

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation and its subsidiaries (the "Group") as of June 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2021 and 2020, combined total assets of these subsidiaries were NT\$7,163,182 thousand and NT\$5,712,615 thousand, respectively, representing 18% and 16%, respectively, of the total consolidated assets, and combined total liabilities of these subsidiaries were NT\$3,666,333 thousand and NT\$2,768,167 thousand, respectively, representing 15% and 12%, respectively, of the total consolidated liabilities; for the three months and six months ended June 30, 2021 and 2020, combined comprehensive income of these subsidiaries were NT\$54,885 thousand, NT\$30,056 thousand, NT\$140,336 thousand and NT\$47,023 thousand, respectively, representing 9%, 6%, 9% and 7%, respectively, of the total consolidated comprehensive income. As disclosed in Note 13 to the consolidated financial statements, the Group's carrying values of the investments in associates accounted for using the equity method of NT\$2,226,416 thousand and NT\$1,692,429 thousand as of June 30, 2021 and 2020, and for the three months and six months ended June 30, 2021 and 2020, the share of profit of associates recognized under the equity method were NT\$102,330 thousand, NT\$55,378 thousand, NT\$191,557 thousand and NT\$95,480 thousand, respectively, were based on unreviewed financial statements.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 6, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,610,694	9	\$ 3,053,182	8	\$ 3,006,419	8
Financial assets at fair value through profit or loss - current (Note 7)	148,824	-	211,665	1	129,207	-
Financial assets at fair value through other comprehensive income - current (Note 8)	148,400	-	119,600	-	59,900	-
Notes receivable (Notes 9, 26 and 28)	1,991,911	5	2,399,770	6	1,690,988	5
Notes receivable - related parties (Notes 9 and 27)	-	-	6,925	-	-	-
Accounts receivable, net (Note 9)	15,193,629	37	15,111,761	39	13,635,755	38
Accounts receivable - related parties (Notes 9 and 27)	99,540	-	113,442	-	88,746	-
Other receivables	122,808	-	132,686	-	86,478	-
Other receivables - related parties (Notes 13 and 27)	313,572	1	59,752	-	349,578	1
Current tax assets	25	-	114	-	153	-
Merchandise (Note 10)	4,560,143	11	4,286,609	11	3,786,213	11
Prepayments for purchases	2,222,965	6	1,398,090	4	974,964	3
Other financial assets - current (Notes 11 and 28)	559,827	1	838,212	2	1,685,376	5
Other current assets	<u>176,802</u>	<u>1</u>	<u>209,496</u>	<u>1</u>	<u>308,027</u>	<u>1</u>
Total current assets	<u>29,149,140</u>	<u>71</u>	<u>27,941,304</u>	<u>72</u>	<u>25,801,804</u>	<u>72</u>
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	744,574	2	634,098	2	590,091	2
Investments accounted for using the equity method (Note 13)	5,205,962	13	4,826,082	12	4,243,410	12
Property, plant and equipment (Notes 14 and 28)	4,112,897	10	3,785,578	10	3,897,604	11
Right-of-use assets (Note 15)	616,879	2	624,245	2	211,468	1
Goodwill	111,389	-	111,809	-	112,541	-
Other intangible assets	229,087	1	205,407	1	220,090	1
Deferred tax assets	327,389	1	345,131	1	334,026	1
Prepayments for equipment	167,651	-	20,663	-	17,341	-
Prepayments for investments	-	-	10,000	-	80,000	-
Other financial assets - noncurrent (Notes 11 and 28)	193,969	-	196,403	-	194,817	-
Other noncurrent assets	<u>35,828</u>	<u>-</u>	<u>54,249</u>	<u>-</u>	<u>54,548</u>	<u>-</u>
Total noncurrent assets	<u>11,745,625</u>	<u>29</u>	<u>10,813,665</u>	<u>28</u>	<u>9,955,936</u>	<u>28</u>
TOTAL	<u>\$ 40,894,765</u>	<u>100</u>	<u>\$ 38,754,969</u>	<u>100</u>	<u>\$ 35,757,740</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 7,297,702	18	\$ 7,400,936	19	\$ 7,125,007	20
Short-term bills payable (Note 16)	159,926	-	59,917	-	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	6	-	280	-	1,050	-
Contract liabilities - current (Notes 21 and 27)	664,614	2	345,351	1	237,322	1
Notes payable (Note 17)	190,393	-	102,174	-	345,835	1
Notes payable - related parties (Notes 17 and 27)	779	-	1,261	-	557	-
Accounts payable (Note 17)	6,622,988	16	7,066,208	18	5,747,938	16
Accounts payable - related parties (Notes 17 and 27)	385,961	1	378,004	1	365,468	1
Dividends payable (Note 20)	1,400	-	1,400	-	766,783	2
Other payables (Notes 18 and 27)	1,496,653	4	1,223,813	3	1,177,003	3
Current tax liabilities	221,329	1	272,968	1	208,007	-
Lease liabilities - current (Note 15)	80,875	-	64,747	-	53,547	-
Current portion of long-term borrowings (Note 16)	402,659	1	538,534	2	253,390	1
Refund liabilities - current	198,882	1	174,275	1	228,555	1
Other current liabilities	<u>46,847</u>	<u>-</u>	<u>29,053</u>	<u>-</u>	<u>29,857</u>	<u>-</u>
Total current liabilities	<u>17,771,014</u>	<u>44</u>	<u>17,658,921</u>	<u>46</u>	<u>16,540,319</u>	<u>46</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Note 16)	4,444,776	11	4,107,003	11	4,511,428	13
Provision for employee benefits - noncurrent	47,303	-	41,875	-	14,760	-
Lease liabilities - noncurrent (Note 15)	558,134	1	566,902	1	156,216	-
Net defined benefit liabilities - noncurrent	309,765	1	314,840	1	312,962	1
Guarantee deposits received	2,063	-	1,616	-	419	-
Deferred tax liabilities	<u>1,204,667</u>	<u>3</u>	<u>1,155,352</u>	<u>3</u>	<u>1,053,685</u>	<u>3</u>
Total noncurrent liabilities	<u>6,566,708</u>	<u>16</u>	<u>6,187,588</u>	<u>16</u>	<u>6,049,470</u>	<u>17</u>
Total liabilities	<u>24,337,722</u>	<u>60</u>	<u>23,846,509</u>	<u>62</u>	<u>22,589,789</u>	<u>63</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	<u>2,313,901</u>	<u>6</u>	<u>2,313,901</u>	<u>6</u>	<u>2,313,901</u>	<u>6</u>
Capital surplus	<u>1,477,937</u>	<u>4</u>	<u>1,331,725</u>	<u>3</u>	<u>1,302,118</u>	<u>4</u>
Retained earnings						
Legal reserve	2,228,083	5	2,228,083	6	2,228,083	6
Special reserve	980,087	2	980,087	3	980,087	3
Unappropriated earnings	<u>8,019,658</u>	<u>20</u>	<u>6,660,831</u>	<u>17</u>	<u>5,602,879</u>	<u>16</u>
Total retained earnings	<u>11,227,828</u>	<u>27</u>	<u>9,869,001</u>	<u>26</u>	<u>8,811,049</u>	<u>25</u>
Other equity	<u>(615,722)</u>	<u>(2)</u>	<u>(636,618)</u>	<u>(2)</u>	<u>(1,127,474)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	14,403,944	35	12,878,009	33	11,299,594	32
NON-CONTROLLING INTERESTS (Note 20)	<u>2,153,099</u>	<u>5</u>	<u>2,030,451</u>	<u>5</u>	<u>1,868,357</u>	<u>5</u>
Total equity	<u>16,557,043</u>	<u>40</u>	<u>14,908,460</u>	<u>38</u>	<u>13,167,951</u>	<u>37</u>
TOTAL	<u>\$ 40,894,765</u>	<u>100</u>	<u>\$ 38,754,969</u>	<u>100</u>	<u>\$ 35,757,740</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 6, 2021)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 27)	\$ 16,865,834	100	\$ 14,836,451	100	\$ 33,149,374	100	\$ 27,189,478	100
OPERATING COSTS (Notes 10, 22 and 27)	<u>15,369,821</u>	<u>91</u>	<u>13,641,274</u>	<u>92</u>	<u>30,214,929</u>	<u>91</u>	<u>24,989,175</u>	<u>92</u>
GROSS PROFIT	<u>1,496,013</u>	<u>9</u>	<u>1,195,177</u>	<u>8</u>	<u>2,934,445</u>	<u>9</u>	<u>2,200,303</u>	<u>8</u>
OPERATING EXPENSES (Notes 9, 22 and 27)								
Selling and marketing expenses	577,548	3	455,522	3	1,141,382	4	919,914	3
General and administrative expenses	145,449	1	142,108	1	271,959	1	256,943	1
Expected credit loss	<u>15,395</u>	<u>-</u>	<u>51,606</u>	<u>-</u>	<u>37,269</u>	<u>-</u>	<u>52,834</u>	<u>-</u>
Total operating expenses	<u>738,392</u>	<u>4</u>	<u>649,236</u>	<u>4</u>	<u>1,450,610</u>	<u>5</u>	<u>1,229,691</u>	<u>4</u>
OPERATING INCOME	<u>757,621</u>	<u>5</u>	<u>545,941</u>	<u>4</u>	<u>1,483,835</u>	<u>4</u>	<u>970,612</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	4,803	-	18,334	-	14,029	-	29,702	-
Other income (Notes 22 and 27)	60,889	-	4,120	-	82,231	-	46,119	-
Other gains and losses (Note 22)	(8,826)	-	(7,886)	-	(27,161)	-	(30,603)	-
Finance costs (Note 22)	(39,179)	-	(56,492)	(1)	(86,011)	-	(119,684)	(1)
Share of profit of associates	<u>190,264</u>	<u>1</u>	<u>130,287</u>	<u>1</u>	<u>372,427</u>	<u>1</u>	<u>219,592</u>	<u>1</u>
Total non-operating income and expenses	<u>207,951</u>	<u>1</u>	<u>88,363</u>	<u>-</u>	<u>355,515</u>	<u>1</u>	<u>145,126</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	965,572	6	634,304	4	1,839,350	5	1,115,738	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>241,851</u>	<u>1</u>	<u>154,034</u>	<u>1</u>	<u>446,713</u>	<u>1</u>	<u>270,400</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>723,721</u>	<u>5</u>	<u>480,270</u>	<u>3</u>	<u>1,392,637</u>	<u>4</u>	<u>845,338</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	4,504	-	58,999	1	88,497	-	8,510	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(7,107)	-	133,720	1	244,047	1	29,858	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (258)	-	\$ (1,270)	-	\$ (2,151)	-	\$ 611	-
	<u>(2,861)</u>	-	<u>191,449</u>	2	<u>330,393</u>	1	<u>38,979</u>	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	(111,812)	(1)	(114,509)	(1)	(150,374)	-	(188,829)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(26,336)	-	(46,445)	-	(35,832)	-	(67,148)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>19,203</u>	-	<u>22,227</u>	-	<u>24,846</u>	-	<u>33,012</u>	-
	<u>(118,945)</u>	(1)	<u>(138,727)</u>	(1)	<u>(161,360)</u>	-	<u>(222,965)</u>	(1)
Other comprehensive income (loss) for the period, net of income tax	<u>(121,806)</u>	(1)	<u>52,722</u>	1	<u>169,033</u>	1	<u>(183,986)</u>	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 601,915</u>	4	<u>\$ 532,992</u>	4	<u>\$ 1,561,670</u>	5	<u>\$ 661,352</u>	2
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 640,547	4	\$ 440,828	3	\$ 1,237,739	4	\$ 784,462	3
Non-controlling interests	<u>83,174</u>	-	<u>39,442</u>	-	<u>154,898</u>	-	<u>60,876</u>	-
	<u>\$ 723,721</u>	4	<u>\$ 480,270</u>	3	<u>\$ 1,392,637</u>	4	<u>\$ 845,338</u>	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 540,241	3	\$ 508,539	4	\$ 1,438,975	4	\$ 641,300	2
Non-controlling interests	<u>61,674</u>	1	<u>24,453</u>	-	<u>122,695</u>	1	<u>20,052</u>	-
	<u>\$ 601,915</u>	4	<u>\$ 532,992</u>	4	<u>\$ 1,561,670</u>	5	<u>\$ 661,352</u>	2
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 2.77</u>		<u>\$ 1.91</u>		<u>\$ 5.35</u>		<u>\$ 3.39</u>	
Diluted	<u>\$ 2.75</u>		<u>\$ 1.89</u>		<u>\$ 5.25</u>		<u>\$ 3.30</u>	

