	1,966,164	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>589,519</u>	<u>1</u>	<u>407,083</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,046,116</u>	<u>3</u>	<u>1,559,081</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,470)	-	9,375	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	110,390	-	(114,290)	-
Share of other comprehensive income of associates accounted for using the equity method	236,698	1	72,454	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	7,804	-	9,797	-

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 16,626	-	\$ (240,268)	(1)
Share of other comprehensive gain (loss) of associates accounted for using the equity method	9,920	-	(93,657)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(4,571)</u>	<u>-</u>	<u>45,714</u>	<u>-</u>
Other comprehensive gain (loss) for the year, net of income tax	<u>372,397</u>	<u>1</u>	<u>(310,875)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,418,513</u>	<u>4</u>	<u>\$ 1,248,206</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,859,120	3	\$ 1,415,822	3
Non-controlling interests	<u>186,996</u>	<u>-</u>	<u>143,259</u>	<u>-</u>
	<u>\$ 2,046,116</u>	<u>3</u>	<u>\$ 1,559,081</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,233,421	4	\$ 1,141,555	2
Non-controlling interests	<u>185,092</u>	<u>-</u>	<u>106,651</u>	<u>-</u>
	<u>\$ 2,418,513</u>	<u>4</u>	<u>\$ 1,248,206</u>	<u>2</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 8.03</u>		<u>\$ 6.12</u>	
Diluted	<u>\$ 7.81</u>		<u>\$ 5.93</u>	

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Total	Non-Controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations					
			Legal Reserve	Special Reserve	Unappropriated Earnings						
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	-	(134,596)	-	-	-	-	-	-
Legal reserve	-	-	-	601,187	(601,187)	-	-	-	-	-	-
Special reserve	-	-	-	-	(740,448)	-	-	-	(740,448)	-	(740,448)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-
	-	-	134,596	601,187	(1,476,231)	-	-	-	(740,448)	-	(740,448)
Changes in percentage of ownership interests in subsidiaries (Notes 12 and 23)	-	-	-	-	(8,049)	-	-	-	(8,049)	-	(8,049)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(13,815)	-	-	-	-	-	-	(13,815)	-	(13,815)
Net profit for the year ended December 31, 2019	-	-	-	-	1,415,822	-	-	-	1,415,822	143,259	1,559,081
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	7,550	(251,603)	(30,214)	(281,817)	(274,267)	(36,608)	(310,875)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,423,372	(251,603)	(30,214)	(281,817)	1,141,555	106,651	1,248,206
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(20,328)	(20,328)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	(4,652)	-	4,652	4,652	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	23,575	-	(23,575)	(23,575)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	410,102	410,102
BALANCE AT DECEMBER 31, 2019	2,313,901	1,318,065	2,084,659	679,347	6,029,012	(607,512)	(372,575)	(980,087)	11,444,897	1,839,706	13,284,603
Appropriation of 2019 earnings	-	-	143,424	-	(143,424)	-	-	-	-	-	-
Legal reserve	-	-	-	300,740	(300,740)	-	-	-	-	-	-
Special reserve	-	-	-	-	(763,587)	-	-	-	(763,587)	-	(763,587)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-
	-	-	143,424	300,740	(1,207,751)	-	-	-	(763,587)	-	(763,587)
Changes in percentage of ownership interests in subsidiaries (Note 12)	-	(846)	-	-	-	-	-	-	(846)	846	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	14,506	-	-	(50,382)	-	-	-	(35,876)	-	(35,876)
Net profit for the year ended December 31, 2020	-	-	-	-	1,859,120	-	-	-	1,859,120	186,996	2,046,116
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(2,328)	23,879	352,750	376,629	374,301	(1,904)	372,397
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,856,792	23,879	352,750	376,629	2,233,421	185,092	2,418,513
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(3,196)	(3,196)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	18,567	-	(18,567)	(18,567)	-	-	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	14,593	-	(14,593)	(14,593)	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	8,003	8,003
BALANCE AT DECEMBER 31, 2020	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009	\$ 2,030,451	\$ 14,908,460

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,635,635	\$ 1,966,164
Adjustments for:		
Depreciation expense	277,884	214,504
Amortization expense	41,073	31,815
Expected credit loss	110,257	89,067
Net loss of financial instruments at fair value through profit or loss	6,464	4,814
Finance costs	204,649	274,026
Interest income	(52,018)	(14,879)
Dividend income	(16,696)	(12,714)
Share of profit of associates accounted for using the equity method	(580,063)	(530,407)
Gain on disposal of property, plant and equipment	(24,182)	(1,189)
Impairment loss recognized (reversed) on non-financial assets	(9,074)	53,689
Net loss (gain) on foreign currency exchange	38,430	(87,709)
Others	8,059	(67)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	778	9,650
Notes receivable	(427,110)	(149,619)
Notes receivable - related parties	8,613	(15,496)
Accounts receivable	(1,739,094)	(329,574)
Accounts receivable - related parties	(9,033)	63,701
Other receivables	(10,692)	(6,490)
Other receivables - related parties	(5,746)	18,924
Inventories	(340,836)	1,039,205
Prepayments for purchases	(379,995)	(117,963)
Other current assets	86,540	(8,369)
Financial liabilities held for trading	(9,837)	(19,023)
Contract liabilities	55,871	107,283
Notes payable	(233,040)	(195,890)
Notes payable - related parties	1,060	(1,347)
Accounts payable	1,533,227	(376,444)
Accounts payable - related parties	23,294	(57,542)
Other payables	117,421	151,966
Refund liabilities	12,782	29,170
Other current liabilities	13,504	(4,777)
Net defined benefit liabilities	(9,540)	(9,222)
Cash generated from operations	1,328,585	2,115,257
Interest received	51,433	14,879
Dividends received	485,434	335,880
Interest paid	(202,930)	(269,021)
Income tax paid	(454,447)	(398,971)
Net cash generated from operating activities	<u>1,208,075</u>	<u>1,798,024</u>

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (50,000)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,285	4,782
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	1,288	-
Purchase of financial assets at fair value through profit or loss	(478,692)	(304,141)
Proceeds from disposal of financial assets at fair value through profit or loss	443,877	291,853
Purchase of investments accounted for using the equity method	(7,005)	(7,310)
Proceeds from disposal of investments accounted for using the equity method	82,897	-
Net cash outflow on acquisition of subsidiaries (Notes 25 and 26)	(3,000)	(401,261)
Payments for property, plant and equipment	(348,003)	(430,499)
Proceeds from disposal of property, plant and equipment	137,265	3,373
Payments for intangible assets	(5,850)	(13,776)
Decrease (increase) in other financial assets	12,493	(776,529)
Increase in other noncurrent assets	(9,031)	(4,168)
Prepayments for investments	<u>(10,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(186,476)</u>	<u>(1,637,676)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	551,400	(114,677)
Increase (decrease) in short-term bills payable	59,840	(100,000)
Proceeds from long-term borrowings	8,147,702	5,575,433
Repayment of long-term borrowings	(8,264,918)	(4,588,851)
Decrease in guarantee deposits received	1,197	-
Repayment of the principal portion of lease liabilities	(66,892)	(54,833)
Cash dividends	(763,587)	(740,448)
Change in non-controlling interests	<u>(4,145)</u>	<u>(13,651)</u>
Net cash used in financing activities	<u>(339,403)</u>	<u>(37,027)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>22,460</u>	<u>(316,646)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	704,656	(193,325)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,348,526</u>	<u>2,541,851</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,053,182</u>	<u>\$ 2,348,526</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

Wah Lee Industrial Corporation (the “Company”) 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 Company’s shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The consolidated financial statements, which include the Company and its subsidiaries (collectively, the “Group”), are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company’s board of directors on March 26, 2021.

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)

Except for the following impact, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

Amendments to IFRS 3 “Definition of a Business”

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that for an entity to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgement requirements depending on whether there is output on the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

- b. The IFRSs endorsed by the FSC for application starting from 2021

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

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

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

New IFRSs	Effective Date Announced by IASB (Note 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 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
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 will be 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.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the 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.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

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

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

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

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of Consolidation

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of consideration received and the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interest. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 12, Tables 6 and 7.

e. Business Combinations

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

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

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

f. Acquisition of a subsidiary that does not constitute a business

When the Group acquires a subsidiary that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired (including intangible assets) and liabilities assumed, and then allocate the transaction price to the individual identifiable assets and liabilities. When allocating the transaction price, first, any identifiable assets or liabilities initially measured at an amount other than cost are initially measured at the amount specified in the applicable IFRS standards. Then the amounts of the assets and liabilities determined according to the applicable IFRS standards are deducted from the transaction price; the residual transaction price is then allocated to the remaining identifiable assets and liabilities (i.e., assets and liabilities initially measured at cost) based on their relative fair values at the date of the acquisition.

g. Foreign Currencies

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

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

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

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

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

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

h. Merchandise

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

i. Investments in Associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

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

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

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures

accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

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

j. Property, Plant, and Equipment

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

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

Freehold land is not depreciated.

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

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

k. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in

profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

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

l. Impairment of property, plant and equipment and right-of-use assets

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

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

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

m. Financial Instruments

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

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

1) Financial assets

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

a) Measurement category

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

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group

measures the loss allowance for that financial instruments at an amount equal to 12-month ECLs.

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

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

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

The Group's financial liabilities, except for derivative financial instruments, are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

n. Provisions

Provisions, including levies imposed by governments, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue Recognition

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

1) Revenue from sale of goods

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

2) Revenue from rendering of services

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

p. Leasing

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

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

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

q. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

r. Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

t. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty

a. Estimated impairment of accounts receivable

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

b. Impairment of inventories

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2020	2019
Cash on hand	\$ 1,702	\$ 2,742
Demand deposits	2,865,503	1,939,221
Checking accounts	17,702	214,936
		(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash equivalents		
Time deposits with original maturities of 3 months or less	\$ <u>168,275</u>	\$ <u>191,627</u>
	\$ <u>3,053,182</u>	\$ <u>2,348,526</u>
		(Concluded)

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Time deposits (%)	0.20-1.10	0.85-1.97

- b. The Group interacts with a variety of financial institutions with sound credit ratings to disperse credit risk, hence, there was no expected credit loss.

