

Wah Lee Industrial Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Lee Industrial Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2020 is discussed as follows:

Occurrence of revenue from specific customers

The operating revenue of the Company for the year ended December 31, 2020 was NT\$33,236,491 thousand, of which the revenue and gross profit from specific customers show significant growth over the past year. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the parent company only financial statements for the related accounting policy on revenue recognition.

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

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

Other Matter

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

The carrying values of the investments accounted for using the equity method as of December 31, 2020 and 2019 were NT\$728,537 thousand and NT\$675,514 thousand, respectively, both representing 3% of total parent company only assets; and the amounts of the share of profit of associates for the years ended December 31, 2020 and 2019 were NT\$111,793 thousand and NT\$69,036 thousand, representing 5% and 4% of parent company only profit before income tax, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

WAH LEE INDUSTRIAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,194,704	4	\$ 792,785	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	119,600	-	68,900	-
Notes receivable (Notes 4 and 8)	131,614	1	155,804	1
Accounts receivable, net (Notes 4, 5 and 8)	6,534,683	24	5,494,610	23
Accounts receivable - related parties (Notes 4, 5, 8 and 25)	800,694	3	1,014,996	4
Other receivables	42,422	-	26,171	-
Other receivables - related parties (Note 25)	253,266	1	406,900	2
Merchandise (Notes 4, 5 and 9)	1,824,901	7	1,831,530	8
Prepayments for purchases (Note 25)	1,004,155	4	690,345	3
Other current assets	12,136	-	14,113	-
Total current assets	11,918,175	44	10,496,154	44
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 7)	634,098	2	572,981	2
Investments accounted for using the equity method (Notes 4, 10 and 26)	12,812,080	48	11,532,750	48
Property, plant and equipment (Notes 4, 11 and 26)	711,059	3	748,692	3
Right-of-use assets (Notes 4 and 12)	21,427	-	27,335	-
Investment properties (Notes 4, 13 and 26)	436,599	2	417,208	2
Other intangible assets	23,619	-	24,539	-
Deferred tax assets (Notes 4 and 21)	236,455	1	227,274	1
Prepayments for equipment	-	-	109	-
Refundable deposits	54,114	-	49,576	-
Prepayments for investments	10,000	-	-	-
Total noncurrent assets	14,939,451	56	13,600,464	56
TOTAL	\$ 26,857,626	100	\$ 24,096,618	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 4,013,494	15	\$ 3,316,962	14
Contract liabilities - current (Notes 20 and 25)	305,104	1	259,153	1
Notes payable (Note 15)	29,219	-	323,906	1
Notes payable - related parties (Notes 15 and 25)	938	-	201	-
Accounts payables (Note 15)	3,602,416	13	2,873,629	12
Accounts payables - related parties (Notes 15 and 25)	271,663	1	274,755	1
Other payables (Notes 16 and 25)	771,384	3	687,301	3
Current tax liabilities (Note 21)	82,325	-	93,596	-
Lease liabilities - current (Notes 4 and 12)	8,043	-	7,314	-
Current portion of long-term borrowings (Note 14)	433,577	2	32,486	-
Refund liabilities - current	173,956	1	155,819	1
Other current liabilities	15,358	-	11,401	-
Total current liabilities	9,707,477	36	8,036,523	33
NONCURRENT LIABILITIES				
Long-term borrowings (Note 14)	2,785,247	11	3,217,425	13
Provision for employee benefits - noncurrent	14,760	-	14,760	-
Deferred tax liabilities (Notes 4 and 21)	1,155,352	4	1,056,833	5
Lease liabilities - noncurrent (Notes 4 and 12)	13,663	-	20,154	-
Net defined benefit liabilities - noncurrent (Notes 4 and 7)	300,009	1	303,006	1
Guarantee deposits received	3,109	-	3,020	-
Total noncurrent liabilities	4,272,140	16	4,615,198	19
Total liabilities	13,979,617	52	12,651,721	52
EQUITY (Note 19)				
Share Capital	2,313,901	8	2,313,901	10
Capital surplus	1,331,725	5	1,318,065	5
Retained earnings				
Legal reserve	2,228,083	8	2,084,659	9
Special reserve	980,087	4	679,347	3
Unappropriated earnings	6,660,831	25	6,029,012	25
Total retained earnings	9,869,001	37	8,793,018	37
Other equity	(636,618)	(2)	(980,087)	(4)
Total equity	12,878,009	48	11,444,897	48
TOTAL	\$ 26,857,626	100	\$ 24,096,618	100

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

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

WAH LEE INDUSTRIAL CORPORATION

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 25)	\$ 33,236,491	100	\$ 29,225,800	100
OPERATING COSTS (Notes 9, 20 and 25)	<u>30,967,419</u>	<u>93</u>	<u>27,249,269</u>	<u>93</u>
GROSS PROFIT	2,269,072	7	1,976,531	7
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(2,234)	-	(22,361)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>22,361</u>	<u>-</u>	<u>28,199</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,289,199</u>	<u>7</u>	<u>1,982,369</u>	<u>7</u>
OPERATING EXPENSES (Notes 8, 20 and 25)				
Selling and marketing expenses	1,265,698	4	1,166,533	4
General and administrative expenses	344,463	1	335,182	1
Expected credit loss	<u>38,697</u>	<u>-</u>	<u>1,081</u>	<u>-</u>
Total operating expenses	<u>1,648,858</u>	<u>5</u>	<u>1,502,796</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>640,341</u>	<u>2</u>	<u>479,573</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 25)				
Interest income	709	-	1,274	-
Other income	189,594	1	183,140	1
Other gains and losses	(49,813)	-	(1,119)	-
Finance costs	(79,298)	-	(128,708)	(1)
Share of profit of subsidiaries, associates and joint ventures	<u>1,402,936</u>	<u>4</u>	<u>1,071,078</u>	<u>4</u>
Total non-operating income and expenses	<u>1,464,128</u>	<u>5</u>	<u>1,125,665</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	2,104,469	7	1,605,238	6
INCOME TAX EXPENSE (Notes 4 and 21)	<u>245,349</u>	<u>1</u>	<u>189,416</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,859,120</u>	<u>6</u>	<u>1,415,822</u>	<u>5</u>

(Continued)

WAH LEE INDUSTRIAL CORPORATION

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 18 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (4,470)	-	\$ 9,375	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	110,390	-	(114,290)	-
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	236,698	1	72,454	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	7,804	-	9,797	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method	28,450	-	(297,317)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(4,571)</u>	<u>-</u>	<u>45,714</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>374,301</u>	<u>1</u>	<u>(274,267)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,233,421</u>	<u>7</u>	<u>\$ 1,141,555</u>	<u>4</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 8.03</u>		<u>\$ 6.12</u>	
Diluted	<u>\$ 7.81</u>		<u>\$ 5.93</u>	

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

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

(Concluded)

WAH LEE INDUSTRIAL CORPORATION

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

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	\$ 2,313,901	\$ 1,331,880	\$ 1,950,063	\$ 78,160	\$ 6,070,997	\$ (355,909)	\$ (323,438)	\$ (679,347)	\$ 11,065,654
Appropriation of 2018 earnings									
Legal reserve	-	-	134,596	-	(134,596)	-	-	-	-
Special reserve	-	-	-	601,187	(601,187)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(740,448)	-	-	-	(740,448)
	-	-	134,596	601,187	(1,476,231)	-	-	-	(740,448)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(8,049)	-	-	-	(8,049)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(13,815)	-	-	-	-	-	-	(13,815)
Net profit for the year ended December 31, 2019	-	-	-	-	1,415,822	-	-	-	1,415,822
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	7,550	(251,603)	(30,214)	(281,817)	(274,267)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,423,372	(251,603)	(30,214)	(281,817)	1,141,555
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 7 and 18)	-	-	-	-	(4,652)	-	4,652	4,652	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 18)	-	-	-	-	23,575	-	(23,575)	(23,575)	-
BALANCE AT DECEMBER 31, 2019	2,313,901	1,318,065	2,084,659	679,347	6,029,012	(607,512)	(372,575)	(980,087)	11,444,897
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)
	-	-	143,424	300,740	(1,207,751)	-	-	-	(763,587)
Changes in percentage of ownership interests in subsidiaries	-	(846)	-	-	-	-	-	-	(846)
Changes in capital surplus from investments in associates accounted for using the equity method	-	14,506	-	-	(50,382)	-	-	-	(35,876)
Net profit for the year ended December 31, 2020	-	-	-	-	1,859,120	-	-	-	1,859,120
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(2,328)	23,879	352,750	376,629	374,301
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,856,792	23,879	352,750	376,629	2,233,421
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 7 and 18)	-	-	-	-	18,567	-	(18,567)	(18,567)	-
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income (Note 18)	-	-	-	-	14,593	-	(14,593)	(14,593)	-
BALANCE AT DECEMBER 31, 2020	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009