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

(With Deloitte & Touche review report dated August 6, 2021)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
						Other Equity		Subtotal	Total	Non-controlling Interest	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 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
Changes in capital surplus from investments in associates accounted for using the equity method	-	146,621	-	-	(28,240)	3,121	(34,133)	(31,012)	87,369	-	87,369
Net profit for the six months ended June 30, 2021	-	-	-	-	1,237,739	-	-	-	1,237,739	154,898	1,392,637
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(129,157)	330,393	201,236	201,236	(32,203)	169,033
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	1,237,739	(129,157)	330,393	201,236	1,438,975	122,695	1,561,670
Actual disposal or acquisition of interests in subsidiaries (Note 12)	-	(409)	-	-	-	-	-	-	(409)	(1,511)	(1,920)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	149,328	-	(149,328)	(149,328)	-	-	-
Increase in non-controlling interests (Note 12)	-	-	-	-	-	-	-	-	-	1,464	1,464
BALANCE AT JUNE 30, 2021	\$ 2,313,901	\$ 1,477,937	\$ 2,228,083	\$ 980,087	\$ 8,019,658	\$ (709,669)	\$ 93,947	\$ (615,722)	\$ 14,403,944	\$ 2,153,099	\$ 16,557,043
BALANCE AT JANUARY 1, 2020	\$ 2,313,901	\$ 1,318,065	\$ 2,084,659	\$ 679,347	\$ 6,029,012	\$ (607,512)	\$ (372,575)	\$ (980,087)	\$ 11,444,897	\$ 1,839,706	\$ 13,284,603
Appropriation of 2019 earnings											
Legal reserve	-	-	143,424	-	(143,424)	-	-	-	-	-	-
Special reserve	-	-	-	300,740	(300,740)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(763,587)	-	-	-	(763,587)	-	(763,587)
	-	-	143,424	300,740	(1,207,751)	-	-	-	(763,587)	-	(763,587)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(15,035)	-	-	(7,069)	-	-	-	(22,104)	-	(22,104)
Net profit for the six months ended June 30, 2020	-	-	-	-	784,462	-	-	-	784,462	60,876	845,338
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	(182,141)	38,979	(143,162)	(143,162)	(40,824)	(183,986)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	784,462	(182,141)	38,979	(143,162)	641,300	20,052	661,352
Changes in percentage of ownership interest in subsidiaries (Note 12)	-	(912)	-	-	-	-	-	-	(912)	912	-
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(3,196)	(3,196)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,225	-	(4,225)	(4,225)	-	-	-
Increase in non-controlling interests (Note 12)	-	-	-	-	-	-	-	-	-	10,883	10,883
BALANCE AT JUNE 30, 2020	\$ 2,313,901	\$ 1,302,118	\$ 2,228,083	\$ 980,087	\$ 5,602,879	\$ (789,653)	\$ (337,821)	\$ (1,127,474)	\$ 11,299,594	\$ 1,868,357	\$ 13,167,951

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

(With Deloitte & Touche review report dated August 6, 2021)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,839,350	\$ 1,115,738
Adjustments for:		
Depreciation expenses	147,483	127,237
Amortization expenses	21,632	20,421
Expected credit loss	37,269	52,834
Net gain (loss) of financial instruments at fair value through profit or loss	(4,692)	5,066
Finance costs	86,011	119,684
Interest income	(14,029)	(29,702)
Dividend income	(1,840)	-
Share of profit of associates accounted for using the equity method	(372,427)	(219,592)
Gain on disposal of property, plant and equipment	(3,340)	(67)
Loss on disposal of foreign operation	-	3,371
Loss on disposal of investments accounted for using the equity method	3,121	4,688
Impairment loss recognized (reversed) on non-financial assets	(8,955)	2,835
Net unrealized loss on foreign currency exchange	3,035	33,894
Loss provision	15,551	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,689	2,356
Notes receivable	407,859	297,210
Notes receivable - related parties	6,925	-
Accounts receivable	(115,052)	(200,748)
Accounts receivable - related parties	14,815	13,212
Other receivables	8,517	(12,640)
Other receivables - related parties	1,095	1,241
Inventories	(262,629)	147,754
Prepayments for purchases	(824,875)	43,131
Other current assets	32,694	(11,991)
Financial liabilities held for trading	(5,262)	(1,539)
Contract liabilities	319,263	(52,158)
Notes payable	88,219	10,621
Notes payable - related parties	(482)	356
Accounts payable	(443,220)	214,957
Accounts payable - related parties	7,957	10,758
Other payables	248,879	81,547
Refund liabilities	24,607	67,062
Other current liabilities	2,243	14,308
Net defined benefit liabilities	(4,341)	(7,706)
Cash generated from operations	1,260,070	1,854,138

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
Interest received	\$ 15,390	\$ 21,148
Dividend received	76,755	202,886
Interest paid	(78,336)	(126,149)
Income tax paid	<u>(409,495)</u>	<u>(263,963)</u>
Net cash generated from operating activities	<u>864,384</u>	<u>1,688,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(201,758)	(119,559)
Proceeds from disposal of financial assets at fair value through profit or loss	268,729	154,481
Purchase of financial assets at fair value through other comprehensive income	(55,779)	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	15,000	400
Purchase of investments accounted for using the equity method	(44,820)	(3,005)
Prepayment for investments	-	(80,000)
Net cash outflow on acquisition of subsidiaries (Note 12)	-	(3,000)
Payments for property, plant and equipment	(586,538)	(236,847)
Proceeds from disposal of property, plant and equipment	5,770	758
Payments for intangible assets	(36,381)	(5,650)
Decrease (increase) in other financial assets	280,819	(833,085)
Increase in other noncurrent assets	<u>-</u>	<u>(6,425)</u>
Net cash used in investing activities	<u>(354,958)</u>	<u>(1,131,932)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(93,558)	381,226
Increase in short-term bills payable	100,000	-
Proceeds from long-term borrowings	6,876,026	3,984,577
Repayment of long-term borrowings	(6,647,104)	(3,979,264)
Increase in guarantee deposits received	447	-
Repayment of the principal portion of lease liabilities	(32,104)	(24,355)
Changes in non-controlling interests	<u>(456)</u>	<u>531</u>
Net cash generated from financing activities	<u>203,251</u>	<u>362,715</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENT	<u>(155,165)</u>	<u>(260,950)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	557,512	657,893

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2021	2020
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	\$ 3,053,182	\$ 2,348,526
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 3,610,694	\$ 3,006,419

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

(With Deloitte & Touche review report dated August 6, 2021)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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 reported to the Company’s board of directors for issue on August 6, 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)

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

The basis of preparation applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2020.

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

d. Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications 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 period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

For the critical accounting judgments and key sources of estimation uncertainty applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 1,763	\$ 1,702	\$ 1,624
Demand deposits	3,323,880	2,865,503	2,782,858
Checking accounts	16,440	17,702	17,577
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>268,611</u>	<u>168,275</u>	<u>204,360</u>
	<u>\$ 3,610,694</u>	<u>\$ 3,053,182</u>	<u>\$ 3,006,419</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits (%)	0.15-2.03	0.20-1.10	0.35-1.88

- 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

	June 30, 2021	December 31, 2020	June 30, 2020
<hr/> Financial assets <hr/>			
Mandatorily classified as at FVTPL			
Hybrid instruments - structured deposits (a)	\$ 73,355	\$ 139,576	\$ 62,884
Non-derivative financial assets - mutual funds	75,065	72,066	66,323
Derivative instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>404</u>	<u>23</u>	<u>-</u>
	<u>\$ 148,824</u>	<u>\$ 211,665</u>	<u>\$ 129,207</u>
<hr/> Financial liabilities <hr/>			
Held for trading			
Derivative instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>\$ 6</u>	<u>\$ 280</u>	<u>\$ 1,050</u>

- a. The Group entered into a structured time deposit contract with banks. 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 forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting. At the end of the reporting period, outstanding foreign exchange forward contracts were as follows:

June 30, 2021

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2021.07	USD3,500/RMB22,564
Buy JPY/Sell RMB	2021.07	JPY100,000/RMB5,838

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

June 30, 2020

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2020.07-2020.09	USD5,920/RMB42,248
Buy JPY/Sell RMB	2020.07	JPY50,000/RMB3,255

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Current</u>			
Domestic investments in equity instruments			
Listed shares	<u>\$ 148,400</u>	<u>\$ 119,600</u>	<u>\$ 59,900</u>
<u>Noncurrent</u>			
Domestic investments in equity instruments			
Listed shares	\$ 148,946	\$ 109,962	\$ 33,178
Unlisted shares	<u>487,402</u>	<u>426,667</u>	<u>434,075</u>
	<u>636,348</u>	<u>536,629</u>	<u>467,253</u>
Foreign investments in equity instruments			
Listed shares	37,266	19,956	27,622
Unlisted shares	<u>70,960</u>	<u>77,513</u>	<u>95,216</u>
	<u>108,226</u>	<u>97,469</u>	<u>122,838</u>
	<u>\$ 744,574</u>	<u>\$ 634,098</u>	<u>\$ 590,091</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.

The dividends for the three months and six months end June 30, 2021 were both \$1,840 thousand, all related to the investments held at the end of the reporting period.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable - unrelated parties			
Notes receivable - operating	<u>\$ 1,991,911</u>	<u>\$ 2,399,770</u>	<u>\$ 1,690,988</u>
Notes receivable - related parties			
Notes receivable - operating	<u>\$ -</u>	<u>\$ 6,925</u>	<u>\$ -</u>
Accounts receivable - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 15,415,846	\$ 15,327,728	\$ 13,797,045
Less: Allowance for impairment loss	<u>222,217</u>	<u>215,967</u>	<u>161,290</u>
	<u>\$ 15,193,629</u>	<u>\$ 15,111,761</u>	<u>\$ 13,635,755</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount	\$ 99,633	\$ 114,448	\$ 92,203
Less: Allowance for impairment loss	<u>93</u>	<u>1,006</u>	<u>3,457</u>
	<u>\$ 99,540</u>	<u>\$ 113,442</u>	<u>\$ 88,746</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 26 and 28.