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL		
Hybrid instruments - structured deposits (a)	\$ 139,576	\$ 99,007
Non-derivative financial assets - mutual funds	72,066	72,611
Derivate instruments (not designated for hedge) (b)		
Foreign exchange forward contracts	23	-
Foreign exchange options contracts	<u>-</u>	<u>1,123</u>
	<u>\$ 211,665</u>	<u>\$ 172,741</u>
<u>Financial liabilities</u>		
Held for trading		
Derivative instruments (not designated for hedge) (b)		
Foreign exchange forward contracts	<u>\$ 280</u>	<u>\$ 1,372</u>

- a. The Group entered into a structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was 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 or forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

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

December 31, 2020

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2021.01-2021.02	USD2,000/RMB13,147
Buy JPY/Sell RMB	2021.01	JPY50,000/RMB3,163

December 31, 2019

Currency	Maturity Date	Notional Amount (In Thousands)
Buy RMB/Sell USD	2020.01-2020.03	RMB21,243/USD3,000
Buy THB/Sell USD	2020.01-2020.02	THB9,055/USD300
Buy IDR/Sell USD	2020.01	IDR1,404,500/USD100

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Domestic investments in equity instruments		
Listed shares	<u>\$ 119,600</u>	<u>\$ 68,900</u>
<u>Noncurrent</u>		
Domestic investments in equity instruments		
Listed shares	\$ 109,962	\$ 30,808
Unlisted shares	<u>426,667</u>	<u>419,792</u>
	<u>536,629</u>	<u>450,600</u>
Foreign investments in equity instruments		
Listed shares	19,956	30,679
Unlisted shares	<u>77,513</u>	<u>91,702</u>
	<u>97,469</u>	<u>122,381</u>
	<u>\$ 634,098</u>	<u>\$ 572,981</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 consider that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In 2020 and 2019, the Group sold some equity shares in order to manage credit concentration risk. The sold shares had fair values of \$47,285 thousand and \$4,782 thousand, respectively, and their related unrealized valuation gain of \$26,285 thousand and loss of \$4,652 thousand, respectively, were transferred from other equity to retained earnings.

In 2020, Telelynx Inc. has been liquidated, and the Group received the capital reduction of \$1,288 thousand and transferred the unrealized valuation loss of \$7,718 thousand from other equity to retained earnings.

Dividends of \$16,696 thousand and \$12,714 thousand, respectively, recognized in 2020 and 2019 were all related to the investments held at December 31, 2020 and 2019, respectively.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Notes receivable - unrelated parties		
Notes receivable - operating	<u>\$ 2,399,770</u>	<u>\$ 1,972,660</u>
Notes receivable - related parties		
Notes receivable - operating	<u>\$ 6,925</u>	<u>\$ 15,538</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 15,327,728	\$ 13,596,297
Less: Allowance for impairment loss	<u>215,967</u>	<u>114,296</u>
	<u>\$ 15,111,761</u>	<u>\$ 13,482,001</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 114,448	\$ 105,415
Less: Allowance for impairment loss	<u>1,006</u>	<u>295</u>
	<u>\$ 113,442</u>	<u>\$ 105,120</u>

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 28 and 30.

The main credit period of sales of goods was 60-90 days. No interest was charged on 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 accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off receivables when there is evidence 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 receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables as of December 31, 2020 based on the Group's provision matrix.

	Customers without Signs of Default				Customers With Signs of Default	Total
	Not Past Due	Past Due 1-60 Days	Past Due 61-180 Days	Past Due Over 181 Days		
Expected credit loss rate (%)	0.01-1	1-10	10-100	50-100	100	
Gross carrying amount	\$ 17,029,388	\$ 550,724	\$ 69,676	\$ 85,484	\$ 113,599	\$ 17,848,871
Loss allowance (Lifetime ECL)	<u>(26,308)</u>	<u>(15,840)</u>	<u>(17,301)</u>	<u>(45,615)</u>	<u>(111,909)</u>	<u>(216,973)</u>
Amortized cost	<u>\$ 17,003,080</u>	<u>\$ 534,884</u>	<u>\$ 52,375</u>	<u>\$ 39,869</u>	<u>\$ 1,690</u>	<u>\$ 17,631,898</u>

The following table details the loss allowance of accounts receivable as of December 31, 2019 based on the Group's different customer industry categories.

	Customers without Signs of Default					Customers With Signs of Default	Total
	Flat Panel Display	Information Technology	PCB/Mobo	Semiconductor	Green Energy		
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
Loss allowance (Lifetime ECL)	<u>(1,850)</u>	<u>(11,572)</u>	<u>(597)</u>	<u>(546)</u>	<u>(109)</u>	<u>(3,406)</u>	<u>(96,511)</u>
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>

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

	December 31, 2019
Up to 90 days	\$ 12,418,582
91-150 days	2,381,209
151-180 days	156,880
Over 181 days	<u>733,239</u>
	<u>\$ 15,689,910</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 114,591	\$ 14,748
Acquisitions through business combinations	-	12,040
Impairment losses recognized	110,257	89,067
Amounts written off	(7,663)	(896)
Foreign exchange translation losses	<u>(212)</u>	<u>(368)</u>
Balance at December 31	<u>\$ 216,973</u>	<u>\$ 114,591</u>

10. MERCHANDISE

The costs of inventories recognized in cost of goods sold for the years ended December 31, 2020 and 2019 were \$53,661,734 thousand and \$49,952,454 thousand respectively, which included the following items:

	For the Year Ended December 31	
	2020	2019
Write-downs (reversal) of inventories	\$ (9,074)	\$ 53,689

11. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 63,055	\$ 66,044
Structured deposits	767,667	791,147
Pledged deposits	1,300	1,345
Refundable deposits	<u>6,190</u>	<u>-</u>
	<u>\$ 838,212</u>	<u>\$ 858,536</u>
<u>Noncurrent</u>		
Pledged deposits	\$ 89,330	\$ 79,673
Refundable deposits	<u>107,073</u>	<u>108,899</u>
	<u>\$ 196,403</u>	<u>\$ 188,572</u>

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

	December 31	
	2020	2019
Time deposits (%)	0.25-3.58	1.00-3.80

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

c. Refer to Note 30 for information of 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
			December 31, 2020	December 31, 2019	
The Company	Wah Lee Holding Ltd.	International investment	100.00	100.00	
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership		Remark
			December 31, 2020	December 31, 2019	
	Wah Lee Japan Corp. (WL Japan)	Trading business of synthetic resin, industrial plastic, molding machine and electromechanical parts	83.33	83.33	
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, molding machine and electromechanical parts	100.00	100.00	
	Okayama Solar Ltd.	Solar power generation business	-	-	Note 1
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	70.00	60.00	Note 2
	Meidi H.K.	International investment	-	80.00	Note 3
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	
	QuanShun Logistics Co., Ltd. (QuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	
	Wah Tech Industrial Co., Ltd. (WL Industrial)	Trading business of industrial materials	51.00	51.00	
	Kingstone Energy Technology Corporation (KS Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	51.00	51.00	Note 4
	Wahlee Green Energy Corporation (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	25.00	25.00	Note 4
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial materials	99.99	99.99	Note 5
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial materials	99.99	99.99	Note 6
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	100.00	-	Note 7
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	
	Wah Lee Teach (Singapore) Pte., Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	
	Regent King International Limited (Regent King H.K.)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	
Raycong H.K.	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	
Shanghai Yikang	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	70.00	Note 8
	Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	69.97	69.97	Please refer to Note 25

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership		Remark
			December 31, 2020	December 31, 2019	
Dongguan Hua Gang	Meizhou Bailun Hemodialysis Co., Ltd. (Meizhou Bailun)	Hemodialysis and examination	-	51.00	Note 9
	Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian)	Medical consulting	100.00	100.00	Note 10
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	
KS Corp.	KSA Energy Corporation (KSA Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	100.00	Note 4
	KSB Energy Corporation (KSB Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	100.00	100.00	Note 4
	Wahlee Green Energy (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment industry	51.00	51.00	Note 4
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	-	Note 11
	KSD Energy Corporation (KSD Corp.)	Solar power generation business	100.00	-	Note 12
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial materials	66.00	66.00	Please refer to Note 25
QuanShun Logistics Co., Ltd. (Quanshun Logistics)	Chuancheng Logistics Co., Ltd. (Chuancheng Logistics)	Freight forwarders and leasing business	100.00	-	Please refer to Note 26

(Concluded)

Note 1: In July 2019, Okayama Solar Ltd. has been liquidated.

Note 2: The ownership percentage in WL Indonesia increased to 70% due to the subscription of the Company for additional new shares of WL Indonesia at a percentage different from its existing shareholding proportion in June 2020. As the transaction did not change the control of the Group over WL Indonesia, the Group processed the equity transaction by reducing capital surplus by \$846 thousand.

Note 3: In May 2020, Meidi H.K. has been liquidated.

Note 4: The Group acquired KS Corp. and its subsidiaries at May 1, 2019 and obtained 51% ownership, refer to Note 25. In addition, WL Green Corp. is in the process of liquidation.

Note 5: In September 2019, the Company invested \$7,755 thousand (PHP12,750 thousand) in WL Philippines Corp. which was established in Philippines.

Note 6: In October 2019, the Company invested \$7,747 thousand (PHP12,700 thousand) in WL Philippines Inc. which was established in Philippines.

Note 7: In July 2020, the Company invested \$30,000 thousand in WH Energy which was established in Taiwan.

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: In November 2020, KS Corp. invested in KSD Corp. which was established in Taiwan. As of December 31, 2020, the investment amount was \$67,000 thousand.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2020	2019
<u>Investments in associates</u>		
Material associates		
Chang Wah Electromaterials Inc.	\$ 2,080,267	\$ 1,799,523
Associates that are not individually material	<u>2,741,815</u>	<u>2,755,507</u>
	<u>4,822,082</u>	<u>4,555,030</u>
<u>Investments in joint ventures</u>		
Joint ventures that are not individually material	<u>4,000</u>	<u>-</u>
	<u>\$ 4,826,082</u>	<u>\$ 4,555,030</u>

Refer to Tables 6 and 7 for the main business and location of the investments accounted for using the equity method.

a. Material associates

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	2020	2019
Chang Wah Electromaterials Inc.	30.98%	30.98%

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

Name of Associate	<u>December 31</u>	
	2020	2019
Chang Wah Electromaterials Inc.	<u>\$ 6,065,702</u>	<u>\$ 3,532,554</u>

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

	December 31	
	2020	2019
Current assets	\$ 11,117,986	\$ 10,022,351
Noncurrent assets	12,201,685	7,993,130
Current liabilities	(6,282,083)	(5,883,765)
Noncurrent liabilities	<u>(8,122,048)</u>	<u>(4,084,782)</u>
Equity	8,915,540	8,046,934
Non-controlling interests	<u>(2,418,385)</u>	<u>(2,455,979)</u>
	<u>\$ 6,497,155</u>	<u>\$ 5,590,955</u>
Percentage of ownership held by the Group (%)	30.98	30.98
Equity attributable to the Group	\$ 2,012,840	\$ 1,732,096
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 2,080,267</u>	<u>\$ 1,799,523</u>

	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 16,424,018</u>	<u>\$ 15,464,381</u>
Net profit for the year	\$ 1,362,120	\$ 1,405,855
Other comprehensive income for the year	<u>744,564</u>	<u>101,575</u>
Total comprehensive income for the year	<u>\$ 2,106,684</u>	<u>\$ 1,507,430</u>
Cash dividends received	<u>\$ 249,302</u>	<u>\$ 237,483</u>

As of December 31, 2020 and 2019, the Company's dividends receivable from Chang Wah Electromaterials Inc. were \$51,455 thousand and \$81,140 thousand, respectively.