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

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

WAH LEE INDUSTRIAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,104,469	\$ 1,605,238
Adjustments for:		
Depreciation expense	58,658	57,015
Amortization expense	6,770	4,868
Expected credit loss	38,697	1,081
Finance costs	79,298	128,708
Interest income	(709)	(1,274)
Dividend income	(16,696)	(12,714)
Share of profit of subsidiaries and associates accounted for using the equity method	(1,402,936)	(1,071,078)
Loss (gain) on disposal of investment for using the equity method	3,371	(1,155)
Impairment loss on non-financial assets	3,785	77,316
Unrealized gain on transactions with subsidiaries	2,234	22,361
Realized gain on transactions with subsidiaries	(22,361)	(28,199)
Net loss (gain) on foreign currency exchange	37,629	(63,486)
Others	(2,375)	(1,804)
Changes in operating assets and liabilities		
Notes receivable	24,190	74,622
Accounts receivable	(1,078,059)	76,560
Accounts receivable - related parties	213,591	58,969
Other receivables	(16,251)	3,408
Other receivables - related parties	113,216	(39,199)
Inventories	2,844	119,231
Prepayments for purchases	(313,810)	(319,171)
Other current assets	1,977	12,217
Contract liabilities	45,951	199,934
Notes payable	(294,687)	(187,559)
Notes payable - related parties	737	(1,347)
Accounts payable	728,787	(673,060)
Accounts payable - related parties	(3,092)	(79,034)
Other payables	93,135	13,574
Refund liabilities	18,137	25,023
Other current liabilities	3,957	(3,470)
Net defined benefit liabilities	(7,467)	(11,507)
Cash generated from (used in) operations	422,990	(13,932)
Interest received	709	1,274
Dividends received	493,329	383,463
Interest paid	(86,910)	(123,865)
Income tax paid	(164,049)	(181,129)
Net cash generated from operating activities	666,069	65,811

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WAH LEE INDUSTRIAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (50,000)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,285	4,782
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	1,288	-
Purchase of investments accounted for using the equity method	(37,005)	(483,886)
Proceeds from the capital reduction of investments accounted for using equity method	3,000	70,804
Payments for property, plant and equipment	(47,420)	(31,754)
Proceeds from disposal of property, plant and equipment	17,194	1,737
Decrease (increase) in refundable deposits	(4,538)	192
Increase in other intangible assets	(5,850)	(13,403)
Prepayments for investments	<u>(10,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(86,046)</u>	<u>(451,528)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	658,903	336,239
Decrease in short-term bills payable	-	(100,000)
Proceeds from long-term borrowings	8,000,385	6,892,239
Repayment of long-term borrowings	(8,032,912)	(6,131,946)
Increase in guarantee deposits received	89	-
Repayment of the principal portion of lease liabilities	(7,560)	(5,269)
Cash dividends	(763,587)	(740,448)
Acquisition of additional interests in subsidiaries	<u>(33,422)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(178,104)</u>	<u>250,815</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	401,919	(134,902)
CASH AT THE BEGINNING OF THE YEAR	<u>792,785</u>	<u>927,687</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,194,704</u>	<u>\$ 792,785</u>

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

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

(Concluded)

WAH LEE INDUSTRIAL CORPORATION

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

1. ORGANIZATION

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

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

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company assessed that the application of standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only 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.

The subsidiaries and associates or joint venture are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on the consolidated financial statements, the effect of the differences between parent company only basis and the consolidated basis are adjusted in the parent company only investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

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

e. Merchandise

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

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

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

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

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates and joint ventures

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

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

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

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

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

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

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

h. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such

assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment and investment properties

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement category

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

i Financial assets at amortized cost

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

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

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

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

ii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk

on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instruments at an amount equal to 12-month ECLs.

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Revenue recognition

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

1) Revenue from sale of goods

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

2) Revenue from rendering of services

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

m. Leasing

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as a lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a

recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty

a. Estimated impairment of accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 538	\$ 577
Demand deposits	1,192,420	790,423
Checking accounts	<u>1,746</u>	<u>1,785</u>
	<u>\$ 1,194,704</u>	<u>\$ 792,785</u>

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Current		
Domestic investments in equity instruments		
Listed shares	<u>\$ 119,600</u>	<u>\$ 68,900</u>
Noncurrent		
Domestic investments in equity instruments		
Listed shares	\$ 109,962	\$ 30,808
Unlisted shares	<u>426,667</u>	<u>419,792</u>
	<u>536,629</u>	<u>450,600</u>

(Continued)

	December 31	
	2020	2019
Foreign investments in equity instruments		
Listed shares	\$ 19,956	\$ 30,679
Unlisted shares	<u>77,513</u>	<u>91,702</u>
	<u>97,469</u>	<u>122,381</u>
	<u>\$ 634,098</u>	<u>\$ 572,981</u>
		(Concluded)

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 Company's strategy of holding these investments for long-term purposes.

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

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

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

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2020	2019
Notes receivable		
Notes receivable - operating	<u>\$ 131,614</u>	<u>\$ 155,804</u>
Accounts receivables - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 6,577,457	\$ 5,502,832
Less: Allowance for impairment loss	<u>42,774</u>	<u>8,222</u>
	<u>\$ 6,534,683</u>	<u>\$ 5,494,610</u>
Accounts receivables - related parties		
At amortized cost		
Gross carrying amount	\$ 801,700	\$ 1,015,291
Less: Allowance for impairment loss	<u>1,006</u>	<u>295</u>
	<u>\$ 800,694</u>	<u>\$ 1,014,996</u>

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 Company 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry. As the Company'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 Company's different customer base.

The Company 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

	Customers without Signs of Default				Customers With Signs of Default	Total
	Not Past Due	Past Due 1-60 Days	Past Due 61-180 Days	Past Due Over 181 days		
Expected credit loss rate (%)	0.1	1-5	10-35	50	100	
Gross carrying amount	\$ 7,143,434	\$ 293,031	\$ 17,925	\$ 52,895	\$ 3,486	\$ 7,510,771
Loss allowance (Lifetime ECL)	(7,648)	(3,470)	(2,729)	(26,447)	(3,486)	(43,780)
Amortized cost	<u>\$ 7,135,786</u>	<u>\$ 289,561</u>	<u>\$ 15,196</u>	<u>\$ 26,448</u>	<u>\$ -</u>	<u>\$ 7,466,991</u>

The following table details the loss allowance of accounts receivable as of December 31, 2019 based on the Company'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 (%)	0.0016	0.0016	0.0016	0.0022	0.0016	0.0290	100	
Gross carrying amount	\$ 1,500,958	\$ 470,954	\$ 525,042	\$ 1,356,460	\$ 92,013	\$ 2,565,799	\$ 6,897	\$ 6,518,123
Loss allowance (Lifetime ECL)	(24)	(8)	(8)	(30)	(2)	(1,548)	(6,897)	(8,517)
Amortized cost	<u>\$ 1,500,934</u>	<u>\$ 470,946</u>	<u>\$ 525,034</u>	<u>\$ 1,356,430</u>	<u>\$ 92,011</u>	<u>\$ 2,564,251</u>	<u>\$ -</u>	<u>\$ 6,509,606</u>

The aging of notes and accounts receivable for the year ended December 31, 2019 based on the past due days from invoice date was as follows:

	December 31, 2019
Up to 90 days	\$ 5,402,451
91-150 days	854,199
151-180 days	81,489
Over 181 days	<u>335,788</u>
	<u>\$ 6,673,927</u>