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

June 30, 2021

	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	\$ 16,630,279	\$ 554,148	\$ 114,914	\$ 123,093	\$ 84,956	\$ 17,507,390
Loss allowance (Lifetime ECL)	<u>(24,600)</u>	<u>(21,075)</u>	<u>(41,510)</u>	<u>(51,282)</u>	<u>(83,843)</u>	<u>(222,310)</u>
Amortized cost	<u>\$ 16,605,679</u>	<u>\$ 533,073</u>	<u>\$ 73,404</u>	<u>\$ 71,811</u>	<u>\$ 1,113</u>	<u>\$ 17,285,080</u>

December 31, 2020

	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 June 30, 2020 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	Other		
Expected credit loss rate (%)	0.01-0.49	0.01-3.93	0.01-0.16	0.01-0.97	0.01-0.20	0.01-1.19	40-100	
Gross carrying amount	\$ 4,252,152	\$ 2,816,324	\$ 1,319,585	\$ 1,685,273	\$ 186,646	\$ 3,469,925	\$ 159,343	\$ 13,889,248
Loss allowance (Lifetime ECL)	<u>(1,819)</u>	<u>(11,738)</u>	<u>(715)</u>	<u>(544)</u>	<u>(78)</u>	<u>(2,186)</u>	<u>(147,667)</u>	<u>(164,747)</u>
Amortized cost	<u>\$ 4,250,333</u>	<u>\$ 2,804,586</u>	<u>\$ 1,318,870</u>	<u>\$ 1,684,729</u>	<u>\$ 186,568</u>	<u>\$ 3,467,739</u>	<u>\$ 11,676</u>	<u>\$ 13,724,501</u>

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

	June 30, 2020
Up to 90 days	\$ 12,884,813
91-150 days	2,102,566
151-180 days	122,225
Over 181 days	<u>470,632</u>
	<u>\$ 15,580,236</u>

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

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 216,973	\$ 114,591
Impairment losses recognized	37,269	52,834
Amounts written off	(26,934)	-
Foreign exchange translation differences	<u>(4,998)</u>	<u>(2,678)</u>
Balance at June 30	<u>\$ 222,310</u>	<u>\$ 164,747</u>

10. MERCHANDISE

The costs of inventories recognized in cost of goods sold for the three months and six months ended June 30, 2021 and 2020 were \$15,188,089 thousand, \$13,476,970 thousand, \$29,878,497 thousand and \$24,674,861 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Write-downs (reversal) of inventories	\$ (4,904)	\$ (10,888)	\$ (8,955)	\$ 2,835

11. OTHER FINANCIAL ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Time deposits with original maturities of more than 3 months	\$ 61,598	\$ 63,055	\$ 66,010
Structured deposits	496,229	767,667	1,618,066
Pledged deposits	2,000	1,300	1,300
Refundable deposits	-	6,190	-
	<u>\$ 559,827</u>	<u>\$ 838,212</u>	<u>\$ 1,685,376</u>
Noncurrent			
Pledged deposits	\$ 90,034	\$ 89,330	\$ 87,460
Refundable deposits	<u>103,935</u>	<u>107,073</u>	<u>107,357</u>
	<u>\$ 193,969</u>	<u>\$ 196,403</u>	<u>\$ 194,817</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits (%)	0.25-3.55	0.25-3.58	0.65-3.78

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

c. Refer to Note 28 for information on other financial assets pledged as collateral.

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

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

Investor	Investee	Main Businesses	Percentage of Ownership			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	
	Wah Lee Japan Corp.	Trading business of synthetic resin, industrial plastic, molding machine and electromechanical parts	83.33	83.33	83.33	Note 1
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, molding machine and electromechanical parts	100.00	100.00	100.00	Note 1
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	P.T. Wahlee Indonesia (WL Indonesia)	Trading business of industrial materials	70.00	70.00	70.00	Notes 1 and 2
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	QuanShun Logistics Co., Ltd. (QuanShun Logistics)	Freight forwarders and leasing business	63.33	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd. (WT Industrial)	Trading business of industrial materials	51.00	51.00	51.00	Note 1
	Kingstone Energy Technology Corporation (KS Corp.)	Solar power generation business	51.00	51.00	51.00	Note 1
	Wahlee Green Energy Corporation (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	-	25.00	25.00	Notes 1 and 3
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial materials	99.99	99.99	99.99	Note 1
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial materials	99.99	99.99	99.99	Note 1
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	100.00	100.00	-	Notes 1 and 4
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Note 1
	Raycong H.K.	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	
	Regent King International Limited (Regent King H.K.)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	100.00	Note 1
Raycong H.K.	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	100.00	Note 1
	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	70.00	70.00	Note 1
Shanghai Yikang	Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	69.97	69.97	69.97	Note 1
	Fenghuang Xingwah Shouzheng Health Management Co., Ltd. (Fenghuang Xingwah Shouzheng)	Medical devices manufacturing technology developing and consulting	75.00	-	-	Notes 1 and 5

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
Dongguan Hua Gang	Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian)	Medical consulting	100.00	100.00	100.00	Note 1
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	70.00	Note 1
KS Corp.	KSA Energy Corporation (KSA Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
	KSB Energy Corporation (KSB Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
	Wahlee Green Energy (WL Green Corp.)	Battery manufacturing, renewable energy self-use power generation equipment business	-	51.00	51.00	Notes 1 and 3
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	100.00	100.00	Notes 1 and 6
	KSD Energy Corporation (KSD Corp.)	Solar power generation business	100.00	100.00	-	Notes 1 and 7
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial materials	66.00	66.00	66.00	Note 1
QuanShun Logistics	Chuancheng Logistics Co., Ltd. (ChuanCheng Logistics)	Freight forwarders and leasing business	100.00	100.00	100.00	Notes 1 and 8

(Concluded)

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

Note 2: The ownership percentage in WL Indonesia increased to 70% because of 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 \$912 thousand.

Note 3: The ownership percentage in WL Green Corp. increased to 75% as KS Corp. acquired 25% equity from non-related party in January 2021. As the transaction did not change the control of the Group over WL Green Corp., the Group processed the equity transaction by reducing capital surplus by \$409 thousand. In April 2021, WL Green Corp. had completed liquidation.

Note 4: In July 2020, the Company invested in WH Energy which was established in Taiwan.

Note 5: In January 2021, Shanghai Yikang invested in Fenghuang Xingwah Shouzheng which was established in China.

Note 6: In June 2020, KS Corp. invested in KSC Corp. which was established in Taiwan.

Note 7: In November 2020, KS Corp. invested in KSD Corp. which was established in Taiwan.

Note 8: In order to obtain a logistics transportation business license, QuanShun Logistics acquired 100% of the equity shares of Chuancheng Logistics at a consideration of \$12,947 thousand in cash at April 30, 2020. In accordance with IFRS 3, the Group evaluated and concluded that the acquired shares of Chuancheng Logistics 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:

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>

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>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Investments in associates</u>			
Material associates			
Chang Wah Electromaterials Inc.	\$ 2,365,682	\$ 2,080,267	\$ 1,738,444
Associates that are not individually material	<u>2,836,280</u>	<u>2,741,815</u>	<u>2,504,966</u>
	5,201,962	4,822,082	4,243,410
<u>Investments in joint ventures</u>			
Joint ventures that are not individually material	<u>4,000</u>	<u>4,000</u>	<u>-</u>
	<u>\$ 5,205,962</u>	<u>\$ 4,826,082</u>	<u>\$ 4,243,410</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	June 30, 2021	December 31, 2020	June 30, 2020
Chang Wah Electromaterials Inc. (CWE Inc.)	28.83%	30.98%	30.98%

The bondholders of CWE Inc. converted the bonds into ordinary shares and the Group did not subscribe for the additional new shares at its existing ownership percentage, resulted an increase in the carrying amount of the Group's investment in CWE Inc. by \$144,813 thousand, which was credited to the capital surplus. The Group's ownership interest was reduced due to the foregoing conversion of the bonds, and the proportionate amount of the gains or losses previously recognized in other comprehensive income in

relation to CWE Inc. was reclassified to profit (loss) or retained earnings. Therefore, the Group transferred the unrealized gain on financial assets at FVTOCI of \$34,133 thousand to retained earnings and transferred exchange differences on translating the financial statements of foreign operations of \$3,121 thousand to loss on disposal of investments accounted for using the equity method.

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

Name of Associate	June 30, 2021	December 31, 2020	June 30, 2020
CWE Inc.	<u>\$ 6,530,772</u>	<u>\$ 6,065,702</u>	<u>\$ 3,196,120</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 12,379,118	\$ 11,117,986	\$ 11,300,510
Noncurrent assets	13,747,124	12,201,685	9,981,553
Current liabilities	(8,486,035)	(6,282,083)	(8,478,921)
Noncurrent liabilities	<u>(7,201,365)</u>	<u>(8,122,048)</u>	<u>(5,114,110)</u>
Equity	10,438,842	8,915,540	7,689,032
Non-controlling interests	<u>(2,466,067)</u>	<u>(2,418,385)</u>	<u>(2,295,234)</u>
	<u>\$ 7,972,775</u>	<u>\$ 6,497,155</u>	<u>\$ 5,393,798</u>
Percentage of ownership held by the Group (%)	28.83	30.98	30.98
Equity attributable to the Group	\$ 2,298,255	\$ 2,012,840	\$ 1,671,017
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 2,365,682</u>	<u>\$ 2,080,267</u>	<u>\$ 1,738,444</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Operating revenue	<u>\$ 4,900,716</u>	<u>\$ 4,115,902</u>	<u>\$ 9,495,330</u>	<u>\$ 7,904,312</u>
Net profit for the period	\$ 473,204	\$ 321,316	\$ 817,182	\$ 536,810
Other comprehensive income for the period	<u>(87,806)</u>	<u>397,613</u>	<u>765,324</u>	<u>36,392</u>
Total comprehensive income for the period	<u>\$ 385,398</u>	<u>\$ 718,929</u>	<u>\$ 1,582,506</u>	<u>\$ 573,202</u>
Cash dividends received	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,455</u>	<u>\$ 81,140</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Company's dividends receivable from CWE Inc. were \$201,330 thousand, \$51,455 thousand and \$168,217 thousand, respectively, recognized as other receivables - related parties.