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Group's share of		
Net profit for the year	\$ 271,096	\$ 190,198
Other comprehensive income (loss) for the year	<u>19,293</u>	<u>(65,782)</u>
Total comprehensive income for the year	<u>\$ 290,389</u>	<u>\$ 124,416</u>

c. Fluctuation in investment in associates and joint ventures

- 1) The Company 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%.
- 2) 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.

- 3) 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.
- 4) 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.
- 5) The Company signed a joint venture agreement with a Japanese company in December 2020 to jointly establish ORC Electrical Machinery Co., Ltd (ORC Co.). According to the joint venture agreement, the Company invested \$4,000 thousand to obtain 40% of the equity, and the two parties jointly led the operating activities of ORC Co.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 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
Acquisitions through business combinations	-	-	-	4,275	-	4,275
Additions	-	1,574	28,516	91,151	230,358	351,599
Disposals	(151,085)	-	(10,556)	(25,217)	(3,009)	(189,867)
Reclassified	-	-	168,622	-	(168,622)	-
Effect of foreign currency exchange differences	68	(68)	395	5,156	-	5,551
Balance at December 31, 2020	<u>\$ 744,230</u>	<u>\$ 1,044,017</u>	<u>\$ 1,973,680</u>	<u>\$ 894,191</u>	<u>\$ 303,192</u>	<u>\$ 4,959,310</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 295,986	\$ 122,637	\$ 568,635	\$ -	\$ 987,258
Acquisitions through business combinations	-	-	-	2,280	-	2,280
Depreciation expense	-	29,123	96,441	78,188	-	203,752
Disposals	-	-	(10,556)	(10,103)	-	(20,659)
Effect of foreign currency exchange differences	-	1,427	-	(326)	-	1,101
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 326,536</u>	<u>\$ 208,522</u>	<u>\$ 638,674</u>	<u>\$ -</u>	<u>\$ 1,173,732</u>
Carrying amount at December 31, 2020	<u>\$ 744,230</u>	<u>\$ 717,481</u>	<u>\$ 1,765,158</u>	<u>\$ 255,517</u>	<u>\$ 303,192</u>	<u>\$ 3,785,578</u>

For the year ended December 31, 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
Acquisitions through business combinations	151,085	-	1,199,144	7,479	204,475	1,562,183
Additions	2,868	27,456	42,491	84,668	305,165	462,648
Disposals	-	(185)	-	(31,646)	-	(31,831)
Reclassified	-	-	291,335	-	(291,335)	-
Effect of foreign currency exchange differences	(622)	(19,738)	(7,718)	(2,919)	3,080	(27,917)
Balance at December 31, 2019	<u>\$ 895,247</u>	<u>\$ 1,042,511</u>	<u>\$ 1,786,703</u>	<u>\$ 818,826</u>	<u>\$ 244,465</u>	<u>\$ 4,787,752</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
Acquisitions through business combinations	-	-	39,845	1,537	-	41,382
Depreciation expense	-	29,908	58,221	73,620	-	161,749
Disposals	-	(185)	-	(29,462)	-	(29,647)
Effect of foreign currency exchange differences	-	(5,572)	(610)	(1,858)	-	(8,040)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 295,986</u>	<u>\$ 122,637</u>	<u>\$ 568,635</u>	<u>\$ -</u>	<u>\$ 987,258</u>
Carrying amount at December 31, 2019	<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>

(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:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Additions to property, plant and equipment	\$ 351,599	\$ 462,648
Capitalization of interest	(12,644)	(2,304)
Increase (decrease) in prepayments for equipment	18,957	(12,694)
Decrease (increase) in payables for equipment	17,206	(17,151)
Increase in provisions	<u>(27,115)</u>	<u>-</u>
Cash paid	<u>\$ 348,003</u>	<u>\$ 430,499</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	7-20 years
Others	2-15 years

- c. Refer to Note 30 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

For the year ended December 31, 2020

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2020	\$ 3,317	\$ 135,470	\$ 9,059	\$ 147,846
Additions	28,884	524,091	2,771	555,746
Depreciation expense	(2,029)	(74,617)	(3,352)	(79,998)

(Continued)

	Land	Buildings	Other Equipment	Total
Effects of foreign currency exchange differences	\$ 44	\$ 607	\$ -	\$ 651
Balance at December 31, 2020	<u>\$ 30,216</u>	<u>\$ 585,551</u>	<u>\$ 8,478</u>	<u>\$ 624,245</u> (Concluded)

For the year ended December 31, 2019

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -
Adjustments on initial application of IFRS 16	<u>3,649</u>	<u>129,964</u>	<u>-</u>	<u>133,613</u>
Balance at January 1, 2019 (adjusted)	3,649	129,964	-	133,613
Acquisitions through business combinations	-	35,563	2,471	38,034
Additions	-	28,725	8,737	37,462
Depreciation expense	(200)	(50,416)	(2,139)	(52,755)
Lease modification	-	(5,506)	-	(5,506)
Effects of foreign currency exchange differences	<u>(132)</u>	<u>(2,860)</u>	<u>(10)</u>	<u>(3,002)</u>
Balance at December 31, 2019	<u>\$ 3,317</u>	<u>\$ 135,470</u>	<u>\$ 9,059</u>	<u>\$ 147,846</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	<u>\$ 64,747</u>	<u>\$ 32,649</u>
Noncurrent	<u>\$ 566,902</u>	<u>\$ 109,532</u>

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

	December 31	
	2020	2019
Land	1.85	-
Buildings	1.50-4.80	1.80-4.80
Other equipment	0.98-4.80	1.80-4.80

c. Material leasing activities and terms

The Group leases abovementioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment with lease terms of 1 to 20 years, which will expire from February 2021 to December 2043. 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 Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 107,978</u>	<u>\$ 126,200</u>
Expenses relating to low-value asset leases	<u>\$ 4,757</u>	<u>\$ 3,843</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 6,897</u>	<u>\$ 15,372</u>
Total cash outflow for leases	<u>\$ 197,727</u>	<u>\$ 204,023</u>

The Group's leases of certain subjects qualify as short-term or 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

	December 31	
	2020	2019
Secured bank loans (Note 30)	\$ 709,245	\$ 1,046,567
Unsecured bank loans	6,691,691	5,720,686
Others (Note 29)	<u>-</u>	<u>23,000</u>
	<u>\$ 7,400,936</u>	<u>\$ 6,790,253</u>
Annual interest rate (%)	0.50-3.70	0.43-3.92

b. Short-term bills payable

	December 31, 2020
Short-term bills payable	
China Bills Finance Corporation	\$ 30,000
Mega Bills Finance Corporation	<u>30,000</u>
	60,000
Less: Discount on short-term bills payable	<u>83</u>
	<u>\$ 59,917</u>
Annual interest rate (%)	1.64-1.79

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 1,799,823	\$ 1,799,438
Less: Syndicated loan fee	<u>4,320</u>	<u>5,760</u>
	1,795,503	1,793,678

(Continued)

	December 31	
	2020	2019
Bank loans (Note 2)	\$ <u>1,240,707</u> <u>3,036,210</u>	\$ <u>1,265,830</u> <u>3,059,508</u>
Secured borrowings (Note 30)		
Syndicated bank loans (Note 3)	1,080,081	998,755
Less: Syndicated loan fee	<u>11,822</u>	<u>7,513</u>
	1,068,259	991,242
Bank loans	540,149	706,625
Others	<u>919</u>	<u>3,090</u>
	<u>1,609,327</u>	<u>1,700,957</u>
Less: Current portions	<u>538,534</u>	<u>250,456</u>
	<u>\$ 4,107,003</u>	<u>\$ 4,510,009</u>
Annual interest rate (%)		
Syndicated bank loans	0.66-1.85	0.66-1.90
Bank loans	0.87-2.07	0.94-3.16
Others	3.00	3.00
Expiration period		
Syndicated bank loans	2023.01-2024.10	2023.01-2024.10
Bank loans	2021.02-2037.06	2020.06-2037.06
Others	2021.08	2021.08 (Concluded)

Note 1: The Company 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, 2020 and 2019.

Note 2: Pursuant to certain bank loan agreements, the Group should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements. The Group had met the requirement as of December 31, 2020 and 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 non-revolving credit.
 - a) The total amount of credit limit A is \$2.628 billion, which has to be fully paid off 36 months after the initial drawdown date.

- b) The total amount of credit limit B is \$2.628 billion, the first repayment will be made 6 months after the initial drawdown date and subsequent repayment will be made every 3 months, for a total of 19 periods. The repaid amount for period 1 through period 19 is 34% of the principal and the repaid amount for period 19 is 66% of the principal. Application for extension is acceptable.
- c) The total amount of credit limit C is \$1.715 billion, the first repayment will be made 3 months after the initial drawdown date and subsequent repayment will be made every three months, for a total of 20 periods. The repaid amount for period 1 through period 20 is 36% of the principal and the repaid amount for period 20 is 64% of the principal. Application for extension is acceptable.
- 2) Pursuant to bank loan agreements, each individual borrower should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual standalone financial statements. Each individual borrower had met the requirement as of December 31, 2020 and 2019.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

18. OTHER PAYABLES

	December 31	
	2020	2019
Payable for salaries or bonuses	\$ 673,642	\$ 524,065
Payable for employees' compensation and remuneration to directors	237,733	222,010
Payable for commission	28,960	18,366
Payable for freight fee	26,010	22,970
Payable for insurance premium	22,861	18,042
Payable for business tax	40,832	83,861
Payable for equipment	6,871	24,077
Others	<u>186,904</u>	<u>204,837</u>
	<u>\$ 1,223,813</u>	<u>\$ 1,118,228</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 414,688	\$ 431,598
Fair value of plan assets	<u>(99,848)</u>	<u>(110,930)</u>
Net defined benefit liability	<u>\$ 314,840</u>	<u>\$ 320,668</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	<u>\$ 456,907</u>	<u>\$ (117,671)</u>	<u>\$ 339,236</u>
Service cost			
Current service cost	5,309	-	5,309
Past service cost	(566)	-	(566)
Net interest expense (income)	<u>3,241</u>	<u>(915)</u>	<u>2,326</u>
Recognized in profit or loss	<u>7,984</u>	<u>(915)</u>	<u>7,069</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,255)	(4,255)
Actuarial loss - changes in financial assumptions	3,650	-	3,650
Actuarial gain - changes in demographic assumptions	(12)	-	(12)
Actuarial gain - experience adjustments	<u>(8,758)</u>	<u>-</u>	<u>(8,758)</u>
Recognized in other comprehensive income	<u>(5,120)</u>	<u>(4,255)</u>	<u>(9,375)</u>
Contributions from the employer	<u>-</u>	<u>(12,093)</u>	<u>(12,093)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Benefits paid	\$ (28,202)	\$ 24,004	\$ (4,198)
Exchange differences on foreign plans	<u>29</u>	<u>-</u>	<u>29</u>
Balance at December 31, 2019	<u>431,598</u>	<u>(110,930)</u>	<u>320,668</u>
Service cost			
Current service cost	2,370	-	2,370
Past service cost	(42)	-	(42)
Net interest expense (income)	<u>2,623</u>	<u>(741)</u>	<u>1,882</u>
Recognized in profit or loss	<u>4,951</u>	<u>(741)</u>	<u>4,210</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,873)	(3,873)
Actuarial loss - changes in financial assumptions	11,720	-	11,720
Actuarial gain - experience adjustments	<u>(3,377)</u>	<u>-</u>	<u>(3,377)</u>
Recognized in other comprehensive income	<u>8,343</u>	<u>(3,873)</u>	<u>4,470</u>
Contributions from the employer	<u>-</u>	<u>(11,508)</u>	<u>(11,508)</u>
Benefits paid	<u>(29,446)</u>	<u>27,204</u>	<u>(2,242)</u>
Exchange differences on foreign plans	<u>(758)</u>	<u>-</u>	<u>(758)</u>
Balance at December 31, 2020	<u>\$ 414,688</u>	<u>\$ (99,848)</u>	<u>\$ 314,840</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Discount rate (%)	0.30	0.65
Expected rate of salary increase (%)	2.00	2.00