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 8,517	\$ 7,436
Impairment losses recognized	38,697	1,081
Amounts written off	<u>(3,434)</u>	<u>-</u>
Balance at December 31	<u>\$ 43,780</u>	<u>\$ 8,517</u>

9. MERCHANDISE

The costs of inventories recognized in cost of goods sold for the years ended December 31, 2020 and 2019 were \$30,963,508 thousand and \$27,244,873 thousand respectively, which included the following items:

	For the Year Ended December 31	
	2020	2019
Write-downs of inventories	\$ 3,785	\$ 77,316
Others	<u>581</u>	<u>(1,010)</u>
	<u>\$ 4,366</u>	<u>\$ 76,306</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 8,707,554	\$ 7,724,827
Investments in associates	4,100,526	3,807,923
Investment in joint ventures	<u>4,000</u>	<u>-</u>
	<u>\$ 12,812,080</u>	<u>\$ 11,532,750</u>

See table 6 and 7 for the information on investment accounted for using the equity method for the nature of activities and country of incorporation of the associate.

a. Investments in subsidiaries

	December 31			
	2020		2019	
Unlisted Company	Book Value	Percentage of Ownership	Book Value	Percentage of Ownership
Wah Lee Holding Ltd.	\$ 4,184,973	100.00	\$ 3,733,888	100.00
Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	3,453,779	53.69	3,023,029	53.69
Wah Lee Japan Corp. (WL Japan)	4,966	83.33	5,018	83.33
Wah Lee Korea Ltd (WL Korea)	698	100.00	(1,248)	100.00
Okayama Solar Ltd.	-	-	-	-

(Continued)

Unlisted Company	December 31			
	2020		2019	
	Book Value	Percentage of Ownership	Book Value	Percentage of Ownership
Sakuragawa Solar Ltd.	\$ 86,576	99.99	\$ 78,867	99.99
Miyazaki Solar Ltd.	37,440	99.99	33,164	99.99
PT. Wah Lee Indonesia (WL Indonesia)	37,145	70.00	11,758	60.00
Medi H.K.	-	-	-	80.00
Wha Lee Vietnam Co., Ltd. (WL Vietnam)	36,133	100.00	28,312	100.00
QuanShun Logistics Co., Ltd. (QuanShun Logistics)	122,470	63.33	106,501	63.33
Wah Tech Industrial Co., Ltd. (WT Industrial)	197,605	51.00	197,866	51.00
Kingstone Energy Technology Corporation (KS Corp.)	500,767	51.00	487,960	51.00
Wahlee Green Energy Corporation (WL Green Corp.)	1,164	25.00	4,210	25.00
Wah Heng Energy Technology Corp. (WH Energy)	29,901	100.00	-	-
Wah Lee Philippines International Corp. (WL Philippines Corp.)	7,464	99.99	7,755	99.99
Wah Lee Philippines Inc. (WL Philippines Inc.)	<u>6,473</u>	99.99	<u>7,747</u>	99.99
	<u>\$ 8,707,554</u>		<u>\$ 7,724,827</u>	

(Concluded)

Note 1: Okayama Solar Ltd. returned cash capital of \$70,804 thousand in February 2019, and has been liquidated in July 2019.

Note 2: The ownership percentage in WL Indonesia increased to 70% due to the subscription of the Company for \$33,422 thousand 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 Company over WL Indonesia, the Company processed the equity transaction by reducing capital surplus by \$846 thousand.

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

Note 4: To expand the Company's operations, the Company acquired KS Corp. for \$468,384 thousand in May 2019 and obtained 51% ownership; refer to Note 25 to the consolidated financial statements for 2020.

Note 5: WL Green Corp. had been incorporated by resolution in the shareholders' meeting held in November 2019, and had returned cash capital of \$3,000 thousand. It is in the process of liquidation as of the date the parent company only financial statements were authorized for issue.

Note 6: In July 2020, the Company invested \$30,000 thousand in WH Energy which was established in Taiwan.

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

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

Note 9: Refer to Note 26 for information relating to investments in subsidiaries pledged as collateral for borrowings.

b. Investments accounted for using the equity method

	December 31	
	2020	2019
Investments in associates		
Material associates		
Chang Wah Electromaterials Inc.	\$ 2,080,267	\$ 1,799,523
Associates that are not individually material	<u>2,020,259</u>	<u>2,008,400</u>
	<u>\$ 4,100,526</u>	<u>\$ 3,807,923</u>

1) Material associates

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

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

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

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

	December 31	
	2020	2019
Current assets	\$ 11,117,986	\$ 10,022,351
Noncurrent assets	12,201,685	7,993,130
Current liabilities	(6,282,083)	(5,883,765)
Noncurrent liabilities	<u>(8,122,048)</u>	<u>(4,084,782)</u>
Equity	8,915,540	8,046,934
Non-controlling interests	<u>(2,418,385)</u>	<u>(2,455,979)</u>
	<u>\$ 6,497,155</u>	<u>\$ 5,590,955</u>

(Continued)

	December 31	
	2020	2019
Percentage of ownership held by the Company (%)	30.98	30.98
Equity attributable to the Company	\$ 2,012,840	\$ 1,732,096
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 2,080,267</u>	<u>\$ 1,799,523</u> (Concluded)

	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 16,424,018</u>	<u>\$ 15,464,381</u>
Net profit for the year	\$ 1,362,120	\$ 1,405,855
Other comprehensive income for the year	<u>744,564</u>	<u>101,575</u>
Total comprehensive income for the year	<u>\$ 2,106,684</u>	<u>\$ 1,507,430</u>
Cash dividends received	<u>\$ 249,357</u>	<u>\$ 237,483</u>

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

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Company share of		
Net profit for the year	\$ 197,927	\$ 150,577
Other comprehensive loss for the year	<u>14,121</u>	<u>(40,735)</u>
Total comprehensive income for the year	<u>\$ 212,048</u>	<u>\$ 109,842</u>

3) The Company purchased 156 thousand shares of Wah Hong Industrial Corp. from the open market in the amount of \$3,005 thousand. The shareholdings in Wah Hong Industrial Corp. had increased from 26.11% to 26.67%.

c. Investment in joint ventures - only as of December 31, 2020

	Amount
Individual non-significant joint ventures	<u>\$ 4,000</u>

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.

11. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2020

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 429,363	\$ 298,869	\$ 500,727	\$ 49,595	\$ 1,278,554
Additions	-	1,575	45,954	-	47,529
Reclassified	(16,020)	(11,769)	-	-	(27,789)
Disposals	<u>-</u>	<u>-</u>	<u>(19,978)</u>	<u>(549)</u>	<u>(20,527)</u>
Balance at December 31, 2020	<u>\$ 413,343</u>	<u>\$ 288,675</u>	<u>\$ 526,703</u>	<u>\$ 49,046</u>	<u>\$ 1,277,767</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 136,349	\$ 348,982	\$ 44,531	\$ 529,862
Depreciation expense	-	5,392	40,521	1,526	47,439
Reclassified	-	(4,885)	-	-	(4,885)
Disposals	<u>-</u>	<u>-</u>	<u>(5,159)</u>	<u>(549)</u>	<u>(5,708)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 136,856</u>	<u>\$ 384,344</u>	<u>\$ 45,508</u>	<u>\$ 566,708</u>
Carrying amount at December 31, 2020	<u>\$ 413,343</u>	<u>\$ 151,819</u>	<u>\$ 142,359</u>	<u>\$ 3,538</u>	<u>\$ 711,059</u>

For the year ended December 31, 2019

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 429,363	\$ 298,371	\$ 479,481	\$ 51,726	\$ 1,258,941
Additions	-	498	42,792	2,755	46,045
Disposals	<u>-</u>	<u>-</u>	<u>(21,546)</u>	<u>(4,886)</u>	<u>(26,432)</u>
Balance at December 31, 2019	<u>\$ 429,363</u>	<u>\$ 298,869</u>	<u>\$ 500,727</u>	<u>\$ 49,595</u>	<u>\$ 1,278,554</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2019	\$ -	\$ 130,290	\$ 329,852	\$ 48,004	\$ 508,146
Depreciation expense	-	6,059	40,676	1,413	48,148
Disposals	<u>-</u>	<u>-</u>	<u>(21,546)</u>	<u>(4,886)</u>	<u>(26,432)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 136,349</u>	<u>\$ 348,982</u>	<u>\$ 44,531</u>	<u>\$ 529,862</u>
Carrying amount at December 31, 2019	<u>\$ 429,363</u>	<u>\$ 162,520</u>	<u>\$ 151,745</u>	<u>\$ 5,064</u>	<u>\$ 748,692</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:

	For the Year Ended December 31	
	2020	2019
Additions to property, plant and equipment	\$ 47,529	\$ 46,045
Decrease in prepayments for equipment	<u>(109)</u>	<u>(14,291)</u>
Cash paid	<u>\$ 47,420</u>	<u>\$ 31,754</u>

- b. Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	41-61 years
Office interior decoration	5-6 years
Power generation equipment	
Cylinder	5-9 years
Warehouse	8 years
Other	4-15 years
Others	6-11 years

- c. Refer to Note 26 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

12. LEASE ARRANGEMENTS

- a. Right-of-use assets

For the year ended December 31, 2020

	Buildings	Transportation Equipment	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 27,307	\$ 4,022	\$ 31,329
Additions	<u>-</u>	<u>1,798</u>	<u>1,798</u>
Balance at December 31, 2020	<u>\$ 27,307</u>	<u>\$ 5,820</u>	<u>\$ 33,127</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 3,568	\$ 426	\$ 3,994
Depreciation expense	<u>6,116</u>	<u>1,590</u>	<u>7,706</u>
Balance at December 31, 2020	<u>\$ 9,684</u>	<u>\$ 2,016</u>	<u>\$ 11,700</u>
Carrying amount at December 31, 2020	<u>\$ 17,623</u>	<u>\$ 3,804</u>	<u>\$ 21,427</u>

For the year ended December 31, 2019

	Buildings	Transportation Equipment	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ -	\$ -	\$ -
Adjustments on initial application of IFRS 16	<u>6,981</u>	<u>-</u>	<u>6,981</u>
Balance at January 1, 2019 (adjusted)	6,981	-	6,981
Additions	27,307	4,022	31,329
Lease modification	<u>(6,981)</u>	<u>-</u>	<u>(6,981)</u>
Balance at December 31, 2019	<u>\$ 27,307</u>	<u>\$ 4,022</u>	<u>\$ 31,329</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ -	\$ -
Depreciation expense	5,043	426	5,469
Lease modification	<u>(1,475)</u>	<u>-</u>	<u>(1,475)</u>
Balance at December 31, 2019	<u>\$ 3,568</u>	<u>\$ 426</u>	<u>\$ 3,994</u>
Carrying amount at December 31, 2019	<u>\$ 23,739</u>	<u>\$ 3,596</u>	<u>\$ 27,335</u>

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	<u>\$ 8,043</u>	<u>\$ 7,314</u>
Noncurrent	<u>\$ 13,663</u>	<u>\$ 20,154</u>

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

	December 31	
	2020	2019
Buildings	1.80	1.80
Transportation equipment	0.98-1.80	1.80

c. Material leasing activities and terms

The Company leases abovementioned subjects for the use of warehouse and transportation equipment with remaining lease terms of 2 to 4 years, which will expire before or in June 2024. The Company does not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 55,007</u>	<u>\$ 52,931</u>
Expenses relating to low-value asset leases	<u>\$ 1,877</u>	<u>\$ 911</u>
Total cash outflow for leases	<u>\$ 64,873</u>	<u>\$ 59,443</u>

The Company's leases of certain subjects qualify as short-term or low-value asset leases, and the Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTY

For the year ended December 31, 2020

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 252,392	\$ 173,307	\$ 425,699
Reclassified	<u>16,020</u>	<u>11,769</u>	<u>27,789</u>
Balance at December 31, 2020	<u>\$ 268,412</u>	<u>\$ 185,076</u>	<u>\$ 453,488</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 8,491	\$ 8,491
Depreciation expense	-	3,513	3,513
Reclassified	<u>-</u>	<u>4,885</u>	<u>4,885</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 16,889</u>	<u>\$ 16,889</u>
Carrying amount at December 31, 2020	<u>\$ 268,412</u>	<u>\$ 168,187</u>	<u>\$ 436,599</u>

For the year ended December 31, 2019

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019 and December 31, 2019	<u>\$ 252,392</u>	<u>\$ 173,307</u>	<u>\$ 425,699</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ 5,093	\$ 5,093
Depreciation expense	<u>-</u>	<u>3,398</u>	<u>3,398</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 8,491</u>	<u>\$ 8,491</u>
Carrying amount at December 31, 2019	<u>\$ 252,392</u>	<u>\$ 164,816</u>	<u>\$ 417,208</u>

The abovementioned investment properties are units of land and buildings located in Hsinchu County and leased under operating leases to subsidiaries with lease terms which will expire from June 2021 to June 2025. Lessees do not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

The maturity analysis of lease payments receivable under non-cancellable operating leases of investment properties was as follows:

	December 31	
	2020	2019
Within 1 year	\$ 8,384	\$ 7,818
More than 1 year but not more than 5 years	<u>3,004</u>	<u>-</u>
	<u>\$ 11,388</u>	<u>\$ 7,818</u>

All of the Company's investment properties are held under freehold interests, buildings are depreciated using the straight-line method over their estimated useful life of 51 years; for the carrying amount of investment properties pledged as collateral for borrowing, refer to Note 26.

The fair value of the Company's investment properties was around \$500 million as of December 31, 2020 and 2019. The fair value of the land and buildings was not valued by independent valuer; the Company's management determined the fair value with reference to the replacement cost of similar properties in the vicinity of the Company's investment properties.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	<u>\$ 4,013,494</u>	<u>\$ 3,316,962</u>
Annual interest rate (%)	0.50-2.67	0.50-2.78

b. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 1,799,823	\$ 1,799,438
Less: Syndicated loan fee	<u>4,320</u>	<u>5,760</u>
	1,795,503	1,793,678
Bank loans (Note 2)	<u>900,000</u>	<u>900,000</u>
	2,695,503	2,693,678
Secured borrowings (Note 26)		
Bank loans	<u>523,321</u>	<u>556,233</u>
	3,218,824	3,249,911
Less: Current portion	<u>433,577</u>	<u>32,486</u>
	<u>\$ 2,785,247</u>	<u>\$ 3,217,425</u>
Annual interest rate (%)		
Syndicated bank loans	0.66	0.66
Bank loans	0.87-1.43	0.94-1.68

(Continued)

	December 31	
	2020	2019
Expiration period		
Syndicated bank loans	2024.01	2024.01
Bank loans	2021.02-2037.06	2021.03-2037.06
		(Concluded)

Note 1: The Company signed a syndicated loan agreement with eleven banks led by Bank of Taiwan in December 2018. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is \$3.6 billion, which is a medium-term cyclical loan and commercial paper issued with insurance quotation. The term of the loan is 5 years from the initial drawdown date (January 2019). Fractional reserve and debt recycling is available within the total amount of syndicated loans.
- 2) Pursuant to the bank loan agreement, the Company should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Company had met the requirement as of December 31, 2020 and 2019.

Note 2: Pursuant to certain bank loan agreements, the Company should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements. The Company had met the requirement as of December 31, 2020 and 2019.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

Notes payable and accounts payable (including related parties) are mainly related to operating activities. Trading conditions are negotiated separately. The Company 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.