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Group's share of				
Net profit for the period	\$ 89,808	\$ 61,010	\$ 200,763	\$ 103,819
Other comprehensive loss for the period	<u>(17,008)</u>	<u>(29,989)</u>	<u>(24,426)</u>	<u>(50,760)</u>
Total comprehensive income for the period	<u>\$ 72,800</u>	<u>\$ 31,021</u>	<u>\$ 176,337</u>	<u>\$ 53,059</u>

c. Fluctuation in investment in associates and joint ventures

- 1) The shareholdings in Wah Hong Industrial Corp. increased to 26.67% as the Company purchased 156 thousand shares from the open market in 2020.
 - 2) Shanghai Yikang sold all of its equity shares of Shanghai Chang Wah Electromaterials Inc. to CWE 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) 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..
 - 4) In May 2021, KS Corp. invested \$44,820 thousand in Huahsuan Green Energy Co., Ltd. (HGE Co.), and as of June 30, 2021, the KS Corp. held 65% equity of HGE Co.. However, the Group doesn't have control over the board of directors of HGE Co. and the Group accounts for it as an associate.
- d. The carrying values of investments accounted for using the equity method of \$2,226,416 thousand and \$1,692,429 thousand as of June 30, 2021 and 2020, respectively, and the share of the profit of associates and joint ventures recognized under the equity method of \$102,330 thousand, \$55,378 thousand, \$191,557 thousand and \$95,480 thousand for the three months and six months ended June 30, 2021 and 2020, respectively, were recognized based on unreviewed financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

For six months ended June 30, 2021

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2021	\$ 744,230	\$ 1,044,017	\$ 1,973,680	\$ 894,191	\$ 303,192	\$ 4,959,310
Additions	-	127	33,726	59,884	371,963	465,700
Disposals	-	-	(10,556)	(7,640)	-	(18,196)
Reclassified	-	7,733	-	4,964	-	12,697
Effect of foreign currency exchange differences	<u>(5,472)</u>	<u>(7,631)</u>	<u>(32,010)</u>	<u>(3,400)</u>	<u>-</u>	<u>(48,513)</u>
Balance at June 30, 2021	<u>\$ 738,758</u>	<u>\$ 1,044,246</u>	<u>\$ 1,964,840</u>	<u>\$ 947,999</u>	<u>\$ 675,155</u>	<u>\$ 5,370,998</u>

(Continued)

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 326,536	\$ 208,522	\$ 638,674	\$ -	\$ 1,173,732
Depreciation expense	-	14,516	51,203	37,886	-	103,605
Disposals	-	-	(10,556)	(5,235)	-	(15,791)
Reclassified	-	4,992	-	2,013	-	7,005
Effect of foreign currency exchange differences	-	(2,196)	(5,695)	(2,559)	-	(10,450)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 343,848</u>	<u>\$ 243,474</u>	<u>\$ 670,779</u>	<u>\$ -</u>	<u>\$ 1,258,101</u>
Carrying amount at December 31, 2020 and January 1, 2021	<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>
Carrying amount at June 30, 2021	<u>\$ 738,758</u>	<u>\$ 700,398</u>	<u>\$ 1,721,366</u>	<u>\$ 277,220</u>	<u>\$ 675,155</u>	<u>\$ 4,112,897</u>

(Concluded)

For six months ended June 30, 2020

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

- 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 Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Additions to property, plant and equipment	\$ 465,700	\$ 206,431
Increase in prepayments for equipment	146,988	15,635
Decrease (increase) in payables for equipment	(16,549)	14,781
Increase in provision	(5,428)	-
Capitalization interest and depreciation	<u>(4,173)</u>	<u>-</u>
Cash paid	<u>\$ 586,538</u>	<u>\$ 236,847</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 28 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

For six months ended June 30, 2021

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2021	\$ 30,216	\$ 585,551	\$ 8,478	\$ 624,245
Additions	-	26,206	14,156	40,362
Depreciation expense	(1,027)	(41,518)	(4,266)	(46,811)
Effects of foreign currency exchange differences	<u>(34)</u>	<u>(879)</u>	<u>(4)</u>	<u>(917)</u>
Balance at June 30, 2021	<u>\$ 29,155</u>	<u>\$ 569,360</u>	<u>\$ 18,364</u>	<u>\$ 616,879</u>

For six months ended June 30, 2020

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2020	\$ 3,317	\$ 135,470	\$ 9,059	\$ 147,846
Additions	-	93,971	-	93,971
Depreciation expense	(97)	(25,890)	(2,014)	(28,001)
Effects of foreign currency exchange differences	<u>(86)</u>	<u>(2,172)</u>	<u>(90)</u>	<u>(2,348)</u>
Balance at June 30, 2020	<u>\$ 3,134</u>	<u>\$ 201,379</u>	<u>\$ 6,955</u>	<u>\$ 211,468</u>

- b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amount			
Current	<u>\$ 80,875</u>	<u>\$ 64,747</u>	<u>\$ 53,547</u>
Noncurrent	<u>\$ 558,134</u>	<u>\$ 566,902</u>	<u>\$ 156,216</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Land	1.85	1.85	-
Buildings	1.43-4.80	1.50-4.80	1.50-4.80
Other equipment	0.98-4.80	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 August 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 26,692	\$ 28,588	\$ 54,312	\$ 54,415
Expenses relating to low-value asset leases	\$ 1,235	\$ 810	\$ 2,348	\$ 1,824
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 8,871	\$ 5,272	\$ 10,732	\$ 9,636
Total cash outflow for leases			\$ 106,928	\$ 92,398

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

	June 30, 2021	December 31, 2020	June 30, 2020
Secured bank loans (Note 28)	\$ 293,550	\$ 709,245	\$ 664,952
Unsecured bank loans	<u>7,004,152</u>	<u>6,691,691</u>	<u>6,460,055</u>
	<u>\$ 7,297,702</u>	<u>\$ 7,400,936</u>	<u>\$ 7,125,007</u>
Annual interest rate (%)	0.53-5.31	0.50-3.70	0.50-6.73

b. Short-term bills payable

	June 30, 2021	December 31, 2020	June 30, 2020
Short-term bills payable			
China Bills Finance Corporation	\$ 130,000	\$ 30,000	\$ -
Mega Bills Finance Corporation	<u>30,000</u>	<u>30,000</u>	<u>-</u>
	160,000	60,000	-
Less: Discount on short-term bills payable	<u>74</u>	<u>83</u>	<u>-</u>
	<u>\$ 159,926</u>	<u>\$ 59,917</u>	<u>\$ -</u>
Annual interest rate (%)	0.40-1.79	1.64-1.79	-

c. Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured borrowings			
Syndicated bank loans (Note 1)	\$ 1,797,981	\$ 1,799,823	\$ 1,799,670
Less: Syndicated loan fee	<u>3,600</u>	<u>4,320</u>	<u>5,040</u>
	1,794,381	1,795,503	1,794,630
Bank loans (Note 2)	<u>1,497,722</u>	<u>1,240,707</u>	<u>1,253,797</u>
	<u>3,292,103</u>	<u>3,036,210</u>	<u>3,048,427</u>
Secured borrowings (Note 28)			
Syndicated bank loans (Note 3)	1,013,386	1,080,081	1,166,788
Less: Syndicated loan fee	<u>11,048</u>	<u>11,822</u>	<u>10,352</u>
	1,002,338	1,068,259	1,156,436
Bank loans	552,758	540,149	558,292
Other loans	<u>236</u>	<u>919</u>	<u>1,663</u>
	<u>1,555,332</u>	<u>1,609,327</u>	<u>1,716,391</u>
Less: Current portion	<u>402,659</u>	<u>538,534</u>	<u>253,390</u>
	<u>\$ 4,444,776</u>	<u>\$ 4,107,003</u>	<u>\$ 4,511,428</u>
Annual interest rate (%)			
Syndicated bank loans	0.66~1.85	0.66-1.85	0.67-1.85
Bank loans	0.87~1.43	0.87-2.07	0.83-1.43
Other loans	3.00	3.00	3.00
Expiration period			
Syndicated bank loans	2024.01-2024.10	2024.01-2024.10	2024.01-2024.10
Bank loans	2021.10-2037.06	2021.02-2037.06	2020.12-2037.06
Other loans	2021.08	2021.08	2021.08

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.

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 June 30, 2021 and December 31, 2020.

Note 3: The subsidiaries KS Corp., KSA Corp. and KSB Corp. signed a syndicated loan agreement with five banks led by Bank SinoPac in September 2019. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is \$4 billion, divided into credit limit A, credit limit B and credit limit C, which are nonrevolving credit.
 - a) The total amount of credit limit A is \$2.628 billion, which has to be fully paid off in 36 months after the initial drawdown date.
 - b) The total amount of credit limit B is \$2.628 billion, the first repayment will be made 6 months after the initial drawdown date and subsequent repayment will be made every 3 months, for a total of 19 periods. The repaid amount for period 1 through period 19 is 34% of the principal and the repaid amount for period 19 is 66% of the principal. Application for extension is acceptable.
 - c) The total amount of credit limit C is \$1.715 billion, the first repayment will be made 3 months after the initial drawdown date and subsequent repayment will be made every three months, for a total of 20 periods. The repaid amount for period 1 through period 20 is 36% of the principal and the repaid amount for period 20 is 64% of the principal. Application for extension is acceptable.
- 2) Pursuant to bank loan agreements, 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 June 30, 2021 and December 31, 2020.

17. NOTES AND ACCONTS PAYABLE

Notes 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

	June 30, 2021	December 31, 2020	June 30, 2020
Payable for salaries and bonuses	\$ 705,264	\$ 673,642	\$ 533,966
Payable for employees' compensation and remuneration to directors	402,471	237,733	303,097
Payable for commission	43,642	28,960	20,634
Payable for freight fee	27,264	26,010	33,940
			(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Payable for insurance premium	\$ 31,396	\$ 22,861	\$ 21,364
Payable for business tax	38,623	40,832	80,938
Payable for equipment	23,420	6,871	9,295
Others	<u>224,573</u>	<u>186,904</u>	<u>173,769</u>
	<u>\$ 1,496,653</u>	<u>\$ 1,223,813</u>	<u>\$ 1,177,003</u>

(Concluded)

19. RETIREMENT BENEFIT PLANS

For the three months and six months ended June 30, 2021 and 2020, the pension expenses of defined benefit plan were \$310 thousand, \$14 thousand, \$1,331 thousand and \$1,035 thousand, respectively, and these were calculated based on the pension cost rate determine by the actuarial calculation on December 31, 2020 and 2019, respectively.

20. EQUITY

a. Share capital

	June 30, 2021	December 31, 2020	June 30, 2020
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>231,390</u>	<u>231,390</u>	<u>231,390</u>
Amount of issued and fully paid shares	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends. Based on the Company's articles of incorporation (the "Articles"), part of authorized shares can be issued as preferred shares.

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of share capital	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	-	-	29
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	1,808	-	-

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
May be used only to offset a deficit			
Donations	\$ 11,867	\$ 11,867	\$ 11,867
Expired share options	22,374	22,374	22,374
Share of changes in capital surplus of associates	<u>281,369</u>	<u>136,965</u>	<u>107,329</u>
	<u>\$ 1,477,937</u>	<u>\$ 1,331,725</u>	<u>\$ 1,302,118</u> (Concluded)

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. 101004749 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 2020 and 2019 had been approved in the shareholders' meetings on July 28, 2021 and May 28, 2020, respectively; the amounts were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ 183,957	\$ 143,424		
Special reserve	\$ (343,469)	\$ 300,740		
Cash dividends to shareholders	\$ 1,018,117	\$ 763,587	\$ 4.4	\$ 3.3

As of July 28, 2021, the Company's shareholders' meeting also approved 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.