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Discount rate(s)		
0.25% increase	<u>\$ (8,425)</u>	<u>\$ (9,008)</u>
0.25% decrease	<u>\$ 8,711</u>	<u>\$ 9,319</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 8,542</u>	<u>\$ 9,170</u>
0.25% decrease	<u>\$ (8,307)</u>	<u>\$ (8,913)</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
The expected contributions to the plan for the next year	<u>\$ 26,354</u>	<u>\$ 27,009</u>
The average duration of the defined benefit obligation	8 years	8 years

20. EQUITY

a. Share capital

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<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>
Amount of issued and fully paid shares	<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. Based on the Company's articles of incorporation (the "Articles"), part of authorized shares can be issued as preferred shares.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of share capital	\$ 1,160,519	\$ 1,160,519
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	-	29
<u>May be used only to offset a deficit</u>		
Donations	11,867	11,867
Expired share options	22,374	22,374
Share of changes in capital surplus of associates	21,755	22,572
<u>May not be used for any purpose</u>		
Share of changes in capital surplus of associates	<u>115,210</u>	<u>100,704</u>
	<u>\$ 1,331,725</u>	<u>\$ 1,318,065</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company'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 Company 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 Company'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 Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

The dividend policy of the Company 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 Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company'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 Company. On the first-time

adoption of IFRSs, the Company 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:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
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>		

The appropriations of earnings for 2020 had been proposed by the Company's board of directors on March 26, 2021. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	<u>\$ 183,957</u>	
Special reserve	<u>\$ (343,469)</u>	
Cash dividends to shareholders	<u>\$ 925,561</u>	\$ 4.0

The Company's board of directors also proposed to transfer the amount of \$46,278 thousand from capital surplus to share capital, issue share dividend equivalent to \$0.2 per share, and increase capital by 4,628 thousand new ordinary shares.

The appropriations of earnings for 2020 and capital surplus transferred to share capital are subject to the resolution in the shareholders' meeting to be held on May 28, 2021.

d. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (607,512)	\$ (355,909)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	15,159	(202,505)
Share from associates accounted for using the equity method	9,920	(93,657)
Income tax	(4,571)	45,714
Reclassification adjustment		
Disposal of foreign operations	<u>3,371</u>	<u>(1,155)</u>
Balance at December 31	<u>\$ (583,633)</u>	<u>\$ (607,512)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (372,575)	\$ (323,438)
Recognized for the year		
Unrealized gain (loss) - equity instruments	110,390	(114,290)
Share from associates accounted for using the equity method	235,449	72,404
Income tax	6,911	11,672
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal		
Equity instruments of the Group	(18,567)	4,652
Share from associates accounted for using the equity method	<u>(14,593)</u>	<u>(23,575)</u>
Balance at December 31	<u>\$ (52,985)</u>	<u>\$ (372,575)</u>

e. Non-Controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 1,839,706	\$ 1,343,281
Other comprehensive income (loss) during the year		
Net profit for the year	186,996	143,259
Exchange differences on translating the financial statements of foreign operations	(1,904)	(36,608)
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	-	7,323
Non-controlling interests arising from subsidiaries' capital increase	11,729	16,736
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	-	386,043
Cash dividends distributed to non-controlling interests	(3,196)	(20,328)
Capital refund from subsidiaries	<u>(2,880)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,030,451</u>	<u>\$ 1,839,706</u>

21. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	\$ 58,183,071	\$ 53,969,523
Other operating revenue	<u>897,849</u>	<u>712,306</u>
	<u>\$ 59,080,920</u>	<u>\$ 54,681,829</u>

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (including related parties)	\$ 2,406,695	\$ 1,988,198	\$ 1,823,042
Net accounts receivable (including related parties)	<u>15,225,203</u>	<u>13,587,121</u>	<u>13,331,880</u>
	<u>\$ 17,631,898</u>	<u>\$ 15,575,319</u>	<u>\$ 15,154,922</u>
Contract liabilities			
Sale of goods	<u>\$ 345,351</u>	<u>\$ 289,480</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 years ended December 31, 2020 and 2019, except the increase in contract liabilities of \$30,449 thousand due to the acquisition of subsidiaries in 2019.

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

	For the Year Ended December 31	
	2020	2019
Sale of goods	<u>\$ 286,976</u>	<u>\$ 151,748</u>

b. Disaggregation of revenue

Refer to Note 34 for information about the disaggregation of revenue.

22. NET PROFIT

The details of net profit were as follows:

a. Other income (Note 29)

	For the Year Ended December 31	
	2020	2019
Rental income	\$ 25,068	\$ 21,213
Dividends	16,696	12,714
Consulting service income	38,551	16,963
Government grants	31,625	50,497
Others	<u>39,797</u>	<u>48,571</u>
	<u>\$ 151,737</u>	<u>\$ 149,958</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial instruments designated as at FVTPL	\$ (6,464)	\$ (4,814)

(Continued)

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	\$ (31,107)	\$ (5,502)
Gains on disposals of property, plants and equipment	24,182	1,189
Others	<u>(38,060)</u>	<u>(20,362)</u>
	<u>\$ (51,449)</u>	<u>\$ (29,489)</u>
		(Concluded)

c. Financial costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 197,174	\$ 269,138
Syndicated loan fee amortization	3,050	3,417
Interest on lease liabilities	11,203	3,775
Less: amount included in cost of qualifying assets	<u>6,778</u>	<u>2,304</u>
	<u>\$ 204,649</u>	<u>\$ 274,026</u>
Capitalized rate (%)	1.85	1.90

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 203,752	\$ 161,749
Right-of-use assets	79,998	52,755
Intangible assets	33,750	26,781
Other noncurrent assets	7,323	5,034
Less: amount included in cost of qualifying assets	<u>5,866</u>	<u>-</u>
	<u>\$ 318,957</u>	<u>\$ 246,319</u>
An analysis of depreciation by function		
Operating costs	\$ 166,101	\$ 92,986
Operating expenses	<u>111,783</u>	<u>121,518</u>
	<u>\$ 277,884</u>	<u>\$ 214,504</u>
An analysis of amortization by function		
Operating costs	\$ 9,700	\$ 4,145
Operating expenses	<u>31,373</u>	<u>27,670</u>
	<u>\$ 41,073</u>	<u>\$ 31,815</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 1,566,685	\$ 1,406,989
Post-employment benefits		
Defined contribution plans	39,632	54,178
Defined benefit plans (Note 19)	<u>4,210</u>	<u>7,069</u>
	<u>43,842</u>	<u>61,247</u>
	<u>\$ 1,610,527</u>	<u>\$ 1,468,236</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 87,960	\$ 58,611
Operating expenses	<u>1,522,567</u>	<u>1,409,625</u>
	<u>\$ 1,610,527</u>	<u>\$ 1,468,236</u>

f. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates between 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Company's board of directors on March 26, 2021 and March 25, 2020, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Withdrawal Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 210,798	11	\$ 200,997
Remuneration of directors paid in cash	1.15	26,935	1.15	21,013

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

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

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 494,473	\$ 385,625
Income tax on unappropriated earnings	11,325	13,869
Adjustments for prior years	<u>391</u>	<u>7,702</u>
	506,189	407,196
Deferred tax		
In respect of the current year	<u>83,330</u>	<u>(113)</u>
	<u>\$ 589,519</u>	<u>\$ 407,083</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 2,635,635</u>	<u>\$ 1,966,164</u>
Income tax expense calculated at the statutory rate	\$ 573,250	\$ 418,251
Nondeductible expenses in determining taxable income	6,972	5,219
Domestic investment income	(113,398)	(103,673)
Deferred tax effect of earnings of subsidiaries	99,715	64,196
Other adjustments	6,912	(4,849)
Income tax on unappropriated earnings	11,325	13,869
Adjustments for prior years	391	7,702
Nondeductible withholding tax	<u>4,352</u>	<u>6,368</u>
	<u>\$ 589,519</u>	<u>\$ 407,083</u>

The corporate income tax rate is 20%, the applicable tax rate used by subsidiaries in China is 25%, the applicable tax rate used by subsidiaries in Singapore is 17%, the applicable tax rate used by subsidiaries in Thailand is 20%, and tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of appropriations of earnings for 2021 is uncertain, the potential income tax consequences of the 2020 unappropriated earnings are not reliably determinable.

- b. Income tax benefit recognized directly in equity - only for the year ended December 31, 2019

	Amount
<u>Deferred tax benefit</u>	
Disposal parts of subsidiaries' equity	<u>\$ 2,012</u>

c. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax benefit		
In respect of the current year		
Unrealized loss on financial assets at FVTOCI	\$ 6,911	\$ 11,672
Remeasurement on defined benefit plan	893	(1,875)
Translation of foreign operations	<u>(4,571)</u>	<u>45,714</u>
	<u>\$ 3,233</u>	<u>\$ 55,511</u>

d. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets	<u>\$ 114</u>	<u>\$ -</u>
Income tax payable	<u>\$ 272,968</u>	<u>\$ 221,112</u>

e. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Temporary differences					
Provision for loss on inventories	\$ 42,769	\$ (7,995)	\$ -	\$ 557	\$ 35,331
Unpaid bonuses	67,470	20,544	-	368	88,382
Refund liabilities	32,164	2,627	-	-	34,791
Unrealized consulting expenses	27,248	237	-	369	27,854
Defined benefit plans	62,456	(3,347)	893	-	60,002
Foreign operations loss and exchange differences	36,511	(4,655)	3,987	-	35,843
Others	<u>57,031</u>	<u>4,109</u>	<u>1,929</u>	<u>(234)</u>	<u>62,835</u>
	325,649	11,520	6,809	1,060	345,038
Loss carryforwards	<u>-</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
	<u>\$ 325,649</u>	<u>\$ 11,613</u>	<u>\$ 6,809</u>	<u>\$ 1,060</u>	<u>\$ 345,131</u>
Deferred Tax Liabilities					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,046,988	\$ 95,044	\$ 3,576	\$ -	\$ 1,145,608
Others	<u>9,845</u>	<u>(101)</u>	<u>-</u>	<u>-</u>	<u>9,744</u>
	<u>\$ 1,056,833</u>	<u>\$ 94,943</u>	<u>\$ 3,576</u>	<u>\$ -</u>	<u>\$ 1,155,352</u>

For the year ended December 31, 2019

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

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Evaluation loss of foreign investments	<u>\$ 116,383</u>	<u>\$ 116,383</u>

- g. Information about unused loss carryforwards

As of December 31, 2020, the loss carryforwards comprise of:

	<u>NT\$</u>	<u>Expiry Year</u>
	<u>\$ 467</u>	2030

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

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$1,173,920 thousand and \$803,232 thousand.