16. OTHER PAYABLES

	December 31	
	2020	2019
Payable for salaries or bonuses	\$ 378,312	\$ 306,455
Payable for employees' compensation and remuneration to directors	237,733	222,010
Payable for commission	53,074	48,406
Payable for freight fee	20,036	18,173
Payable for insurance premium	19,287	17,325
Others	<u>62,942</u>	<u>74,932</u>
	<u>\$ 771,384</u>	<u>\$ 687,301</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 399,857	\$ 413,936
Fair value of plan assets	<u>(99,848)</u>	<u>(110,930)</u>
Net defined benefit liability	<u>\$ 300,009</u>	<u>\$ 303,006</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	<u>\$ 441,559</u>	<u>\$ (117,671)</u>	<u>\$ 323,888</u>
Service cost			
Current service cost	2,722	-	2,722
Past service cost	(566)	-	(566)
Net interest expense (income)	<u>3,241</u>	<u>(915)</u>	<u>2,326</u>
Recognized in profit or loss	<u>5,397</u>	<u>(915)</u>	<u>4,482</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,255)	(4,255)
Actuarial loss - changes in financial assumptions	3,650	-	3,650

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial gain - changes in demographic assumptions	\$ (12)	\$ -	\$ (12)
Actuarial gain - experience adjustments	<u>(8,758)</u>	<u>-</u>	<u>(8,758)</u>
Recognized in other comprehensive income	<u>(5,120)</u>	<u>(4,255)</u>	<u>(9,375)</u>
Contributions from the employer	<u>-</u>	<u>(12,093)</u>	<u>(12,093)</u>
Benefits paid	<u>(27,900)</u>	<u>24,004</u>	<u>(3,896)</u>
Balance at December 31, 2019	<u>413,936</u>	<u>(110,930)</u>	<u>303,006</u>
Service cost			
Current service cost	2,201	-	2,201
Past service cost	(42)	-	(42)
Net interest expense (income)	<u>2,623</u>	<u>(741)</u>	<u>1,882</u>
Recognized in profit or loss	<u>4,782</u>	<u>(741)</u>	<u>4,041</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,873)	(3,873)
Actuarial loss - changes in financial assumptions	11,720	-	11,720
Actuarial gain - experience adjustments	<u>(3,377)</u>	<u>-</u>	<u>(3,377)</u>
Recognized in other comprehensive income	<u>8,343</u>	<u>(3,873)</u>	<u>4,470</u>
Contributions from the employer	<u>-</u>	<u>(11,508)</u>	<u>(11,508)</u>
Benefits paid	<u>(27,204)</u>	<u>27,204</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 399,857</u>	<u>\$ (99,848)</u>	<u>\$ 300,009</u>

(Concluded)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

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

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

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

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

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

18. EQUITY

a. Share Capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	500,000	500,000
Amount of authorized shares	\$ 5,000,000	\$ 5,000,000

(Continued)

	December 31	
	2020	2019
Number of issued and fully paid shares (in thousands)	<u>231,390</u>	<u>231,390</u>
Amounts of issued and fully paid shares	<u>\$ 2,313,901</u>	<u>\$ 2,313,901</u> (Concluded)

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

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings is less than 1% of the Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. On the first-time adoption of IFRSs, the Company appropriated to the special reserve \$72,302 thousand.

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

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

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

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

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

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

d. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (607,512)	\$ (355,909)
Recognized for the year		
Share from associates accounted for using the equity method	25,079	(296,162)
Income tax	(4,571)	45,714
Reclassification adjustment		
Disposal of foreign operations	<u>3,371</u>	<u>(1,155)</u>
Balance at December 31	<u>\$ (583,633)</u>	<u>\$ (607,512)</u>

2) Unrealized gain on financial assets at FVTOCI

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

19. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	\$ 33,183,310	\$ 29,167,524
Other operating revenue	<u>53,181</u>	<u>58,276</u>
	<u>\$ 33,236,491</u>	<u>\$ 29,225,800</u>

Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 131,614	\$ 155,804	\$ 230,426
Accounts receivable, net (including related parties)	<u>7,335,377</u>	<u>6,509,606</u>	<u>6,646,216</u>
	<u>\$ 7,466,991</u>	<u>\$ 6,665,410</u>	<u>\$ 6,876,642</u>
Contract liabilities			
Sale of goods	<u>\$ 305,104</u>	<u>\$ 259,153</u>	<u>\$ 59,219</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the date the Company fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for the years ended December 31, 2020 and 2019.

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Sale of goods	<u>\$ 257,919</u>	<u>\$ 59,219</u>

20. NET PROFIT

The details of net profit were as follows:

a. Other income (Note 25)

	<u>For the Year Ended December 31</u>	
	2020	2019
Rental income	\$ 39,300	\$ 34,084
Dividends	16,696	12,714
Consulting service income	118,243	110,241
Others	<u>15,355</u>	<u>26,101</u>
	<u>\$ 189,594</u>	<u>\$ 183,140</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2020	2019
Foreign exchange gain (loss), net	\$ (33,407)	\$ 10,475
Others	<u>(16,406)</u>	<u>(11,594)</u>
	<u>\$ (49,813)</u>	<u>\$ (1,119)</u>

c. Financial costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 77,429	\$ 125,496
Syndicated loan fee amortization	1,440	2,880
Interest on lease liabilities	<u>429</u>	<u>332</u>
	<u>\$ 79,298</u>	<u>\$ 128,708</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 47,439	\$ 48,148
Right-of-use assets	7,706	5,469
Investment property	3,513	3,398
Intangible assets	<u>6,770</u>	<u>4,868</u>
	<u>\$ 65,428</u>	<u>\$ 61,883</u>
An analysis of depreciation by function		
Operating costs	\$ 632	\$ 390
Operating expenses	54,513	53,227
Non-operating income and expenses	<u>3,513</u>	<u>3,398</u>
	<u>\$ 58,658</u>	<u>\$ 57,015</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 6,770</u>	<u>\$ 4,868</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	<u>\$ 881,204</u>	<u>\$ 817,007</u>
Post-employment benefits (Note 17)		
Defined contribution plans	18,239	18,073
Defined benefit plans	<u>4,041</u>	<u>4,482</u>
	<u>22,280</u>	<u>22,555</u>
	<u>\$ 903,484</u>	<u>\$ 839,562</u>

f. Compensation of employees and remuneration of directors

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

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

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

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

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

21. INCOME TAX

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 145,955	\$ 147,304
Income tax on unappropriated earnings	11,325	13,829
Adjustments for prior years	<u>(4,502)</u>	<u>4,769</u>
	152,778	165,902
Deferred tax		
In respect of the current year	<u>92,571</u>	<u>23,514</u>
	<u>\$ 245,349</u>	<u>\$ 189,416</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 2,104,469</u>	<u>\$ 1,605,238</u>
Income tax expense calculated at the statutory rate 20%	\$ 420,894	\$ 321,048
Nondeductible expenses in determining taxable income	199	24
Domestic investment income	(111,110)	(104,313)
No recognize the taxable temporary differences associated with investments in subsidiaries	(74,138)	(50,703)
Income tax on unappropriated earnings	11,325	13,829
Adjustments for prior years	(4,502)	4,769
Nondeductible withholding tax	<u>2,681</u>	<u>4,762</u>
	<u>\$ 245,349</u>	<u>\$ 189,416</u>

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

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

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

- c. Income tax benefit recognized in other comprehensive income

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

- d. Current tax liabilities

	<u>December 31</u>	
	2020	2019
Income tax payable	<u>\$ 82,325</u>	<u>\$ 93,596</u>

- e. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Retained Earnings	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets					
Temporary differences					
Provision for loss on inventories	\$ 23,724	\$ (3,302)	\$ -	\$ -	\$ 20,422
Unpaid bonuses	50,398	14,034	-	-	64,432
Refund liabilities	31,164	3,627	-	-	34,791
Defined benefit obligations	60,601	(1,492)	-	893	60,002
Foreign operations loss and exchange differences	36,511	(4,655)	-	3,987	35,843
Others	<u>24,876</u>	<u>(5,840)</u>	<u>-</u>	<u>1,929</u>	<u>20,965</u>
	<u>\$ 227,274</u>	<u>\$ 2,372</u>	<u>\$ -</u>	<u>\$ 6,809</u>	<u>\$ 236,455</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Retained Earnings	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,046,988	\$ 95,044	\$ -	\$ 3,576	\$ 1,145,608
Others	<u>9,845</u>	<u>(101)</u>	<u>-</u>	<u>-</u>	<u>9,744</u>
	<u>\$ 1,056,833</u>	<u>\$ 94,943</u>	<u>\$ -</u>	<u>\$ 3,576</u>	<u>\$ 1,155,352</u>
					(Concluded)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Retained Earnings	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Provision for loss on inventories	\$ 10,486	\$ 13,238	\$ -	\$ -	\$ 23,724
Unpaid bonuses	38,827	11,571	-	-	50,398
Refund liabilities	26,159	5,005	-	-	31,164
Defined benefit obligations	64,777	(2,301)	-	(1,875)	60,601
Foreign operations loss and exchange differences	29,405	(2,147)	-	9,253	36,511
Others	<u>26,257</u>	<u>(1,381)</u>	<u>-</u>	<u>-</u>	<u>24,876</u>
	<u>\$ 195,911</u>	<u>\$ 23,985</u>	<u>\$ -</u>	<u>\$ 7,378</u>	<u>\$ 227,274</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,046,986	\$ 50,147	\$ (2,012)	\$ (48,133)	\$ 1,046,988
Others	<u>12,493</u>	<u>(2,648)</u>	<u>-</u>	<u>-</u>	<u>9,845</u>
	<u>\$ 1,059,479</u>	<u>\$ 47,499</u>	<u>\$ (2,012)</u>	<u>\$ (48,133)</u>	<u>\$ 1,056,833</u>

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

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

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

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

- h. Income tax assessments

The income tax returns of the Company through 2018 has been assessed by the tax authorities.