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

d. Other equity items

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

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ (583,633)	\$ (607,512)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(118,171)	(151,376)
Share from associates accounted for using the equity method	(35,832)	(67,148)
Income tax	24,846	33,012
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	3,121	-
Disposal of foreign operations	<u>-</u>	<u>3,371</u>
Balance at June 30	<u>\$ (709,669)</u>	<u>\$ (789,653)</u>

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

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ (52,985)	\$ (372,575)
Recognized for the period		
Unrealized gain - equity instruments	88,497	8,510
Share from associates accounted for using the equity method	244,047	29,858
Income tax	(2,151)	611
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	(34,133)	-

(Continued)

	For the Six Months Ended June 30	
	2021	2020
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Share from associates accounted for using the equity method	<u>\$ (149,328)</u>	<u>\$ (4,225)</u>
Balance at June 30	<u>\$ 93,947</u>	<u>\$ (337,821)</u> (Concluded)

e. Non-controlling interests

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	\$ 2,030,451	\$ 1,839,706
Other comprehensive income during the period		
Net Profit	154,898	60,876
Exchange differences on translating the financial statements of foreign operations	(32,203)	(40,824)
Non-controlling interests arising from subsidiaries' capital increase	-	11,795
Non-controlling interests arising from acquisition of subsidiaries	1,464	-
Acquisition of non-controlling interests in subsidiaries	(1,511)	-
Cash dividends distributed to non-controlling interests	<u>-</u>	<u>(3,196)</u>
Balance at June 30	<u>\$ 2,153,099</u>	<u>\$ 1,868,357</u>

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sale of goods	\$ 16,559,068	\$ 14,617,540	\$ 32,591,599	\$ 26,786,510
Other operating revenue	<u>306,766</u>	<u>218,911</u>	<u>557,775</u>	<u>402,968</u>
	<u>\$ 16,865,834</u>	<u>\$ 14,836,451</u>	<u>\$ 33,149,374</u>	<u>\$ 27,189,478</u>

a. Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Notes receivable (including related parties)	\$ 1,991,911	\$ 2,406,695	\$ 1,690,988	\$ 1,988,198
Net accounts receivable (including related parties)	<u>15,293,169</u>	<u>15,225,203</u>	<u>13,724,501</u>	<u>13,587,121</u>
	<u>\$ 17,285,080</u>	<u>\$ 17,631,898</u>	<u>\$ 15,415,489</u>	<u>\$ 15,575,319</u> (Continued)

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Contract liabilities				
Sale of goods	<u>\$ 664,614</u>	<u>\$ 345,351</u>	<u>\$ 237,322</u>	<u>\$ 289,480</u> (Concluded)

The changes in the balance of contract liabilities primarily result from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for the six months ended June 30, 2021 and 2020.

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

	For the Six Months Ended June 30	
	2021	2020
Sale of goods	<u>\$ 261,204</u>	<u>\$ 253,194</u>

b. Disaggregation of revenue

Refer to Note 32 for information about the disaggregation of revenue.

22. NET PROFIT

The details of net profit were as follows:

a. Other income (Note 27)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Rental income	\$ 5,879	\$ 6,735	\$ 12,121	\$ 12,878
Consulting service income	3,722	(15,711)	7,630	9,133
Dividends	1,840	-	1,840	-
Government grants	40,876	2,596	40,876	2,979
Others	<u>8,572</u>	<u>10,500</u>	<u>19,764</u>	<u>21,129</u>
	<u>\$ 60,889</u>	<u>\$ 4,120</u>	<u>\$ 82,231</u>	<u>\$ 46,119</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fair value change of financial instruments designated as at FVTPL	\$ 1,368	\$ 3,999	\$ 4,692	\$ (5,066)
Loss on disposal of investment under the equity method (Note 13)	(3,121)	(4,688)	(3,121)	(4,688)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Loss on disposal of foreign operations	\$ -	\$ (3,371)	\$ -	\$ (3,371)
Net foreign exchange gain (loss)	13,459	3,865	795	(5,066)
Gains on disposals of property, plants and equipment	3,025	67	3,340	67
Loss provision	(15,551)	-	(15,551)	-
Others	<u>(8,006)</u>	<u>(7,758)</u>	<u>(17,316)</u>	<u>(12,479)</u>
	<u>\$ (8,826)</u>	<u>\$ (7,886)</u>	<u>\$ (27,161)</u>	<u>\$ (30,603)</u>
				(Concluded)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 35,284	\$ 54,394	\$ 78,325	\$ 115,990
Syndicated loan fee amortization	763	763	1,494	1,526
Interest on lease liabilities	3,641	1,335	7,432	2,168
Less: Amounts included in cost of qualifying assets	<u>509</u>	<u>-</u>	<u>1,240</u>	<u>-</u>
	<u>\$ 39,179</u>	<u>\$ 56,492</u>	<u>\$ 86,011</u>	<u>\$ 119,684</u>
Capitalized rate (%)	1.85	-	1.85	-

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 52,686	\$ 51,258	\$ 103,605	\$ 99,236
Right-of-use assets	24,838	13,802	46,811	28,001
Intangible assets	10,644	8,454	20,410	16,708
Other noncurrent assets	598	2,157	1,222	3,713
Less: Amount included in cost of qualifying assets	<u>1,466</u>	<u>-</u>	<u>2,933</u>	<u>-</u>
	<u>\$ 87,300</u>	<u>\$ 75,671</u>	<u>\$ 169,115</u>	<u>\$ 147,658</u>
				(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 48,490	\$ 29,348	\$ 93,612	\$ 57,870
Operating expenses	<u>27,568</u>	<u>35,712</u>	<u>53,871</u>	<u>69,367</u>
	<u>\$ 76,058</u>	<u>\$ 65,060</u>	<u>\$ 147,483</u>	<u>\$ 127,237</u>
An analysis of amortization by function				
Operating costs	\$ 2,393	\$ 1,825	\$ 4,815	\$ 3,617
Operating expenses	<u>8,849</u>	<u>8,786</u>	<u>16,817</u>	<u>16,804</u>
	<u>\$ 11,242</u>	<u>\$ 10,611</u>	<u>\$ 21,632</u>	<u>\$ 20,421</u>

(Concluded)

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	<u>\$ 447,828</u>	<u>\$ 364,751</u>	<u>\$ 871,888</u>	<u>\$ 726,155</u>
Post-employment benefits (Note 19)				
Defined contribution plans	11,358	6,204	25,021	18,213
Defined benefit plans	<u>310</u>	<u>14</u>	<u>1,331</u>	<u>1,035</u>
	<u>11,668</u>	<u>6,218</u>	<u>26,352</u>	<u>19,248</u>
	<u>\$ 459,496</u>	<u>\$ 370,969</u>	<u>\$ 898,240</u>	<u>\$ 745,403</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 31,258	\$ 20,575	\$ 56,117	\$ 39,819
Operating expenses	<u>428,238</u>	<u>350,394</u>	<u>842,123</u>	<u>705,584</u>
	<u>\$ 459,496</u>	<u>\$ 370,969</u>	<u>\$ 898,240</u>	<u>\$ 745,403</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration to 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 to directors. For the three months and six months ended June 30, 2021 and 2020, the compensation of employees and the remuneration to directors were accrued as follows.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
<hr/> Estimated rate <hr/>				
Compensation of employees (%)	9.28	7.99	9.25	9.00
Remuneration to directors (%)	1.19	1.23	1.18	1.15
<hr/> Amounts <hr/>				
Compensation of employees	<u>\$ 76,267</u>	<u>\$ 42,297</u>	<u>\$ 146,073</u>	<u>\$ 90,532</u>
Remuneration to directors	<u>\$ 9,745</u>	<u>\$ 6,525</u>	<u>\$ 18,665</u>	<u>\$ 11,568</u>

The appropriations of compensation of employees and remuneration to directors for 2020 and 2019 approved by the board of directors in March 26, 2021 and March 25, 2020, respectively, 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 to 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 accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration to directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

23. INCOME TAX

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 173,157	\$ 140,556	\$ 345,862	\$ 242,219
Income tax on unappropriated earnings	-	11,325	-	11,325
Adjustments for prior periods	<u>9,722</u>	<u>(2,839)</u>	<u>12,083</u>	<u>(2,839)</u>
	182,879	149,042	357,945	250,705

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current period	\$ 58,972	\$ 4,992	\$ 88,768	\$ 19,695
	<u>\$ 241,851</u>	<u>\$ 154,034</u>	<u>\$ 446,713</u>	<u>\$ 270,400</u>
				(Concluded)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current period				
Unrealized loss (gain) on financial assets at FVTOCI	\$ (258)	\$ (1,270)	\$ (2,151)	\$ 611
Translations of foreign operations	<u>19,203</u>	<u>22,227</u>	<u>24,846</u>	<u>33,012</u>
	<u>\$ 18,945</u>	<u>\$ 20,957</u>	<u>\$ 22,695</u>	<u>\$ 33,623</u>

c. Income tax assessments

The income tax returns of the Company and the domestic subsidiaries through 2018 and 2019, respectively, have been assessed by the tax authorities.

24. EARNINGS PER SHARE (EPS)

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

a. Net profit for the period attributable to the owners of the Company

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Earnings used in the computation of basic/diluted EPS	<u>\$ 640,547</u>	<u>\$ 440,828</u>	<u>\$ 1,237,739</u>	<u>\$ 784,462</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of shares outstanding used in computation of basic EPS	231,390	231,390	231,390	231,390
Effect of potentially dilutive shares				
Employees' compensation	<u>1,875</u>	<u>1,811</u>	<u>4,206</u>	<u>6,104</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>233,265</u>	<u>233,201</u>	<u>235,596</u>	<u>237,494</u>

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. 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.

26. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 75,065	\$ -	\$ -	\$ 75,065
Structured deposits	-	73,355	-	73,355
Foreign exchange forward contracts	-	404	-	404
	<u>\$ 75,065</u>	<u>\$ 73,759</u>	<u>\$ -</u>	<u>\$ 148,824</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 183,409	\$ 113,937	\$ -	\$ 297,346
Unlisted shares	-	-	558,362	558,362
Foreign listed shares	37,266	-	-	37,266
	<u>\$ 220,675</u>	<u>\$ 113,937</u>	<u>\$ 558,362</u>	<u>\$ 892,974</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 6	\$ -	\$ 6

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 forward contracts	-	23	-	23
	<u>\$ 72,066</u>	<u>\$ 139,599</u>	<u>\$ -</u>	<u>\$ 211,665</u>
<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	19,956	-	-	19,956
	<u>\$ 174,027</u>	<u>\$ 75,491</u>	<u>\$ 504,180</u>	<u>\$ 753,698</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 280	\$ -	\$ 280 (Concluded)

June 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 66,323	\$ -	\$ -	\$ 66,323
Structured deposits	-	62,884	-	62,884
	<u>\$ 66,323</u>	<u>\$ 62,884</u>	<u>\$ -</u>	<u>\$ 129,207</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 93,078	\$ -	\$ -	\$ 93,078
Unlisted shares	-	-	529,291	529,291
Foreign listed shares	<u>27,622</u>	<u>-</u>	<u>-</u>	<u>27,622</u>
	<u>\$ 120,700</u>	<u>\$ -</u>	<u>\$ 529,291</u>	<u>\$ 649,991</u>

<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 1,050	\$ -	\$ 1,050

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2021 and 2020.