- i. Income tax assessments

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

Shanghai Yikang and Dongguan Hua Gang had completed the filing of their tax returns through 2019 with the tax authorities.

24. EARNINGS PER SHARE (EPS)

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

- a. Net profit for the year attributable to the owners of the Company

For the Year Ended December 31
2020 **2019**

Earnings used in the computation to basic/diluted EPS \$ 1,859,120 \$ 1,415,822

- b. Weighted average number of shares outstanding (in thousands)

For the Year Ended December 31
2020 **2019**

Weighted average number of shares outstanding used in
computation of basic EPS 231,390 231,390

Effect of potentially dilutive shares
Employees' compensation 6,768 7,503

Weighted average number of shares outstanding used in
computation of diluted EPS 238,158 238,893

The Company offers to settle the employees' compensation in cash or shares; thus, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

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

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

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

	KS Corp.	Shanghai Lihuang	WT Indonesia
Current assets			
Cash and cash equivalents	\$ 67,714	\$ 6,980	\$ 8,967
Financial assets at FVTPL	7,648	-	-
Accounts receivable	32,420	158	45,530
Other receivables	2,585	150	4,484
Current tax assets	28	-	-
Inventories	11,891	3,761	-
Prepayments for purchases	28,774	-	-
Other current assets	29,989	69	340
Noncurrent assets			
Investments under the equity method	79,989	-	-
Property, plant and equipment	1,520,801	-	-
Right-of-use assets	36,588	1,446	-
Other intangible assets	138,062	20,574	-
Other financial assets - noncurrent	79,607	-	-
Deferred tax assets	1,404	-	147
Refundable deposits	21,301	-	47
Current liabilities			
Short-term borrowings	(160,510)	-	-
Contract liabilities - current	(29,514)	(935)	-
Notes and accounts payable	(115,060)	(10,008)	(51,679)
Other payables	(2,347)	-	(653)
Current tax liabilities	(10,892)	-	(7)
Other current liabilities	(505)	-	-
Noncurrent liabilities			
Long-term borrowings	(932,345)	-	-
Lease liabilities - noncurrent	(36,588)	(1,446)	-
Deferred tax liabilities	(1,404)	-	-
	<u>\$ 769,636</u>	<u>\$ 20,749</u>	<u>\$ 7,176</u>

c. Goodwill recognized on acquisitions

	KS Corp.	Shanghai Lihuang	WT Indonesia
Consideration transferred	\$ 468,384	\$ 14,518	\$ 2,020
Plus: Fair value of the equity held by the Group on the date of acquisition	5,136	-	2,444
Plus: Non-controlling interests	377,101	6,231	2,712
Less: Fair value of identifiable net assets acquired	<u>(769,636)</u>	<u>(20,749)</u>	<u>(7,176)</u>
Goodwill recognized on acquisitions	<u>\$ 80,985</u>	<u>\$ -</u>	<u>\$ -</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., Shanghai Lihuang and WT Indonesia were measured at their proportionate share of recognized identifiable net assets.

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

	KS Corp.	Shanghai Lihuang	WT Indonesia
Consideration paid in cash	\$ 468,384	\$ 14,518	\$ 2,020
Less: Cash and cash equivalent acquired	<u>(67,714)</u>	<u>(6,980)</u>	<u>(8,967)</u>
	<u>\$ 400,670</u>	<u>\$ 7,538</u>	<u>\$ (6,947)</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates to December 31, 2019 were as follows:

	KS Corp.	Shanghai Lihuang	WT Indonesia
Revenue	<u>\$ 154,231</u>	<u>\$ 4,104</u>	<u>\$ 21,380</u>
Net profit (loss)	<u>\$ 25,725</u>	<u>\$ (1,185)</u>	<u>\$ (585)</u>

Had these acquisitions of subsidiaries been in effect at the beginning of the annual reporting period, the Group's pro-forma revenue and pro-forma net profit would have been \$54,917,757 thousand and \$1,540,832 thousand, respectively, for the year ended December 31, 2019. 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. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

In order to obtain a logistics transportation business license, the Group acquired 100% of the equity shares of Chuancheng Logistics Co., Ltd. at a consideration of \$12,947 thousand in cash. In accordance with IFRS 3, the Group evaluated and concluded that the acquired shares of Chuancheng Logistics Co., Ltd. do not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

The information relating to the assets acquired and liabilities assumed and the relevant net cash outflow at the date of acquisition:

a. Acquisition of assets

	Amount
Current assets	
Cash and cash equivalent	\$ 9,947
Other current assets	28
Noncurrent assets	
Property, plant and equipment	1,995
Other intangible assets	<u>977</u>
	<u>\$ 12,947</u>

b. Net cash outflow on acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ 12,947
Less: Cash and cash equivalent acquired	<u>(9,947)</u>
	<u>\$ 3,000</u>

27. CAPITAL MANAGEMENT

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

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

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

The Group is not subject to any externally imposed capital requirements, except those discussed in Note 16.

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 72,066	\$ -	\$ -	\$ 72,066
Structured deposits	-	139,576	-	139,576
Foreign exchange options contracts	<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>
	<u>\$ 72,066</u>	<u>\$ 139,599</u>	<u>\$ -</u>	<u>\$ 211,665</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 154,071	\$ 75,491	\$ -	\$ 229,562
Unlisted shares	-	-	504,180	504,180
Foreign listed shares	<u>19,956</u>	<u>-</u>	<u>-</u>	<u>19,956</u>
	<u>\$ 174,027</u>	<u>\$ 75,491</u>	<u>\$ 504,180</u>	<u>\$ 753,698</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 280</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 options 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>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 99,708	\$ -	\$ -	\$ 99,708
Unlisted shares	-	-	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>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,372</u>	<u>\$ -</u>	<u>\$ 1,372</u>

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 511,494	\$ 569,293
Disposal	(1,288)	-
Recognized in other comprehensive income	<u>(6,026)</u>	<u>(57,799)</u>
Balance at December 31	<u>\$ 504,180</u>	<u>\$ 511,494</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.
Emerging market shares	The fair value is assessed by reference to the transaction price supported by observable market prices.

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

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 211,665	\$ 172,741
FVTOCI		
Equity instruments	753,698	641,881
Measured at amortized cost (Note 1)	21,912,133	19,119,808
<u>Financial liabilities</u>		
FVTPL		
Held for trading	280	1,372
Measured at amortized cost (Note 2)	20,879,466	18,902,823

Note 1: Including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties) and other financial assets, etc.

Note 2: Including short-term borrowings, short-term bills payable, notes payable (including related parties), accounts payable (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 32.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the years ended December 31, 2020 and 2019 would have been higher (lower) by \$3,837 thousand and \$6,252 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 1,025,233	\$ 1,127,532
Financial liabilities	6,096,367	4,701,852
Cash flow interest rate risk		
Financial assets	2,929,897	1,941,525
Financial liabilities	6,641,672	6,991,047

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have been lower/higher by \$37,118 thousand and \$50,495 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have been higher/lower by \$721 thousand and \$726 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have been higher/lower by \$7,537 thousand and \$6,419 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the following:

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

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

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

3) Liquidity risk

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

ensures compliance with loan covenants.

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities 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, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

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

	Less than 1 Year	1-5 Years	5-10 Years	10-20 Years	Total
<u>December 31, 2020</u>					
Non-interest bearing liabilities	\$ 8,772,860	\$ 1,616	\$ -	\$ -	\$ 8,774,476
Variable interest rate liabilities	4,816,721	988,769	600,451	385,440	6,791,381
Lease liabilities	84,622	253,293	170,577	233,857	742,349
Fixed interest rate liabilities	3,715,747	1,818,464	-	-	5,534,211
Financial guarantee contracts	<u>1,160,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,995</u>
	<u>\$ 18,550,945</u>	<u>\$ 3,062,142</u>	<u>\$ 771,028</u>	<u>\$ 619,297</u>	<u>\$ 23,003,412</u>
<u>December 31, 2019</u>					
Non-interest bearing liabilities	\$ 7,351,686	\$ 419	\$ -	\$ -	\$ 7,352,105
Variable interest rate liabilities	4,641,911	2,270,688	234,972	216,833	7,364,404
Lease liabilities	37,408	94,547	11,077	7,749	150,781
Fixed interest rate liabilities	2,611,089	2,071,983	-	-	4,683,072
Financial guarantee contracts	<u>777,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>777,098</u>
	<u>\$ 15,419,192</u>	<u>\$ 4,437,637</u>	<u>\$ 246,049</u>	<u>\$ 224,582</u>	<u>\$ 20,327,460</u>

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

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

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

	December 31	
	2020	2019
Discounted to banks	<u>\$ 709,245</u>	<u>\$ 1,046,567</u>
Endorsement transfer to suppliers	<u>\$ 413,991</u>	<u>\$ 203,259</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 accounts payable 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 accounts payable. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2020 and 2019, the face amount of these unsettled bills receivable was \$390,423 thousand and \$39,687 thousand, respectively. The unsettled bills receivable will be due in 1-7 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

During the years ended December 31, 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.