22. EARNINGS PER SHARE (EPS)

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

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Earnings used in the computation to basic/diluted EPS	<u>\$ 1,859,120</u>	<u>\$ 1,415,822</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Weighted average number of shares outstanding used in computation of basic EPS	231,390	231,390
Effect of potentially dilutive shares		
Employees' compensation	<u>6,768</u>	<u>7,503</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>238,158</u>	<u>238,893</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.

23. CAPITAL MANAGEMENT

The Company 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 Company consists of net debt and equity.

The key management personnel of the Company 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 Company 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 Company is not subject to any externally imposed capital requirements, except those discussed in Note 14.

24. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 99,708	\$ -	\$ -	\$ 99,708
Unlisted shares	-	-	511,494	511,494
Foreign listed shares	<u>30,679</u>	<u>-</u>	<u>-</u>	<u>30,679</u>
	<u>\$ 130,387</u>	<u>\$ -</u>	<u>\$ 511,494</u>	<u>\$ 641,881</u>

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

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 511,494	\$ 569,293
Disposal	(1,288)	-
Recognized in other comprehensive income	<u>(6,026)</u>	<u>(57,799)</u>
Balance at December 31	<u>\$ 504,180</u>	<u>\$ 511,494</u>

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

The emerging market shares' 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 Company is measured by using the market approach based on the price-book ratio of the comparable companies or by the latest net value of the investees.

c. Categories of financial instruments

	December 31	
	2020	2019
<hr/> Financial assets <hr/>		
Financial assets at FVTOCI		
Equity instruments	\$ 753,698	\$ 641,881
Measured at amortized cost (Note 1)	9,011,497	7,940,842
<hr/> Financial liabilities <hr/>		
Measured at amortized cost (Note 2)	11,911,047	10,729,685

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

Note 2: Including short-term borrowings, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received, etc.

d. Financial risk management objectives and policies

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

a) Foreign currency risk

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

The carrying amounts of the Company'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 28.

Sensitivity analysis

The Company was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the years ended December 31, 2020 and 2019 would have been higher (lower) by \$1,362 thousand and \$2,722 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial liabilities	\$ 3,871,566	\$ 2,848,992
Cash flow interest rate risk		
Financial assets	1,192,420	790,423
Financial liabilities	3,382,458	3,745,349

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have been lower/higher by \$21,900 thousand and \$29,549 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits and borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company'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 had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have been higher/lower by \$7,537 thousand and \$6,419 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the reporting period, the Company'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 parent company only balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees provided by the Company.

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

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Company'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 Company can be required to pay. The tables included both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

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

	Less than 1 Year	1-5 Years	5-10 Years	10-20 Years	Total
<u>December 31, 2020</u>					
Non-interest bearing liabilities	\$ 4,675,620	\$ 3,109	\$ -	\$ -	\$ 4,678,729
Variable interest rate liabilities	2,902,529	163,362	204,203	171,651	3,441,745
Lease liabilities	8,344	13,911	-	-	22,255
Fixed interest rate liabilities	2,079,165	1,818,464	-	-	3,897,629
Financial guarantee contracts	<u>2,230,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,230,636</u>
	<u>\$ 11,896,294</u>	<u>\$ 1,998,846</u>	<u>\$ 204,203</u>	<u>\$ 171,651</u>	<u>\$ 14,270,994</u>

(Continued)

	Less than 1 Year	1-5 Years	5-10 Years	10-20 Years	Total
December 31, 2019					
Non-interest bearing liabilities	\$ 4,159,792	\$ 3,020	\$ -	\$ -	\$ 4,162,812
Variable interest rate liabilities	2,549,414	868,960	210,865	216,617	3,845,856
Lease liabilities	7,736	20,685	-	-	28,421
Fixed interest rate liabilities	859,095	2,071,005	-	-	2,930,100
Financial guarantee contracts	<u>2,108,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,108,189</u>
	<u>\$ 9,684,226</u>	<u>\$ 2,963,670</u>	<u>\$ 210,865</u>	<u>\$ 216,617</u>	<u>\$ 13,075,378</u>

(Concluded)

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

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

25. RELATED PARTY TRANSACTIONS

The transactions between the Company and related parties were disclosed as follows:

a. Name of related parties and relation

Related Parties	Relation with the Company
Raycong Industrial (Hong Kong) Limited	Subsidiary
Shanghai Yikang Chemicals & Industries Co. Ltd.	Subsidiary
Dongguan Huagang International Trading Co. Ltd.	Subsidiary
Quanshun Logistic Co. Ltd.	Subsidiary
Lihouang Medical Devices (Shanghai) Co. Ltd.	Subsidiary
Xiamen Hua Chen Da Logistic Co. Ltd.	Subsidiary
WL Indonesia	Subsidiary
WL Vietnam	Subsidiary
WT Industrial	Subsidiary
Wah Lee Tech (Singapore) Pte. Ltd.	Subsidiary
Regent King International Limited	Subsidiary
Shanghai Yadi International Trading Co. Ltd.	Subsidiary
Kingstone Energy Technology Corporation	Subsidiary
KSA Energy Corporation	Subsidiary
Wah Lee Green Energy Corporation	Subsidiary (associate company before May 2019)
Chang Wah Electromaterials Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Industrial Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co. Ltd.	Associate
Eco Energy Corporation	Associate
Chang Wah Technology Co. Ltd.	Associate's subsidiary

(Continued)

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

b. Operating transactions

1) Sales of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 3,069,435	\$ 3,178,821
Associates and their subsidiaries	328,342	292,729
Other related parties	<u>15,580</u>	<u>17,811</u>
	<u>\$ 3,413,357</u>	<u>\$ 3,489,361</u>

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

2) Purchase of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 26,525	\$ 28,447
Associates and their subsidiaries	149,208	135,543
Other related parties	<u>1,339,653</u>	<u>1,250,312</u>
	<u>\$ 1,515,386</u>	<u>\$ 1,414,302</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 revenue (Included in operating revenue)

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Commission revenue		
Subsidiaries	\$ 4,271	\$ 1,682
Associates and their subsidiaries	<u>-</u>	<u>1,155</u>
	<u>\$ 4,271</u>	<u>\$ 2,837</u>

4) Commission Expense

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Commission expense		
Subsidiaries		
Shanghai Yikang	\$ 111,499	\$ 111,541
Others	2,655	4,270
Associates and their subsidiaries	608	-
Other related parties	<u>154</u>	<u>241</u>
	<u>\$ 114,916</u>	<u>\$ 116,052</u>
Freight Fee		
Subsidiaries		
Quan Shun Logistice Co., Ltd.	\$ 47,683	\$ 45,110
Others	<u>-</u>	<u>51</u>
	<u>\$ 47,683</u>	<u>\$ 45,161</u>

5) Receivables from related parties

	December 31	
	2020	2019
<u>Accounts receivable - related parties</u>		
Subsidiaries		
Shanghai Yikang	\$ 220,188	\$ 645,560
Others	<u>500,152</u>	<u>281,335</u>
	720,340	926,895
Associates and their subsidiaries	77,950	82,012
Other related parties	<u>3,410</u>	<u>6,384</u>
	801,700	1,015,291
Less: Allowance for losses	<u>1,006</u>	<u>295</u>
	<u>\$ 800,694</u>	<u>\$ 1,014,996</u>

(Continued)

	December 31	
	2020	2019
<u>Other receivables - related parties</u>		
Subsidiaries		
Raycong Industrial (HK)	\$ 54,018	\$ 133,734
Shanghai Yikang	107,472	113,173
Others	<u>37,146</u>	<u>76,422</u>
	<u>198,636</u>	<u>323,329</u>
Associates and their subsidiaries		
Chang Wah Electromaterials Inc.	51,455	81,140
Others	<u>2,876</u>	<u>2,077</u>
	<u>54,331</u>	<u>83,217</u>
Other related parties	<u>299</u>	<u>354</u>
	<u>\$ 253,266</u>	<u>\$ 406,900</u>
		(Concluded)

The outstanding accounts receivable from related parties are unsecured.