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

	<u>For the Six Months Ended June 30</u>	
	2021	2020
Balance at January 1	\$ 504,180	\$ 511,494
Purchases	60,000	-
Reduction of capital	(15,000)	-
Recognized in other comprehensive income	<u>9,182</u>	<u>17,797</u>
Balance at June 30	<u>\$ 558,362</u>	<u>\$ 529,291</u>

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets			
FVTPL			
Mandatorily classified at FVTPL	\$ 148,824	\$ 211,665	\$ 129,207
FVTOCI			
Equity instruments	892,974	753,698	649,991
Measured at amortized cost (Note 1)	22,085,950	21,912,133	20,738,157
Financial liabilities			
FVTPL			
Held for trading	6	280	1,050
Measured at amortized cost (Note 2)	21,003,900	20,879,466	19,527,045

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, and 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 30.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the six months ended June 30, 2021 and 2020 would have been lower (higher) by \$640 thousand and higher (lower) by \$8,175 thousand, respectively.

b) Interest rate risk

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Fair value interest rate risk			
Financial assets	\$ 918,471	\$ 1,025,233	\$ 1,977,186
Financial liabilities	6,115,950	6,096,367	5,685,059
Cash flow interest rate risk			
Financial assets	3,323,881	2,929,897	2,782,868
Financial liabilities	6,828,122	6,641,672	6,414,528

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 and 2020 would have been lower/higher by \$17,521 thousand and \$18,158 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2021 and 2020 would have been higher/lower by \$751 thousand and \$663 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2021 and 2020 would have been higher/lower by \$8,930 thousand and \$6,500 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

Liquidity tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual 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 reporting period.

	Less than 1 Year	1-5 Years	5-10 Years	10-20 Years	Total
<u>June 30, 2021</u>					
Non-interest bearing liabilities	\$ 8,698,174	\$ 2,063	\$ -	\$ -	\$ 8,700,237
Lease liabilities	92,586	255,610	164,885	222,847	735,928
Variable interest rate liabilities	4,668,852	1,363,260	591,017	320,652	6,943,781
Fixed interest rate liabilities	3,085,728	2,323,670	-	-	5,409,398
Financial guarantee contracts	<u>978,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,315</u>
	<u>\$ 17,523,655</u>	<u>\$ 3,944,603</u>	<u>\$ 755,902</u>	<u>\$ 543,499</u>	<u>\$ 22,767,659</u>
<u>December 31, 2020</u>					
Non-interest bearing liabilities	\$ 8,772,860	\$ 1,616	\$ -	\$ -	\$ 8,774,476
Lease liabilities	84,622	253,293	170,577	233,857	742,349
Variable interest rate liabilities	4,114,995	1,690,495	600,451	385,440	6,791,381
Fixed interest rate liabilities	3,515,441	2,018,770	-	-	5,534,211
Financial guarantee contracts	<u>1,160,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,995</u>
	<u>\$ 17,648,913</u>	<u>\$ 3,964,174</u>	<u>\$ 771,028</u>	<u>\$ 619,297</u>	<u>\$ 23,003,412</u>
<u>June 30, 2020</u>					
Non-interest bearing liabilities	\$ 8,403,584	\$ 419	\$ -	\$ -	\$ 8,404,003
Lease liabilities	59,071	151,538	4,835	9,772	225,216
Variable interest rate liabilities	3,958,024	1,646,847	618,584	450,072	6,673,527
Fixed interest rate liabilities	3,521,937	2,054,086	-	-	5,576,023
Financial guarantee contracts	<u>909,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>909,099</u>
	<u>\$ 16,851,715</u>	<u>\$ 3,852,890</u>	<u>\$ 623,419</u>	<u>\$ 459,844</u>	<u>\$ 21,787,868</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 reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

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

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

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

	June 30, 2021	December 31, 2020	June 30, 2020
Discounted to banks	<u>\$ 293,550</u>	<u>\$ 709,245</u>	<u>\$ 664,952</u>
Endorsement transfer to suppliers	<u>\$ 171,075</u>	<u>\$ 413,991</u>	<u>\$ 224,544</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 amount of the transferred but unsettled bills receivable, and as of June 30, 2021, December 31, 2020 and June 30, 2020, the face amount of these unsettled bills receivable were \$35,697 thousand, \$390,423 thousand and \$60,854 thousand, respectively. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

For the six months ended June 30, 2021 and 2020, 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.

27. RELATED PARTY TRANSACTIONS

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

a. Name of related parties and relation

Related Parties	Relation with the Group
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Industrial Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Shanghai Chang Wah Electromaterials Inc.	Associate
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
Eco Energy Corporation	Associate
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
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
Suzhou Shanji Photoelectric Co., Ltd.	Associate's subsidiary
Bao Guang Investment Co., Ltd.	Key management personnel (Director of the Company)
Open sky Technology Corp.	Other related party (adopt equity method for subsidiaries)
Welo-tech Corp.	Other related party (adopt equity method for subsidiaries)
Raycon Industries Inc.	Other related party
Daily Polymer Corp.	Other related party

(Continued)

Related Parties	Relation with the Group
Asahi Kasei Wah Lee Hi-tech Corp.	Other related party
JingYi Technology Co.	Other related party
Forcera Materials Co., Ltd.	Other related party
Minima Co., Ltd.	Other related party
Taigene Biotechnology Co., Ltd.	Other related party
Sin Hao Co., Ltd.	Other related party
Eleocom Co., Ltd.	Other related party (has been incorporated since April 2020)
	(Concluded)

b. Operating transactions

1) Sales of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates and their subsidiaries	\$ 91,078	\$ 85,018	\$ 196,513	\$ 216,782
Other related parties	<u>12,100</u>	<u>6,719</u>	<u>38,853</u>	<u>10,247</u>
	<u>\$ 103,178</u>	<u>\$ 91,737</u>	<u>\$ 235,366</u>	<u>\$ 227,029</u>

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

2) Purchase of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates and their subsidiaries	\$ 175,833	\$ 145,541	\$ 319,117	\$ 291,634
Other related parties	<u>335,700</u>	<u>338,777</u>	<u>660,562</u>	<u>647,442</u>
	<u>\$ 511,533</u>	<u>\$ 484,318</u>	<u>\$ 979,679</u>	<u>\$ 939,076</u>

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

3) Commission expense

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates and their subsidiaries	\$ 405	\$ -	\$ 405	\$ -
Other related parties	<u>52</u>	<u>59</u>	<u>87</u>	<u>96</u>
	<u>\$ 457</u>	<u>\$ 59</u>	<u>\$ 492</u>	<u>\$ 96</u>

4) Receivables from related parties

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Notes receivable - related parties</u>			
Associates	\$ <u>-</u>	\$ <u>6,925</u>	\$ <u>-</u>
<u>Accounts receivable - related parties</u>			
Associates and their subsidiaries	\$ 88,957	\$ 96,695	\$ 85,748
Other related parties	<u>10,676</u>	<u>17,753</u>	<u>6,455</u>
	99,633	114,448	92,203
Less: Allowance for impairment loss	<u>93</u>	<u>1,006</u>	<u>3,457</u>
	<u>\$ 99,540</u>	<u>\$ 113,442</u>	<u>\$ 88,746</u>
<u>Other receivables - related parties</u>			
Associates and their subsidiaries			
CWE Inc.	\$ 201,330	\$ 51,455	\$ 250,927
Nagase Wahlee Plastics Corp.	104,033	33	64,037
Others	2,821	2,847	34,322
Other related parties	<u>5,388</u>	<u>5,417</u>	<u>292</u>
	<u>\$ 313,572</u>	<u>\$ 59,752</u>	<u>\$ 349,578</u>

The outstanding receivables from related parties are unsecured.

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

5) Payables to related parties

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Notes payable - related parties</u>			
Associates	\$ 779	\$ 938	\$ 557
Other related parties	<u>-</u>	<u>323</u>	<u>-</u>
	<u>\$ 779</u>	<u>\$ 1,261</u>	<u>\$ 557</u>
<u>Accounts payable - related parties</u>			
Associates and their subsidiaries	\$ 143,992	\$ 127,369	\$ 121,835
Other related parties	<u>241,969</u>	<u>250,635</u>	<u>243,633</u>
	<u>\$ 385,961</u>	<u>\$ 378,004</u>	<u>\$ 365,468</u>

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Other payables</u>			
Associates	\$ -	\$ 2,510	\$ 1,739
Other related parties	<u>5,440</u>	<u>5,843</u>	<u>547</u>
	<u>\$ 5,440</u>	<u>\$ 8,353</u>	<u>\$ 2,286</u>
			(Concluded)

The outstanding payables to related parties are unsecured.

6) Contract liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Related Party Category			
Associates	<u>\$ 27,872</u>	<u>\$ 27,872</u>	<u>\$ -</u>

c. Acquisitions of property, plant and equipment

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates				
Eco Energy Corporation	\$ 6,030	\$ 30,614	\$ 19,924	\$ 72,452
ORC Technology Corp.	<u>127,104</u>	<u>-</u>	<u>127,104</u>	<u>-</u>
	<u>\$ 133,134</u>	<u>\$ 30,614</u>	<u>\$ 147,028</u>	<u>\$ 72,452</u>

d. Disposals of investment under the equity method - only for the six months ended June 30, 2020

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Loss on Disposal
Associates CWE 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>

e. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associated and their subsidiaries				
Wah Hong Industrial Corp.	\$ 4,036	\$ (4,276)	\$ 4,969	\$ 4,041
Others	(378)	(9,887)	147	5,405
				(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Other related parties	\$ 709	\$ 6	\$ 1,464	\$ 12
Key management personnel	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
	<u>\$ 4,367</u>	<u>\$ (14,157)</u>	<u>\$ 6,604</u>	<u>\$ 9,482</u>
				(Concluded)

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

f. Endorsements and guarantees

Related Party Category	June 30, 2021	December 31, 2020	June 30, 2020
Associates and their subsidiaries			
Amount endorsed	<u>\$ 1,385,652</u>	<u>\$ 1,183,456</u>	<u>\$ 1,211,861</u>
Amount utilized	<u>\$ 942,618</u>	<u>\$ 770,572</u>	<u>\$ 848,245</u>
Other related parties			
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

g. Compensation of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 34,430	\$ 31,690	\$ 70,783	\$ 61,011
Post-employment benefits	<u>203</u>	<u>185</u>	<u>407</u>	<u>395</u>
	<u>\$ 34,633</u>	<u>\$ 31,875</u>	<u>\$ 71,190</u>	<u>\$ 61,406</u>

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

28. ASSETS PLEDGED AS COLLATERAL

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

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 464,625	\$ 1,123,236	\$ 889,496
Other financial assets - current	2,000	1,300	1,300
Other financial assets - noncurrent	90,034	89,330	87,460
Property, plant and equipment			
Freehold land	457,022	457,022	608,107
Buildings	402,813	410,439	418,697
Power generation equipment	1,420,769	1,460,394	1,434,744
Other	<u>180</u>	<u>1,260</u>	<u>2,437</u>
	<u>\$ 2,837,443</u>	<u>\$ 3,452,981</u>	<u>\$ 3,442,241</u>

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

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2021 were as follows:

- a. The Group's unused letters of credit for purchase of merchandise was \$422,945 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment was \$440,900 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 as of December 31, 2020, but no loss related to default penalty was recognized. In addition KS Corp. has filed a lawsuit against the request of company B.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