29. RELATED PARTY TRANSACTIONS

Transactions between the Group and related parties were disclosed as follows:

a. Name of related parties and relation

<u>Related Parties</u>	<u>Relation with the Group</u>
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
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
WL Green Corp.	Associate (became a subsidiary since May 2019)
Eco Energy Corporation	Associate
Open sky Technology Corp.	Associate (adopt equity method for subsidiaries)
Welo-tech Corp.	Associate (adopt equity method for subsidiaries)
Shanghai Chang Wah Electromaterials Inc.	Associate's subsidiary
Chang Wah International Trade (Shenzhen) Co., Ltd.	Associate's subsidiary
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary

(Continued)

Related Parties	Relation with the Group
Sun Hong Optronics Ltd.	Associate's subsidiary
Qingdao Changhong Optoelectronics Ltd.	Associate's subsidiary
Xiamen G&H Electronics Co., Ltd.	Associate's subsidiary
Ningpo Changhong Optoelectronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
PT Wah Hong Indonesia	Associate's subsidiary
Suzhou Shanji Photoelectric Co., Ltd.	Associate's subsidiary (since April 2019)
Bao Guang Investment Co., Ltd.	Key management personnel (Director of the Company)
Daily Polymer Corp.	Other related party
Raycon Industries Inc.	Other related party
Asahi Kasei Wah Lee Hi-tech Corp.	Other related party
JingYi Technology Co.	Other related party
Forcera Materials Co., Ltd.	Other related party
Taigene Biotechnology Co., Ltd.	Other related party
Minima Co., Ltd.	Other related party
Sin Hao Co., Ltd.	Other related party
Eleocom Co., Ltd.	Other related party (has been incorporated since April 2020) (Concluded)

b. Operating transactions

1) Sales of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates and their subsidiaries	\$ 401,212	\$ 489,260
Other related parties	<u>24,902</u>	<u>17,811</u>
	<u>\$ 426,114</u>	<u>\$ 507,071</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 Year Ended December 31	
	2020	2019
Associates and their subsidiaries	\$ 576,889	\$ 398,884
Other related parties	<u>1,348,756</u>	<u>1,258,097</u>
	<u>\$ 1,925,645</u>	<u>\$ 1,656,981</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 Year Ended December 31	
	2020	2019
Associates	\$ 608	\$ -
Other related parties	<u>154</u>	<u>241</u>
	<u>\$ 762</u>	<u>\$ 241</u>

4) Receivables from related parties

	December 31	
	2020	2019
<hr/> Notes receivable - related parties <hr/>		
Associates	<u>\$ 6,925</u>	<u>\$ 15,538</u>
<hr/> Accounts receivable - related parties <hr/>		
Associates and their subsidiaries	\$ 110,179	\$ 98,237
Other related parties	<u>4,269</u>	<u>7,178</u>
	114,448	105,415
Less: Allowance for losses	<u>1,006</u>	<u>295</u>
	<u>\$ 113,442</u>	<u>\$ 105,120</u>
<hr/> Other receivables - related parties <hr/>		
Associates and their subsidiaries		
Chang Wah Electromaterials Inc.	\$ 51,455	\$ 81,140
Others	7,998	2,077
Other related parties	<u>299</u>	<u>354</u>
	<u>\$ 59,752</u>	<u>\$ 83,571</u>

The outstanding accounts receivable from related parties are unsecured.

5) Payables to related parties

	December 31	
	2020	2019
<hr/> Notes payable - related parties <hr/>		
Associates	<u>\$ 1,261</u>	<u>\$ 201</u>
<hr/> Accounts payable - related parties <hr/>		
Associates and their subsidiaries	\$ 127,555	\$ 108,081
Other related parties	<u>250,449</u>	<u>246,629</u>
	<u>\$ 378,004</u>	<u>\$ 354,710</u>

(Continued)

	<u>December 31</u>	
	2020	2019
<u>Other payables</u>		
Associates and their subsidiaries	\$ 7,686	\$ 5
Other related parties	<u>667</u>	<u>329</u>
	<u>\$ 8,353</u>	<u>\$ 334</u>
		(Concluded)

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

6) Contract liabilities

	<u>December 31</u>	
Related Party Category	2020	2019
Associates	<u>\$ 27,872</u>	<u>\$ -</u>

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

	<u>December 31</u>	
Related Party Category/Name	2020	2019
Associates		
Eco Energy Corporation	<u>\$ -</u>	<u>\$ 23,000</u>

Interest expense

	<u>For The Year Ended December 31</u>	
Related Party Category/Name	2020	2019
Associates		
Eco Energy Corporation	<u>\$ (78)</u>	<u>\$ 1,290</u>

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

The overestimated interest expense of \$149 thousand in 2019 was reversed and adjusted to interest expense in 2020.

d. Acquisition of property, plant and equipment

	<u>For The Year Ended December 31</u>	
Related Party Category	2020	2019
Associates	<u>\$ 114,606</u>	<u>\$ 68,762</u>

e. Disposals of property, plant and equipment

	<u>Proceeds</u>		<u>Gain on Disposal</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	2020	2019	2020	2019
Associates	<u>\$ 9,181</u>	<u>\$ 57</u>	<u>\$ 1,208</u>	<u>\$ 57</u>

f. Disposals of investment under the equity method - only for the year ended December 31, 2020

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>

g. Other income

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Associated and their subsidiaries		
Wah Hong Industrial Corp.	\$ 25,059	\$ 7,230
Others	<u>8,173</u>	<u>10,106</u>
	33,232	17,336
Other related parties	3,425	3,408
Key management personnel	<u>24</u>	<u>24</u>
	<u>\$ 36,681</u>	<u>\$ 20,768</u>

Other income included rental income, consulting service income and endorsement income.

h. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Lease expense		
Associated	\$ 35	\$ -
Other related parties	<u>279</u>	<u>331</u>
	<u>\$ 314</u>	<u>\$ 331</u>

i. Endorsements and guarantees

Related Party Category	December 31	
	2020	2019
Associates and their subsidiaries		
Amount endorsed	<u>\$ 1,183,456</u>	<u>\$ 1,281,922</u>
Amount utilized	<u>\$ 770,572</u>	<u>\$ 737,411</u>
Other related parties		
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

j. Compensation of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 128,143	\$ 126,146
Post-employment benefits	<u>909</u>	<u>1,169</u>
	<u>\$ 129,052</u>	<u>\$ 127,315</u>

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

30. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2020	2019
Notes receivable	\$ 1,123,236	\$ 1,249,826
Other financial assets - current	1,300	1,345
Other financial assets - noncurrent	89,330	79,673
Property, plant and equipment		
Freehold land	457,022	608,107
Buildings	410,439	426,129
Power generation equipment	1,460,394	1,338,092
Other	<u>1,260</u>	<u>4,694</u>
	<u>\$ 3,452,981</u>	<u>\$ 3,707,866</u>

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 were as follows:

- a. The Group's unused letters of credit for purchase of merchandise were \$557,592 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were \$209,168 thousand.
- c. Company A filed a lawsuit with the Taipei District Court against KS Corp. for failing to fulfill its obligation of placing orders under a purchase agreement and demanded a compensation of \$50,363 thousand. In October 2020, a judgment entered in the first instance was announced that Company A won the case; KS Corp. filed an appeal. The Group believed that the plaintiff's demand is unfounded and did not record related compensation loss due to the uncertainty of the final trial.
- d. Company B filed a letter to KS Corp. in November 2020 to terminate a lease agreement, requested KS Corp. to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. KS Corp., based on the advice from legal counsel, believed that there were unavoidable reasons for it to waive the default penalty. Therefore, KS Corp. derecognized the aforementioned guarantee deposit and related construction in progress and recorded losses, but no loss related to default penalty was recognized. In addition KS Corp. has filed a lawsuit against the request of company B.

32. 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
<u>December 31, 2020</u>				
Monetary financial assets				
USD	\$ 216,737	28.48	(USD:NTD)	\$ 6,172,663
USD	33,776	7.7539	(USD:HKD)	961,941
USD	22,747	6.5295	(USD:RMB)	647,823
USD	2,191	25,657.66	(USD:VND)	62,406
USD	1,011	29.8	(USD:THB)	28,790
Nonmonetary financial assets				
Investments accounted for using the equity method				
USD	11,806	28.48	(USD:NTD)	336,226
RMB	175,480	4.3617	(RMB:NTD)	765,397
RMB	1,293,025	1.1875	(RMB:HKD)	5,638,929
JPY	466,818	0.2763	(JPY:NTD)	128,982
HKD	1,751,208	3.6730	(HKD:NTD)	6,432,186
THB	186,628	0.9556	(THB:NTD)	178,342
PHP	23,780	0.5861	(PHP:NTD)	13,937
Monetary financial liabilities				
USD	211,176	28.48	(USD:NTD)	6,014,305
USD	16,090	7.7539	(USD:HKD)	458,256
USD	26,858	6.5295	(USD:RMB)	764,904
USD	7,511	25,657.66	(USD:VND)	213,921
USD	1,355	29.8	(USD:THB)	38,580
<u>December 31, 2019</u>				
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
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

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
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
				(Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were \$31,107 thousand and \$5,502 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.

33. 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 or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net loss of \$9,066 thousand on derivative instruments transactions for the year ended December 31, 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: Table 8
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of and for the year ended December 31, 2020 were as follow:

Counterparties	Line Item	Amount
Shanghai Yikang	Other income	\$ 29,158
Shanghai Yikang	Commission expense	111,499
Shanghai Yikang	Other receivables	107,472
Shanghai Yikang	Other payables	26,915
Shanghai Hua Chang Trading Co., Ltd.	Other income	369
Shanghai Yadi	Other receivables	2,022
Shanghai Yadi	Other income	2,059

- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

34. SEGMENT INFORMATION

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

- Wah Lee Industrial Corporation (“Wah Lee”) is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.
- Raycong H.K. and its subsidiary Dongguan Hua Gang (“Raycong”) are mainly engaged in the trade of engineering plastic, composite materials and equipment.
- Shanghai Yikang is mainly engaged in trade of manufacturing materials and import/export business.
- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 12 for details.