6) Payables to related parties

	December 31	
	2020	2019
<u>Notes payable - related parties</u>		
Associates	<u>\$ 938</u>	<u>\$ 201</u>
<u>Accounts payable - related parties</u>		
Subsidiaries	\$ 6,244	\$ 1,366
Associates	14,970	27,986
Other related parties	<u>250,449</u>	<u>245,403</u>
	<u>\$ 271,663</u>	<u>\$ 274,755</u>
<u>Other payables</u>		
Subsidiaries	\$ 52,338	\$ 54,602
Associates' subsidiaries	-	5
Other related parties	<u>667</u>	<u>329</u>
	<u>\$ 53,005</u>	<u>\$ 54,936</u>

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

7) Prepayments for purchases

Related Party Category	December 31	
	2020	2019
Associates	\$ <u>60,573</u>	\$ <u>68,762</u>

8) Contract liabilities

Related Party Category	December 31	
	2020	2019
Subsidiaries		
KS Corp.	\$ 77,113	\$ 106,748
Others	<u>9,473</u>	<u>4,217</u>
	86,586	110,965
Associates	<u>27,872</u>	<u>-</u>
	<u>\$ 114,458</u>	<u>\$ 110,965</u>

c. Disposals of property, plant and equipment

Related Party Category	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Subsidiaries	\$ 7,047	\$ -	\$ 1,035	\$ -
Associates	<u>9,181</u>	<u>57</u>	<u>1,208</u>	<u>57</u>
	<u>\$ 16,228</u>	<u>\$ 57</u>	<u>\$ 2,243</u>	<u>\$ 57</u>

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Raycong Industrial (HK)	\$ 38,766	\$ 41,116
Shanghai Yikang	29,158	38,303
Quan Shun Logistice Co., Ltd.	17,947	18,216
Others	<u>19,146</u>	<u>17,856</u>
	<u>105,017</u>	<u>115,491</u>
Associated and their subsidiaries		
Wah Hong Industrial Corp.	25,059	7,230
Others	<u>8,173</u>	<u>10,106</u>
	<u>33,232</u>	<u>17,336</u>
Other related parties	<u>3,425</u>	<u>3,408</u>
Key management personnel	<u>24</u>	<u>24</u>
	<u>\$ 141,698</u>	<u>\$ 136,259</u>

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

e. Lease agreements

Related Party Category	For the Year Ended December 31	
	2020	2019
Lease expense		
Subsidiaries		
Chuan Shun Logistic Co., Ltd.	\$ 28,145	\$ 32,843
Others	<u>31</u>	<u>88</u>
	28,176	32,931
Other related parties	<u>279</u>	<u>331</u>
	<u>\$ 28,455</u>	<u>\$ 33,262</u>

f. Endorsements and guarantees

Related Party Category	December 31	
	2020	2019
Subsidiaries		
Amount endorsed	<u>\$ 2,492,694</u>	<u>\$ 2,611,392</u>
Amount utilized	<u>\$ 1,460,064</u>	<u>\$ 1,417,319</u>
Associates		
Amount endorsed	<u>\$ 1,183,456</u>	<u>\$ 1,230,506</u>
Amount utilized	<u>\$ 770,572</u>	<u>\$ 690,870</u>
Other related parties		
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<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 Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 93,192	\$ 107,380
Post-employment benefits	<u>411</u>	<u>1,017</u>
	<u>\$ 93,603</u>	<u>\$ 108,397</u>

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

26. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2020	2019
Property, plant and equipment		
Freehold land	\$ 188,610	\$ 204,630
Buildings	<u>142,680</u>	<u>153,017</u>
	<u>\$ 331,290</u>	<u>\$ 357,647</u>
Investment property		
Land	\$ 268,412	\$252,392
Buildings	<u>168,187</u>	<u>164,816</u>
	<u>\$ 436,599</u>	<u>\$ 417,208</u>
Investments accounted for using the equity method	<u>\$ 500,767</u>	<u>\$ 487,960</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- The Company's unused letters of credit for purchase of merchandise were \$247,543 thousand.
- Litigation of KS Corp., a subsidiary of the Company, is referred to Note 31 to the consolidated financial statements of 2020.

28. 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/> December 31, 2020 <hr/>				
Monetary financial assets USD	\$ 215,959	28.48	(USD:NTD)	\$ 6,150,510
Nonmonetary financial assets Investments accounted for using the equity method HKD	940,276	3.6730	(HKD:NTD)	3,453,634
Monetary financial liabilities USD	211,176	28.48	(USD:NTD)	6,014,305
<hr/> December 31, 2019 <hr/>				
Monetary financial assets USD	173,523	29.98	(USD:NTD)	5,202,210
(Continued)				

(Continued)

	Foreign Currency Amount	Exchange Rate	Carrying Amount
Nonmonetary financial assets			
Investments accounted for using the equity method			
HKD	\$ 788,073	3.849 (HKD:NTD)	\$ 3,033,293
Monetary financial liabilities			
USD	164,444	29.98 (USD:NTD)	4,930,035 (Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange were net loss \$33,407 and net gain \$10,475, 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 Company's entities.

29. 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: None
- 10) Information on investees: Table 6

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
- c) The amount of property transactions and the amount of the resultant gains or losses: None
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

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

Counterparties	Line Item	Amount
Shanghai Yikang	Other income	\$ 29,158
Shanghai Yikang	Commission expense	111,499
Shanghai Yikang	Other receivables	107,472
Shanghai Yikang	Other payables	26,915
Shanghai Hua Chang Trading Co., Ltd.	Other income	367
Shanghai Yadi	Other receivables	2,022
Shanghai Yadi	Other income	2,059

- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

TABLE 1

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

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

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

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

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Concluded)

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

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

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 500% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 800% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.

Note 6: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 10,000% of the paid-in capital of KSA Corp.; the maximum total amount of endorsement/guarantee shall not exceed 15,000% of the paid-in capital of KSA Corp.

Note 7: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 20,000% of the paid-in capital of KSB Corp.; the maximum total amount of endorsement/guarantee shall not exceed 40,000% of the paid-in capital of KSB Corp.

Note 8: USD is converted by spot exchange USD\$1=NT\$28.48; JPY is converted by spot exchange JPY1=NT\$0.2763; RMB is converted by spot exchange RMB1=NT\$4.3617; THB is converted by spot exchange THB1=NT\$0.9556.