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

	Foreign Currency Amount		Exchange Rate	Carrying Amount
<hr/> June 30, 2021 <hr/>				
Monetary financial assets				
USD	\$ 255,029	27.86	(USD:NTD)	\$ 7,105,110
USD	40,046	7.7669	(USD:HKD)	1,115,668
USD	24,978	6.4565	(USD:RMB)	695,900
USD	1,488	23,216.67	(USD:VND)	41,446
USD	988	31.86	(USD:THB)	27,800
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	12,490	27.86	(USD:NTD)	347,981
RMB	184,650	4.315	(RMB:NTD)	796,770
RMB	1,412,273	1.203	(RMB:HKD)	6,094,001
JPY	498,447	0.2521	(JPY:NTD)	125,659
HKD	1,919,351	3.587	(HKD:NTD)	6,884,713
THB	213,288	0.8744	(THB:NTD)	186,499
Monetary financial liabilities				
USD	262,241	27.86	(USD:NTD)	7,306,024
USD	24,679	7.7669	(USD: HKD)	687,553
USD	24,886	6.4565	(USD: RMB)	693,325
USD	11,659	23,216.67	(USD: VND)	324,821
USD	1,371	31.86	(USD: THB)	38,183
<hr/> December 31, 2020 <hr/>				
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
				(Continued)

	Foreign Currency Amount		Exchange Rate Carrying Amount	Carrying Amount
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
<hr/>				
June 30, 2020				
Monetary financial assets				
USD	208,441	29.63	(USD:NTD)	6,176,103
USD	26,640	7.7505	(USD:HKD)	789,337
USD	29,035	7.0677	(USD:RMB)	860,301
USD	1,203	25,765.22	(USD:VND)	35,653
USD	1,106	30.72	(USD:THB)	32,761
Non-monetary financial assets				
Investment accounted for using the equity method				
USD	11,293	29.63	(USD:NTD)	334,620
RMB	167,452	4.1923	(RMB:NTD)	702,010
RMB	1,192,288	1.0966	(RMB:HKD)	4,998,443
JPY	444,931	0.2751	(JPY:NTD)	122,401
HKD	1,509,076	3.823	(HKD:NTD)	5,769,196
THB	175,512	0.9645	(THB:NTD)	171,286
Monetary financial liabilities				
USD	194,696	29.63	(USD:NTD)	5,768,842
USD	14,499	7.7505	(USD: HKD)	429,615
USD	23,545	7.0677	(USD: RMB)	697,641
USD	5,086	25,765.22	(USD: VND)	150,692
USD	1,007	30.72	(USD: THB)	29,832
(Concluded)				

For the three months and six months ended June 30, 2021 and 2020, realized and unrealized foreign exchange were net gain \$13,459 thousand, net gain \$3,865 thousand, net gain \$795 thousand and net loss \$5,066 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.

31. 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 gain of \$80 thousand on derivative instruments transactions for the six months ended June 30, 2021.
 - 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 period 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 for the six months ended and as of June 30, 2021 were as follow:

Trade Partners	Account	Amount
Shanghai Yikang	Other income	\$ 14,195
Shanghai Yikang	Commission expenses	70,458
Shanghai Yikang	Other receivables	39,664
Shanghai Yikang	Other payables	39,307

- d. 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.

32. SEGMENT INFORMATION

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

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

Segment revenues and results

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

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
For the six months ended June 30, 2021						
Revenue from external customers	\$ 17,324,391	\$ 7,037,514	\$ 6,716,458	\$ 2,071,011	\$ -	\$ 33,149,374
Inter-segment revenue	<u>1,956,661</u>	<u>30,464</u>	<u>130,975</u>	<u>109,621</u>	<u>(2,227,721)</u>	<u>-</u>
Segment revenue	<u>\$ 19,281,052</u>	<u>\$ 7,067,978</u>	<u>\$ 6,847,433</u>	<u>\$ 2,180,632</u>	<u>\$ (2,227,721)</u>	<u>\$ 33,149,374</u>
Segment income	\$ 410,013	\$ 333,040	\$ 521,689	\$ 164,326	\$ 54,767	\$ 1,483,835
Interest income	384	3,701	9,170	774	-	14,029
Other income	89,424	1,872	51,015	2,417	(62,497)	82,231
Other gains and losses	(40,218)	5,420	3,900	3,737	-	(27,161)
Finance costs	<u>(31,693)</u>	<u>(18,030)</u>	<u>(13,913)</u>	<u>(22,375)</u>	<u>-</u>	<u>(86,011)</u>
Profit before income tax	427,910	326,003	571,861	148,879	(7,730)	1,466,923
Income tax expense	<u>(177,321)</u>	<u>(84,693)</u>	<u>(155,665)</u>	<u>(29,012)</u>	<u>(22)</u>	<u>(446,713)</u>

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Net profit after tax	<u>\$ 250,589</u>	<u>\$ 241,310</u>	<u>\$ 416,196</u>	<u>\$ 119,867</u>	<u>\$ (7,752)</u>	\$ 1,020,210
Share of profit or loss of associates under the equity method						<u>372,427</u>
Consolidated net profit						<u>\$ 1,392,637</u>
June 30, 2020						
Identifiable assets	<u>\$ 16,917,224</u>	<u>\$ 7,067,885</u>	<u>\$ 6,882,973</u>	<u>\$ 5,675,717</u>	<u>\$ (996,384)</u>	\$ 35,577,414
Goodwill						111,389
Investment accounted for using the equity method						<u>5,205,962</u>
Total assets						<u>\$ 40,894,765</u>
For the six months ended June 30, 2020						
Revenue from external customers	\$ 14,485,172	\$ 5,632,036	\$ 5,509,228	\$ 1,563,042	\$ -	\$ 27,189,478
Inter-segment revenue	<u>1,384,805</u>	<u>28,185</u>	<u>102,012</u>	<u>102,536</u>	<u>(1,617,538)</u>	<u>-</u>
Segment revenue	<u>\$ 15,869,977</u>	<u>\$ 5,660,221</u>	<u>\$ 5,611,240</u>	<u>\$ 1,665,578</u>	<u>\$ (1,617,538)</u>	<u>\$ 27,189,478</u>
Segment income	\$ 368,219	\$ 197,109	\$ 258,805	\$ 94,204	\$ 52,275	\$ 970,612
Interest income	467	1,387	25,833	2,015	-	29,702
Other income	90,257	7,665	11,625	3,323	(66,751)	46,119
Other gains and losses	(5,479)	(4,454)	(14,158)	(6,512)	-	(30,603)
Finance costs	<u>(48,999)</u>	<u>(24,500)</u>	<u>(25,205)</u>	<u>(20,980)</u>	<u>-</u>	<u>(119,684)</u>
Profit before income tax	404,465	177,207	256,900	72,050	(14,476)	896,146
Income tax expense	<u>(119,358)</u>	<u>(47,838)</u>	<u>(81,308)</u>	<u>(21,434)</u>	<u>(462)</u>	<u>(270,400)</u>
Net profit after tax	<u>\$ 285,107</u>	<u>\$ 129,369</u>	<u>\$ 175,592</u>	<u>\$ 50,616</u>	<u>\$ (14,938)</u>	625,746
Share of profit or loss of associates under the equity method						<u>219,592</u>
Consolidated net profit						<u>\$ 845,338</u>
June 30, 2020						
Identifiable assets	<u>\$ 14,182,725</u>	<u>\$ 6,207,514</u>	<u>\$ 7,235,365</u>	<u>\$ 4,731,822</u>	<u>\$ (955,637)</u>	\$ 31,401,789
Goodwill						112,541
Investment accounted for using the equity method						<u>4,243,410</u>
Total assets						<u>\$ 35,757,740</u> (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.

TABLE 1

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 4)	Interest Rate (%)	Nature for Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ 150,000	\$ -	-	short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 281,720	\$ 1,441,950	Note 2
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	65,316	64,725	55,232	5.31	short-term financing	-	Operating capital	-	-	-	1,438,201	1,438,201	Note 3
2	Shenzhen Huaying	Xiamen Hua Chen Da	Other receivables - related parties	Yes	8,831	8,630	-	-	short-term financing	-	Operating capital	-	-	-	62,931	62,931	Note 3
4	KS Corp.	KSA Corp.	Other receivables - related parties	Yes	30,000	15,000	-	-	short-term financing	-	Operating capital	-	-	-	211,290	211,290	Note 3

Note 1: RMB is converted by spot exchange CNY1 = \$4.315.

Note 2: The total amount of the financing limit for the subsidiaries in need of short-term financing shall not exceed 10% of the Company's equity; The financing limit for each counterparty shall not exceed 10% of the Company's equity and shall not exceed 40% of each counterparty's equity

Note 3: The individual and aggregate financing limit for the subsidiaries included in the consolidated financial statements of the parent company shall not exceed 30% of the financing company's equity.

Note 4: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-6)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at The End of the Period (Notes 7)	Actual Borrowing Amount (Notes 7)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-6)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	\$ 2,883,899	\$ 1,080,000	\$ 600,000	\$ 353,638	\$ -	4.16	\$14,419,495	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	2,883,899	50,388	25,194	-	-	0.17	14,419,495	N	N	N	
0	The Company	Shanghai Yikang	Subsidiary of the Company	2,883,899	190,213	150,444	73,782	-	1.04	14,419,495	Y	N	Y	
0	The Company	Dongguan Hua Gang	Subsidiary of the Company	4,325,849	255,510	-	-	-	-	14,419,495	Y	N	Y	
0	The Company	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Company	2,883,899	120,000	120,000	106,743	-	0.83	14,419,495	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	2,883,899	1,501,831	785,652	588,980	-	5.45	14,419,495	N	N	Y	
0	The Company	WL Singapore	Subsidiary of the Company	4,325,849	753,324	651,924	368,311	-	4.52	14,419,495	Y	N	N	
0	The Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	2,883,899	171,651	159,327	76,446	-	1.10	14,419,495	Y	N	N	
0	The Company	Miyazaki Solar Ltd.	Subsidiary of the Company	2,883,899	309,896	287,646	221,275	-	1.99	14,419,495	Y	N	N	
0	The Company	WL Indonesia	Subsidiary of the Company	2,883,899	88,459	86,366	4,591	-	0.60	14,419,495	Y	N	N	
0	The Company	WL Vietnam	Subsidiary of the Company	4,325,849	489,228	367,752	178,945	-	2.55	14,419,495	Y	N	N	
0	The Company	WT Industrial	Subsidiary of the Company	2,883,899	445,442	409,219	78,977	-	2.84	14,419,495	Y	N	N	
0	The Company	Wah Lee Philippines Inc.	Subsidiary of the Company	2,883,899	57,070	55,720	-	-	0.39	14,419,495	Y	N	N	
0	The Company	KS Corp.	Subsidiary of the Company	2,883,899	179,626	179,626	179,626	179,626	1.25	14,419,495	Y	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	958,801	123,637	120,820	49,037	-	2.52	2,397,002	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.	Subsidiary of the Company	1,760,940	200,000	200,000	18,168	11,130	28.40	2,817,504	Y	N	N	

(Continued)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Benefit of Each Party (Notes 1-6)	Maximum Amount Endorsed /Guaranteed During the Period	Outstanding Endorsement /Guarantee at The End of the Period (Notes 7)	Actual Borrowing Amount (Notes 7)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1-6)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
2	KS Corp.	KSA Corp.	Subsidiary of the Company	\$ 1,760,940	\$ 500,000	\$ 500,000	\$ 85,862	\$ 61,300	70.99	\$ 2,817,504	Y	N	N	
2	KS Corp.	KSD Corp.	Subsidiary of the Company	1,760,940	500,000	500,000	-	-	70.99	2,817,504	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	1,760,940	1,500,000	1,500,000	-	-	212.98	2,817,504	Y	N	N	
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	-	-	-	-	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	-	-	-	-	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	-	-	-	-	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	-	-	-	-	4,452,000	N	Y	N	
5	Dongguan Hua Gang	Guangjou Shing Shian	Subsidiary of the Company	758,511	177,898	174,194	103,747	-	6.89	1,264,185	Y	N	Y	
6	Raycong H.K.	Xiamen Hua Chen Da	Subsidiary of the Company	1,376,943	28,535	27,860	17,631	-	0.40	3,442,357	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. 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 USD1=NT\$27.860; JPY is converted by spot exchange JPY1=NT\$0.2521; RMB is converted by spot exchange RMB=NT\$4.315; THB is converted by spot exchange THB1=NT\$0.8744.