Segment revenue and results

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

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2020</u>						
Revenue from external customers	\$ 30,162,503	\$ 12,929,949	\$ 12,626,605	\$ 3,361,863	\$ -	\$ 59,080,920
Inter-segment revenue	<u>3,073,988</u>	<u>63,123</u>	<u>206,832</u>	<u>200,102</u>	<u>(3,544,045)</u>	<u>-</u>
Segment revenue	<u>\$ 33,236,491</u>	<u>\$ 12,993,072</u>	<u>\$ 12,833,437</u>	<u>\$ 3,561,965</u>	<u>\$ (3,544,045)</u>	<u>\$ 59,080,920</u>
Segment income	\$ 640,341	\$ 535,813	\$ 629,162	\$ 222,259	\$ 80,340	\$ 2,107,915
Interest income	709	2,261	46,104	2,944	-	52,018
Other income	189,594	13,449	44,430	9,307	(105,043)	151,737
Other gains and losses	(49,813)	9,463	(17,844)	(8,981)	15,726	(51,449)
Financial costs	<u>(79,298)</u>	<u>(48,207)</u>	<u>(37,670)</u>	<u>(40,584)</u>	<u>1,110</u>	<u>(204,649)</u>
Profit before income tax	701,533	512,779	664,182	184,945	(7,867)	2,055,572
Income tax expense	<u>(245,349)</u>	<u>(125,229)</u>	<u>(171,269)</u>	<u>(46,932)</u>	<u>(740)</u>	<u>(589,519)</u>
Net profit after tax	<u>\$ 456,184</u>	<u>\$ 387,550</u>	<u>\$ 492,913</u>	<u>\$ 138,013</u>	<u>\$ (8,607)</u>	1,466,053
Share of profit or loss of associates under the equity method						<u>580,063</u>
Consolidated net profit						<u>\$ 2,046,116</u>
<u>December 31, 2019</u>						
Identifiable assets	<u>\$ 14,045,546</u>	<u>\$ 6,738,647</u>	<u>\$ 8,596,468</u>	<u>\$ 5,416,032</u>	<u>\$ (979,615)</u>	\$ 33,817,078
Goodwill						111,809
Investment accounted for using the equity method						<u>4,826,082</u>
Total assets						<u>\$ 38,754,969</u>
<u>For the year ended December 31, 2019</u>						
Revenue from external customers	\$ 26,044,832	\$ 11,973,415	\$ 13,414,743	\$ 3,248,839	\$ -	\$ 54,681,829
Inter-segment revenue	<u>3,180,968</u>	<u>63,282</u>	<u>175,391</u>	<u>162,624</u>	<u>(3,582,265)</u>	<u>-</u>
Segment income	<u>\$ 29,225,800</u>	<u>\$ 12,036,697</u>	<u>\$ 13,590,134</u>	<u>\$ 3,411,463</u>	<u>\$ (3,582,265)</u>	<u>\$ 54,681,829</u>
Segment income	\$ 479,573	\$ 364,892	\$ 484,643	\$ 158,811	\$ 86,516	\$ 1,574,435
Interest revenue	1,274	1,685	6,460	5,460	-	14,879
Other income	183,140	8,462	63,403	10,393	(115,440)	149,958
Other gains and losses	(1,119)	(18,463)	(21,735)	4,122	7,706	(29,489)
Financial costs	<u>(128,708)</u>	<u>(82,720)</u>	<u>(27,761)</u>	<u>(35,278)</u>	<u>441</u>	<u>(274,026)</u>
Profit before income tax	534,160	273,856	505,010	143,508	(20,777)	1,435,757
Income tax expense	<u>(189,416)</u>	<u>(62,251)</u>	<u>(130,616)</u>	<u>(24,766)</u>	<u>(34)</u>	<u>(407,083)</u>
Net profit after tax	<u>\$ 344,744</u>	<u>\$ 211,605</u>	<u>\$ 374,394</u>	<u>\$ 118,742</u>	<u>\$ (20,811)</u>	1,028,674

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Share of profit or loss of associates under the equity method						\$ 530,407
Consolidated net profit						\$ 1,559,081
<hr/>						
December 31, 2019						
Identifiable assets	\$ 12,563,868	\$ 6,115,190	\$ 7,995,336	\$ 4,573,669	\$ (1,504,887)	\$ 29,743,176
Goodwill						112,668
Investment accounted for using the equity method						4,555,030
Total assets						\$ 34,410,874

(Concluded)

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

b. Revenue from major products and services

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

	<u>For the Year Ended December 31</u>	
	2020	2019
IT industry	\$ 20,224,937	\$ 18,842,403
FPD industry	16,249,182	15,103,754
Semiconductor industry	12,129,747	10,717,080
PCB industry	6,369,176	5,359,587
Opto-electronics	1,640,036	2,078,534
Others	<u>2,467,842</u>	<u>2,580,471</u>
	<u>\$ 59,080,920</u>	<u>\$ 54,681,829</u>

c. Geographical information

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

	<u>Revenue from External Customers</u>		<u>Noncurrent Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	2020	2019	2020	2019
Taiwan	\$ 17,279,050	\$ 14,823,120	\$ 3,687,029	\$ 3,186,812
China	32,094,120	30,554,546	438,468	437,545
Others	<u>9,707,750</u>	<u>9,304,163</u>	<u>564,645</u>	<u>608,663</u>
	<u>\$ 59,080,920</u>	<u>\$ 54,681,829</u>	<u>\$ 4,690,142</u>	<u>\$ 4,233,020</u>

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

d. Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2020 and 2019.

TABLE 1**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	\$ 64,863	\$ -	\$ -	-	short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,328,820	\$ 1,328,820	
2	Shenzhen Huaying	Xiamen Hua Chen Da	Other receivables - related parties	Yes	17,515	8,723	6,979	4.77	short-term financing	-	Operating capital	-	-	-	62,360	62,360	
3	Dongguan Hua Gang	Guangjou Shing Shain	Other receivables - related parties	Yes	39,408	39,255	-	-	short-term financing	-	Operating capital	-	-	-	699,145	699,145	
3	Dongguan Hua Gang	Meizhou Bailun	Other receivables - related parties	Yes	19,891	-	-	-	short-term financing	-	Operating capital	-	-	-	699,145	699,145	
4	KS Corp.	KSA Energy	Other receivables - related parties	Yes	30,000	30,000	10,000	2.00	short-term financing	-	Operating capital	-	-	-	208,883	208,883	

Note 1: RMB is converted by spot exchange CNY1 = NT\$4.3617.

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

Note 3: It was eliminated on consolidation.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Benefit of Each Party (Notes 1-8)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at The End of the Period (Note 8)	Actual Borrowing Amount (Note 8)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Allowable (Notes 1-8)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	\$ 2,575,602	\$ 970,000	\$ 480,000	\$ 307,229	\$ -	3.73	\$ 12,878,009	N	N	N	
0	The Company	Asahi Kasei Wah Lee Hi-tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	2,575,602	50,388	25,194	-	-	0.20	12,878,009	N	N	N	
0	The Company	Shanghai Yikang	Subsidiary of the Company	2,575,602	197,583	190,816	106,277	-	1.48	12,878,009	Y	N	Y	
0	The Company	Dongguan Hua Gang	Subsidiary of the Company	3,863,403	368,318	256,320	256,320	-	1.99	12,878,009	Y	N	Y	
0	The Company	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Company	2,575,602	120,000	120,000	71,830	-	0.93	12,878,009	Y	N	Y	
0	The Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	2,575,602	1,494,350	703,456	463,343	-	5.46	12,878,009	N	N	Y	
0	The Company	WL Singapore	Subsidiary of the Company	3,863,403	677,040	432,896	294,186	-	3.36	12,878,009	Y	N	N	
0	The Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	2,575,602	178,414	174,621	90,748	-	1.36	12,878,009	Y	N	N	
0	The Company	Miyazaki Solar Ltd.	Subsidiary of the Company	2,575,602	322,104	315,258	249,958	-	2.45	12,878,009	Y	N	N	
0	The Company	WL Indonesia	Subsidiary of the Company	2,575,602	187,550	88,288	-	-	0.69	12,878,009	Y	N	N	
0	The Company	WL Vietnam	Subsidiary of the Company	3,863,403	490,050	230,688	155,840	-	1.79	12,878,009	Y	N	N	
0	The Company	WT Industrial	Subsidiary of the Company	2,575,602	986,272	447,221	55,279	-	3.47	12,878,009	Y	N	N	
0	The Company	Wah Lee Philippines Inc.	Subsidiary of the Company	2,575,602	58,980	56,960	-	-	0.44	12,878,009	Y	N	N	
0	The Company	KS Corp.	Subsidiary of the Company	2,575,602	179,626	179,626	179,626	179,626	1.39	12,878,009	Y	N	N	
1	Shanghai Yikang	Shanghai Chang Wah Electromaterials Inc.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	-	51,879	-	-	-	-	-	N	N	Y	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	885,880	122,128	122,128	29,996	-	2.76	2,214,700	Y	N	Y	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	176,094	1,382	1,382	1,353	-	0.20	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	1,760,940	100,000	100,000	28,891	10,000	14.36	2,817,504	Y	N	N	
2	KS Corp.	KSA Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	1,760,940	400,000	400,000	125,172	25,000	57.45	2,817,504	Y	N	N	

(Continued)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Benefit of Each Party (Notes 1-8)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at The End of the Period (Note 8)	Actual Borrowing Amount (Note 8)	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 1-8)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
3	KSA Corp.	KSB Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	\$ 6,130,000	\$ 100,000	\$ 100,000	\$ 28,891	\$ -	145.60	\$ 9,195,000	N	N	N	
3	KSA Corp.	KS Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	6,130,000	1,800,000	1,800,000	926,018	-	2,620.89	9,195,000	N	Y	N	
4	KSB Corp.	KSA Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	2,226,000	400,000	400,000	125,172	-	3,162.81	4,452,000	N	N	N	
4	KSB Corp.	KS Corp.	The Company is required to provide guarantees or endorsements for the construction project based on the construction contract	2,226,000	1,800,000	1,800,000	926,018	-	14,232.62	4,452,000	N	Y	N	
5	Dongguan Hua Gang	Guang Jou Shing Shian	Subsidiary of the Company	699,145	177,035	177,035	87,593	-	7.60	1,165,241	Y	N	Y	
6	Raycong H.K.	Xiamen Hua Chen Da	Subsidiary of the Company	1,286,437	30,020	28,480	5,683	-	0.44	3,216,093	Y	N	Y	

(Concluded)

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company 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 Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

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 Company 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 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K.

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 500% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 800% 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 6: 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 7: 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 8: USD is converted by spot exchange USD\$1=NT\$28.48; JPY is converted by spot exchange JPY1=NT\$0.2763; RMB is converted by spot exchange RMB1=NT\$4.3617; THB is converted by spot exchange THB1=NT\$0.9556.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	2,000,000	\$ 119,600	-	\$ 119,600	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,154,410	\$ 34,471	3.02	\$ 34,471	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	77,513	0.75	77,513	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,066,432	55,014	16.94	55,014	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - noncurrent	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	9,497	85,891	19.38	85,891	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,102,476	56,581	8.83	56,581	
	Univision Technology Holdings	-	Financial assets at FVTOCI - noncurrent	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	3,600,000	82,160	9.27	82,160	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - noncurrent	2,300,000	11,037	6.57	11,037	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	11,871,585	81,890	4.57	81,890	
	CDIB Capital Group.	-	Financial assets at FVTOCI - noncurrent	5,000,000	54,094	2.86	54,094	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	19,956	8.15	19,956	
	Eleocom Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	1,500,000	-	10.71	-	
Tien Li Offshore Wind Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	828,572	75,491	1.51	75,491		
					\$ 634,098		\$ 634,098	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	-	\$ -	12.82	\$ -	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 45,265	-	\$ 45,265	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	28,629	26,801	-	26,801	
					<u>\$ 72,066</u>		<u>\$ 72,066</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 YEAR ENDED DECEMBER 31, 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	Payment Terms	Ending Balance	% of Total	
The Company	Raycong H.K.	Subsidiary	Sales	\$ (834,028)	(3)	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 196,628	3	
	Shanghai Yi Kang	Subsidiary	Sales	(1,091,538)	(3)	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	220,188	3	
	Dongguan Huagang	Subsidiary	Sales	(757,187)	(2)	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	190,401	3	
	WL Vietnam	Subsidiary	Sales	(104,275)	-	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	30,827	-	
	Nagase Wahlee Plastics.	Associates accounted for using the equity method	Purchase	122,831	1	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	(5,288)	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party	Purchase	1,205,245	4	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(226,047)	(6)	
	Chang Wah Electromaterials Inc.	Associates accounted for using the equity method	Sales	(255,686)	(1)	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	67,565	1	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	(671,140)	(19)	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	77,962	9	
Shanghai Yikang	Shanghai Hua Chang	Associate's subsidiary accounted for using the equity method	Purchase	193,496	2	30 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(35,982)	(2)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shanghai Yikang	The Company	Parent company	Sales	\$ (119,910)	(1)	120 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	\$ 25,955	-	
WL Indonesia	WT Indonesia	Associates	Sales	(109,217)	(100)	60 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	31,290	100	

Note: It was eliminated on consolidation.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 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 Company	Shanghai Yikang	Subsidiary	\$ 327,660	2.01	\$ -	-	\$ 161,033	\$ -
	Raycong H.K.	Subsidiary	250,646	3.62	-	-	98,242	-
	Dongguan Hua Gang	Subsidiary	192,763	5.20	-	-	175,344	-
	Chang Wah Electromaterials Inc.	Associate accounted for using the equity method	119,020	1.86	-	-	67,565	-

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

Note 2: Receivables from subsidiary were eliminated on consolidation.