TABLE 3**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****JUNE 30, 2021****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2021				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	<u>\$ 148,400</u>	-	<u>\$ 148,400</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,154,410	\$ 35,009	3.02	\$ 35,009	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - noncurrent	1,968,180	70,960	0.75	70,960	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,066,432	55,865	16.94	55,865	
	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	96,645	19.38	96,645	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	2,102,476	59,458	8.83	59,458	
	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	79,015	9.27	79,015	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - noncurrent	2,300,000	11,337	6.57	11,337	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	11,871,585	84,672	4.57	84,672	
	CDIB Capital Group.	-	Financial assets at FVTOCI - noncurrent	3,500,000	40,410	2.86	40,410	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - noncurrent	7,649,782	37,266	8.15	37,266	
	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.	-	Financial assets at FVTOCI - noncurrent	905,629	113,937	1.48	113,937	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	5,000,000	50,000	2.50	50,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	JUNE 30, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.	Phoenix II Venture Capital Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - noncurrent	1,000,000	\$ 10,000	2.34	\$ 10,000	
					<u>\$ 744,574</u>		<u>\$ 744,574</u>	
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	\$ 47,276	-	\$ 47,276	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	28,629	27,789	-	27,789	
					<u>\$ 75,065</u>		<u>\$ 75,065</u>	

(Concluded)

TABLE 4**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(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			Ending Balance	% of Total	
The Company	Raycong H.K.	Subsidiary	Sales	\$ (645,370)	(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	\$ 397,999	5	Note
	Shanghai Yikang	Subsidiary	Sales	(429,577)	(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	155,787	2	Note
	Dongguan Hua Gang	Subsidiary	Sales	(587,227)	(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	102,593	1	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	(120,543)	(1)	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	54,757	1	
	Nagase Wahlee Plastics.	Associate accounted for using the equity method	Purchase	114,250	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	(27,174)	(1)	
	Asahi Kasei Wah Lee Hi-tech Corp.	The Company is the director of the Company	Purchase	581,741	3	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	(209,948)	(5)	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	(332,148)	(15)	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	113,018	11	Note

Note: It was eliminated on consolidation.

TABLE 5**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****JUNE 30, 2021****(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	\$ 195,451	3.28	\$ -	-	\$ 70,855	\$ -
	Raycong H.K.	Subsidiary	467,674	3.27	-	-	112,876	-
	Dongguan Hua Gang	Subsidiary	104,904	8.67	-	-	59,077	-
	CWE Inc.	Associate accounted for using the equity method	256,087	3.94	-	-	18,117	-
	Nagase Wahlee Plastics.	Associate accounted for using the equity method	104,290	6.84	-	-	83	-
Raycong H.K.	Dongguan Hua Gang	Subsidiary	113,018	6.96	-	-	-	-

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

Note 2: It was eliminated on consolidation.

TABLE 6

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				June 30, 2021	December 31, 2020						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 4,439,630	\$ 309,856	\$ 309,846	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	3,696,108	536,363	287,978	Subsidiary
The Company	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	28.83	2,365,683	574,658	171,664	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	736,309	295,579	118,232	Associate
The Company	Wah Hong Industrial Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	942,926	942,926	26,118,978	26.67	1,044,670	114,913	30,647	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	151,061	17,755	5,153	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	4,498	(41)	(34)	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	118	(544)	(544)	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	83,963	5,106	5,106	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	37,197	3,142	3,142	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	35,964	962	674	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	58,798	17,681	17,681	Subsidiary
The Company	ChuanShun Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	134,781	19,439	12,311	Subsidiary
The Company	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	-	2,000	-	-	-	(1,853)	(463)	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	201,909	47,953	20,603	Subsidiary
The Company	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	100,518	13,201	2,640	Associate
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	503,063	8,827	2,706	Subsidiary

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				June 30, 2021	December 31, 2020						
The Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	\$ 7,755	\$ 7,755	127,495	99.99	\$ 6,694	\$ (497)	\$ (497)	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	5,067	(1,185)	(1,185)	Subsidiary
The Company	WH Energy	Taiwan	Solar power generation business	90,000	30,000	9,000,000	100.00	91,369	1,468	1,468	Subsidiary
The Company	ORC Co.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	4,000	-	-	Joint Venture
QuanShun Logistics	Chuancheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	12,947	5,500,000	100.00	42,535	385	287	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	55,000	55,000	6,130,000	100.00	67,015	4,344	4,344	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	10,000	10,000	1,113,000	100.00	12,218	817	817	Subsidiary
KS Corp.	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	-	4,320	-	-	-	(1,853)	(1,390)	Subsidiary
KS Corp.	Eco Energy Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	100,518	13,201	2,640	Associate
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	1,000	1,000	100,000	100.00	309	(607)	(607)	Subsidiary
KS Corp.	KSD Corp.	Taiwan	Solar power generation business	67,000	67,000	6,700,000	100.00	65,738	(1,069)	(1,069)	Subsidiary
KS Corp.	HGE Co.	Taiwan	Solar power generation business	44,820	-	4,482,000	65.00	44,820	-	-	Associate
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment business	43,892	43,892	1,290,000	100.00	794,299	39,453	39,453	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	51,639	51,639	1,600,000	100.00	359,543	19,291	19,291	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	3,188,104	536,363	248,374	Subsidiary
Wah Lee Holding Ltd.	Regent King H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	2,472	191	191	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	3,643	3,097	2,044	Subsidiary
WL Singapore	Gishine Tech Pte. Ltd.	Singapore	Research and development of environmental protection and cleaning technology	-	-	-	49.00	-	-	-	Associate

(Concluded)

Note 1: The share of profit (loss) recognized for the period ended June 30, 2021 included eliminated unrealized gains or losses and amortization of investment premium.

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

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

TABLE 7

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE SIX MONTHS ENDED JUNE 30, 2021 (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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of June 30, 2021	Note
					Outward	Inward							
Dongguan Hua Gang	Trading business of industrial materials	\$ 1,125,008	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 224,930	100.00	\$ 224,930	\$ 2,523,418	\$ -	
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	980,121	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	415,559	70.00	290,892	3,373,206	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,826	Invested through the third region, Raycong H.K.	-	-	-	-	4,226	100.00	4,226	209,771	-	
Shanghai Wah Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	66,864	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	137,033	30.00	41,110	645,786	-	
Shanghai Yadi	Import and export of goods and technology	12,945	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	927	49.00	454	18,621	-	
Shanghai Lihuang	Medical devices and equipment	14,369	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	391	48.98	(772)	5,914	-	
Fenghuang Xinwah Shouzheng	Medical devices manufacturing technology developing and consulting	5,753	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(1,063)	52.50	(558)	2,467	-	
Guangjoui Shing Shian	Hospital management, medical equipment repair, wholesale of medical supplies	21,575	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	2,939	100.00	2,939	46,781	-	
Xiamen Hua Chen Da	Warehouse logistics	12,945	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(553)	70.00	(387)	7,021	-	
Xiamen Jian Yuan Rong Logistics Ltd.	Warehouse logistics	34,520	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	860	30.00	259	9,411	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,630	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	273	30.00	82	3,186	-	

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2021 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 384,343	\$ 2,480,528	\$ -

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

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

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$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 \$42,644 thousand and the invested amount of \$154,795 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)

TABLE 8

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Shanghai Yikang	Sales	\$ 429,577	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 155,787	2	\$ 948	Note
		Purchase	(10,648)	-	Normal trade terms	60 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(11,732)	-	-	Note
	Dongguan Hua Gang	Sales	587,227	3	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	102,593	1	274	Note
Raycong H.K.	Dongguan Hua Gang	Sales	332,148	15	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	113,018	11	777	Note

Note: It was eliminated on consolidation.

TABLE 9

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2021 (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	\$ 429,577	According to the contract	1.00
0	The Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable	155,787	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Other income	14,195	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Other receivables	39,664	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Operating revenue	645,370	According to the contract	2.00
0	The Company	Raycong H.K.	Parent to subsidiary	Accounts receivable	397,999	According to the contract	1.00
0	The Company	Raycong H.K.	Parent to subsidiary	Other income	22,423	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other receivables	69,675	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	587,227	According to the contract	2.00
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable	102,593	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Other receivables	2,311	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Operating revenue	56,851	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Accounts receivable	11,294	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other income	9,043	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other receivables	12,397	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Operating revenue	62,683	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Accounts receivable	29,014	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Other income	984	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Other receivables	955	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Operating revenue	54,955	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Accounts receivable	20,993	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other income	3,422	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other receivables	772	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Contract liabilities	17,281	According to the contract	-
0	The Company	KSD Corp.	Parent to subsidiary	Operating revenue	40,981	According to the contract	-
0	The Company	KSD Corp.	Parent to subsidiary	Accounts receivable	43,030	According to the contract	-
0	The Company	KSD Corp.	Parent to subsidiary	Contract liabilities	11,412	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Operating revenue	42,715	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Accounts receivable	3,288	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Other income	2,981	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Other receivables	5,812	According to the contract	-
0	The Company	KSB Corp.	Parent to subsidiary	Operating revenue	31,633	According to the contract	-
0	The Company	KSB Corp.	Parent to subsidiary	Accounts receivable	23,210	According to the contract	-
0	The Company	KSB Corp.	Parent to subsidiary	Contract liabilities	497	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Operating revenue	81,106	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Accounts receivable	51,039	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	48,122	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Accounts receivable	10,314	According to the contract	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Shanghai Yikang	Shanghai Yadi	Subsidiary to subsidiary	Other income	\$ 594	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Subsidiary to subsidiary	Other receivables	55,232	According to the contract	-
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	332,148	According to the contract	1.00
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable	113,018	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	15,739	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Accounts receivable	4,628	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Company	Subsidiary to Parent	Operating revenue	43,804	According to the contract	-
4	QuanShun Logistics Co., Ltd.	The Company	Subsidiary to Parent	Accounts receivable	23,570	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	27,322	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Accounts receivable	12,276	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Operating revenue	58,379	According to the contract	-
6	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Accounts receivable	30,553	According to the contract	-

(Concluded)

TABLE 10

WAH LEE INDUSTRIAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

JUNE 30, 2021

[illegible]

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