TABLE 6

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 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
				December 31, 2020	December 31, 2019						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 4,184,973	\$ 430,779	\$ 430,436	Subsidiary
The Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	3,453,779	741,376	397,670	Subsidiary
The Company	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	30.98	2,080,267	997,299	308,967	Associate
The Company	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	728,537	279,524	111,793	Associate
The Company	Wah Hong Industrial Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	942,926	939,921	26,118,978	26.67	1,023,436	215,794	57,502	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	170,408	73,647	25,777	Associate
The Company	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	4,966	(69)	(58)	Subsidiary
The Company	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	698	1,848	1,848	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	86,576	7,662	7,662	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	37,440	4,279	4,279	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,262	14,840	1,610,000	70.00	37,145	(7,868)	(5,200)	Subsidiary
The Company	Meidi H.K.	Hong Kong	International investment business	-	17,753	-	-	-	-	-	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	36,133	9,402	9,402	Subsidiary
The Company	QuanShun Logistics Co., Ltd.	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	122,470	25,214	15,969	Subsidiary
The Company	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	2,000	5,000	200,000	25.00	1,164	(185)	(46)	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	197,605	52,415	19,027	Subsidiary
The Company	Eco Energy Corporation	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	97,878	14,115	2,855	Associate

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019						
The Company	KS Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	\$ 468,384	\$ 468,384	17,962,577	51.00	\$ 500,767	\$ 26,464	\$ 16,133	Subsidiary
The Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	7,464	(8)	(8)	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	6,473	(973)	(973)	Subsidiary
The Company	WH Energy	Taiwan	Solar power generation business	30,000	-	3,000,000	100.00	29,901	(99)	(99)	Subsidiary
The Company	ORC Co.	Taiwan	Trading business of industrial materials	4,000	-	400,000	40.00	4,000	-	-	Joint Venture
QuanShun Logistics Co., Ltd.	Chuancheng Logistics Co., Ltd.	Taiwan	Freight forwarders and leasing business	12,947	-	25,000	100.00	12,248	(570)	(700)	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	55,000	25,000	6,130,000	100.00	68,679	6,668	6,668	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	10,000	10,000	1,113,000	100.00	12,647	1,391	1,391	Subsidiary
KS Corp.	WL Green Corp.	Taiwan	Solar power generation business	4,320	10,200	432,000	51.00	2,374	(185)	(94)	Subsidiary
KS Corp.	Eco Energy Corporation	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	97,878	14,115	2,855	Associate
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	1,000	-	100,000	100.00	917	(83)	(83)	Subsidiary
KS Corp.	KSD Corp.	Taiwan	Solar power generation business	67,000	-	6,700,000	100.00	66,807	(193)	(193)	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment business	43,892	43,892	1,290,000	100.00	763,090	53,095	53,095	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	51,639	51,639	1,600,000	100.00	347,788	34,963	34,963	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	2,978,553	741,376	343,309	Subsidiary
Wah Lee Holding Ltd.	Regent King H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	-	100.00	2,307	1,065	1,065	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	1,883	(3,225)	(2,128)	Subsidiary
WL Singapore	Gishine Tech	Singapore	Research and development of environmental protection and cleaning technology	-	-	-	49.00	-	-	-	Associate

(Concluded)

Note 1: The share of profit (loss) recognized for the year ended December 31, 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.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Dongguan Hua Gang	Sales of industrial materials	\$ 1,137,186	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 317,691	100.00	\$ 317,691	\$ 2,325,413	\$ -	
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	990,731	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	503,201	70.00	352,241	3,118,401	-	
Shenzhen Huaying	Sales of industrial materials	24,084	Invested through the third region, Raycong H.K.	-	-	-	-	8,597	100.00	8,597	207,867	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	68,352	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	212,717	30.00	63,816	611,292	-	
Shanghai Chang Wah Electromaterials Inc.	Agency of IC packaging material and equipment	113,920	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	24,255	-	7,428	-	-	
Shanghai Yadi	Import and export of goods and technology	13,085	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(6,355)	49.00	(3,114)	18,362	-	
Shanghai Lihuang	Medical devices and equipment	14,525	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	919	48.98	(1,492)	6,759	-	
Meizhou Bailun	Hemodialysis and examination	-	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(562)	-	(287)	-	-	
Guangjoi Shing Shian	Wholesale of medical supplies	21,809	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	12,216	100.00	12,216	44,333	-	
Xiamen Hua Chen Da	Warehouse logistics	13,085	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(239)	70.00	(167)	7,491	-	
Xiamen Jian Yuan Rong Logistics Ltd.	Warehouse logistics	34,894	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(3,047)	30.00	(910)	9,396	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,723	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(53)	30.00	(20)	2,990	-	

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 384,343	\$ 2,480,528	\$ -

Note 1: The disclosures of investment gains and losses this period are based on the following:

1. Dongguan Hua Gang and Shanghai Yikang: audited by the Company's CPA.
2. Others are based on unaudited 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 \$111,175 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 Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 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 Company	Shanghai Yikang	Sales	\$ 1,091,538	3	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	\$ 220,188	3	\$ 554	Note
	Shanghai Yikang	Purchase	(119,910)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	(25,955)	(1)	-	Note
	Dongguan Hua Gang	Sales	757,187	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	190,401	3	436	Note
	Shanghai Yadi	Sales	27,571	-	Normal trade terms	90 days after monthly closing	The terms with related parties are not significantly different from those with third parties	6,392	-	-	Note
	Shanghai Lihuang	Sales	10,675	-	Normal trade terms	90 days after monthly closing	The terms with related parties are not significantly different from those with third parties	3,190	-	-	Note
Raycong H.K.	Dongguan Hua Gang	Sales	671,140	19	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those with third parties	77,962	9	5,069	Note

Note: It was eliminated on consolidation.

TABLE 9

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Shanghai Yikang	Parent to subsidiary	Operating revenue	\$ 1,091,538	According to the contract	2.00
0	The Company	Shanghai Yikang	Parent to subsidiary	Trade receivables	220,188	According to the contract	1.00
0	The Company	Shanghai Yikang	Parent to subsidiary	Other income	29,158	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Other receivables	107,472	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Operating revenue	834,028	According to the contract	1.00
0	The Company	Raycong H.K.	Parent to subsidiary	Trade receivables	196,628	According to the contract	1.00
0	The Company	Raycong H.K.	Parent to subsidiary	Other income	38,766	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other receivables	54,018	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	757,187	According to the contract	1.00
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Trade receivables	190,401	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Other receivables	2,362	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Operating revenue	93,963	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Trade receivables	10,427	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other income	13,278	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other receivables	11,958	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Operating revenue	104,275	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Trade receivables	30,827	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Other income	1,108	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Other receivables	316	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Operating revenue	70,919	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Trade receivables	24,454	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other income	5,955	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other receivables	1,187	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Contract liabilities	77,113	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Operating revenue	62,988	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Trade receivables	13,930	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Other income	6,572	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Other receivables	13,483	According to the contract	-
0	The Company	Shanghai Yadi	Parent to subsidiary	Operating revenue	27,571	According to the contract	-
0	The Company	Shanghai Yadi	Parent to subsidiary	Trade receivables	6,392	According to the contract	-
0	The Company	Shanghai Yadi	Parent to subsidiary	Other income	2,059	According to the contract	-
0	The Company	Shanghai Yadi	Parent to subsidiary	Other receivables	2,022	According to the contract	-
0	The Company	Quan Shun Logistics Co., Ltd.	Parent to subsidiary	Other income	17,947	According to the contract	-
0	The Company	Quan Shun Logistics Co., Ltd.	Parent to subsidiary	Other receivables	5,798	According to the contract	-
0	The Company	Shanghai Lihuang	Parent to subsidiary	Operating revenue	10,675	According to the contract	-
0	The Company	Shanghai Lihuang	Parent to subsidiary	Trade receivables	3,190	According to the contract	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	The Company	KSA Corp.	Parent to subsidiary	Operating revenue	\$ 17,128	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Trade receivables	23,903	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Contract liabilities	9,473	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to parent	Operating revenue	119,910	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to parent	Trade receivables	25,955	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	69,761	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Trade receivables	7,335	According to the contract	-
1	Shanghai Yikang	Raycong H.K.	Subsidiary to parent	Operating revenue	12,050	According to the contract	-
1	Shanghai Yikang	Raycong H.K.	Subsidiary to parent	Trade receivables	3,133	According to the contract	-
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiaries	Operating revenue	671,140	According to the contract	1.00
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiaries	Trade receivables	77,962	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	47,536	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Trade receivables	11,381	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Other income	27	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Other receivables	28	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Company	Subsidiary to parent	Operating revenue	82,090	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Company	Subsidiary to parent	Trade receivables	24,293	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Company	Subsidiary to parent	Other receivables	6	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	56,396	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Trade receivables	10,744	According to the contract	-
5	Shenzhen Huaying	Xiamen Hua Chen Da	Parent to subsidiary	Other receivables	8,723	According to the contract	-
5	Shenzhen Huaying	Xiamen Hua Chen Da	Parent to subsidiary	Interest revenue	227	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Operating revenue	109,217	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Trade receivables	31,390	According to the contract	-
7	KS Corp.	KSA Corp.	Parent to subsidiary	Other receivables	17,628	According to the contract	-
7	KS Corp.	KSA Corp.	Parent to subsidiary	Operating revenue	3,762	According to the contract	-
7	KS Corp.	KSA Corp.	Parent to subsidiary	Interest revenue	153	According to the contract	-

(Concluded)

TABLE 10**WAH LEE INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kang Tai Investment Co., Ltd.	16,374,155	7.07
Fu Shih Investment Co., Ltd.	13,188,583	5.69

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 Company as of the last business day for the current quarter.