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

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

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	-	\$ -	12.82	\$ -	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 45,265	-	\$ 45,265	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	28,629	26,801	-	26,801	
					<u>\$ 72,066</u>		<u>\$ 72,066</u>	

(Concluded)

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms			Ending Balance	% of Total	
The Company	Raycong H.K.	Subsidiary	Sales	\$ (834,028)	(3)	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 196,628	3	
	Shanghai Yi Kang	Subsidiary	Sales	(1,091,538)	(3)	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	220,188	3	
	Dongguan Huagang	Subsidiary	Sales	(757,187)	(2)	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	190,401	3	
	WL Vietnam	Subsidiary	Sales	(104,275)	-	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	30,827	-	
	Nagase Wahlee Plastics.	Associates accounted for using the equity method	Purchase	122,831	1	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	(5,288)	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	Substantial related party	Purchase	1,205,245	4	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(226,047)	(6)	
	Chang Wah Electromaterials Inc.	Associates accounted for using the equity method	Sales	(255,686)	(1)	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	67,565	1	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	(671,140)	(19)	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	77,962	9	
Shanghai Yikang	Shanghai Hua Chang	Associate’s subsidiary accounted for using the equity method	Purchase	193,496	2	30 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(35,982)	(2)	

(Continued)

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

(Concluded)

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Shanghai Yikang	Subsidiary	\$ 327,660	2.01	\$ -	-	\$ 161,033	\$ -
	Raycong H.K.	Subsidiary	250,646	3.62	-	-	98,242	-
	Dongguan Hua Gang	Subsidiary	192,763	5.20	-	-	175,344	-
	Chang Wah Electromaterials Inc.	Associate accounted for using the equity method	119,020	1.86	-	-	67,565	-

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

TABLE 6**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2020	December 31, 2019						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 4,184,973	\$ 430,779	\$ 430,436	Subsidiary
The Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	3,453,779	741,376	397,670	Subsidiary
The Company	Chang Wah Electromaterials Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	30.98	2,080,267	997,299	308,967	Associate
The Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	728,537	279,524	111,793	Associate
The Company	Wah Hong Industrial Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	942,926	939,921	26,118,978	26.67	1,023,436	215,794	57,502	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	170,408	73,647	25,777	Associate
The Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, molding machine, electromechanical parts, office automation equipment, optical mechanical equipment, battery and industrial electrical equipment and parts	21,490	21,490	1,500	83.33	4,966	(69)	(58)	Subsidiary
The Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, glass fiber, non-ferrous metal, molding machine, electromechanical parts, office automation equipment, optical mechanical equipment, battery and industrial electrical equipment and parts	18,856	18,856	147,000	100.00	698	1,848	1,848	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	86,576	7,662	7,662	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	37,440	4,279	4,279	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,262	14,840	1,610,000	70.00	37,145	(7,868)	(5,200)	Subsidiary
The Company	Meidi H.K.	Hong Kong	International investment business	-	17,753	-	-	-	-	-	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	36,133	9,402	9,402	Subsidiary
The Company	QuanShun Logistics Co., Ltd.	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	122,470	25,214	15,969	Subsidiary
The Company	WL Green Corp.	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	2,000	5,000	200,000	25.00	1,164	(185)	(46)	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	197,605	52,415	19,027	Subsidiary
The Company	Eco Energy Corporation	Taiwan	Battery manufacturing and renewable energy self-use power generation equipment business	80,000	80,000	8,000,000	20.00	97,878	14,115	2,855	Associate

(Continued)

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

(Concluded)

Note 1: The share of profit (loss) recognized for the year ended December 31, 2020 included eliminated unrealized gains or losses and amortization of investment premium.

Note 2: 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 YEAR ENDED DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars)

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

(Continued)

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

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

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

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$111,175 thousand (USD3,572 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of \$434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of \$14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of \$162,978 thousand and the invested amount of \$34,461 thousand which had already been liquidated but not yet revoked.

Note 3: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

(Concluded)

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 YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Shanghai Yikang	Sales	\$ 1,091,538	3	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	\$ 220,188	3	\$ 554	
	Shanghai Yikang	Purchase	(119,910)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	(25,955)	(1)	-	
	Dongguan Hua Gang	Sales	757,187	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those with third parties	190,401	3	436	
	Shanghai Yadi	Sales	27,571	-	Normal trade terms	90 days after monthly closing	The terms with related parties are not significantly different from those with third parties	6,392	-	-	
	Shanghai Lihuang	Sales	10,675	-	Normal trade terms	90 days after monthly closing	The terms with related parties are not significantly different from those with third parties	3,190	-	-	
Raycong H.K.	Dongguan Hua Gang	Sales	671,140	19	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those with third parties	77,962	9	5,069	

TABLE 9

WAH LEE INDUSTRIAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2020[illegible]

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

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STATEMENT 1**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CASH****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	
	\$ 538
Cash in banks	
Checking accounts	1,746
Demand deposits	561,497
Foreign currency deposits	
Demand deposits	
USD20,839 thousand	593,502
JPY92,443 thousand	25,542
RMB565 thousand	2,464
EUR269 thousand	9,413
HKD0.4 thousand	<u>2</u>
	<u>\$ 1,194,704</u>

Note: Exchange rate:

USD1=NTD28.48
JPY1=NTD0.2763
RMB1=NTD4.3617
EUR1=NTD35.02
HKD1=NTD3.673

STATEMENT 2

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Thermostic Industrial Co., Ltd.	\$ 9,017
Others (Note)	<u>122,597</u>
	<u>\$ 131,614</u>

Note: The amount of individual client included in others did not exceed 5% of the account balance.

STATEMENT 3**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Related parties (Note)	\$ 801,700
Less: Allowance for impairment loss	<u>1,006</u>
	<u>800,694</u>
Unrelated parties	
Innolux Corp.	507,745
Others (Note)	<u>6,069,712</u>
	6,577,457
Less: Allowance for impairment loss	<u>42,774</u>
	<u>6,534,683</u>
	<u>\$ 7,335,377</u>

Note: The amount of individual client included in others did not exceed 5% of the account balance.

STATEMENT 4**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Related parties	
Consulting service income	\$ 185,122
Dividends receivable	52,255
Others (Note)	<u>15,889</u>
	<u>253,266</u>
Non-related parties (Note)	
Tax refund receivable	15,534
Others (Note)	<u>26,888</u>
	<u>42,422</u>
	<u>\$ 295,688</u>

Note: The amount of individual item included in others did not exceed 5% of the account balance.

STATEMENT 5

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Net Realizable Value
Merchandise	<u>\$ 1,824,901</u>	<u>\$ 2,062,067</u>

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollar)

Investees	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Balance, December 31, 2020		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Stock									
Daily Polymer Corp.	2,154,410	\$ 30,808	-	\$ 3,663	-	\$ -	2,154,410	\$ 34,471	None
Wah Yuen Technology Holding Limited	1,968,180	91,702	-	-	-	14,189	1,968,180	77,513	None
Jing Yi Technology Co.,	2,066,432	43,409	-	11,605	-	-	2,066,432	55,014	None
High Power Optoelectronics Inc.	67,991	-	-	-	-	-	67,991	-	None
Asahi Kasei Wah Lee Hi-tech Corp.	9,497	81,100	-	4,791	-	-	9,497	85,891	None
Forcera Materials Co., Ltd.	2,102,476	45,008	-	11,573	-	-	2,102,476	56,581	None
Univision Technology Holdings	38,794,190	-	-	-	-	-	38,794,190	-	None
Telelynx Inc.	266,811	898	-	-	266,811	898	-	-	None
Taigene Biotechnology Co., Ltd.	2,300,000	10,597	-	440	-	-	2,300,000	11,037	None
Shilian Fine Chemicals Co., Ltd.	11,871,585	107,110	-	-	-	25,220	11,871,585	81,890	None
CDIB Capital Group.	5,000,000	46,934	-	7,160	-	-	5,000,000	54,094	None
Darco Water Technologies Ltd.	7,649,782	30,679	-	-	-	10,723	7,649,782	19,956	None
Eleocom Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None
Minima Technology Co., Ltd.	3,600,000	84,736	-	-	-	2,576	3,600,000	82,160	None
Tien Li Offshore Wind Technology Co., Ltd.	-	-	1,428,572	96,491	600,000	21,000	828,572	75,491	None
		<u>\$ 572,981</u>		<u>\$ 135,723</u>		<u>\$ 74,606</u>		<u>\$ 634,098</u>	

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollar, Except Unit Price)

Name	Balance, January 1, 2020		Additions in Investment (Note 1)		Decrease in Investment (Note 1)		Balance, December 31, 2020			Market Value or Net Assets Value (Note 2)		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit Price	Total Amount	
Wah Lee Holding Ltd.	13,070,000	\$ 3,733,888	-	\$ 451,085	-	\$ -	13,070,000	100.00	\$ 4,184,973	\$ 320.20	\$ 4,186,005	None
Raycong H.K.	56,000,000	3,023,029	-	430,750	-	-	56,000,000	53.69	3,453,779	61.67	3,453,634	None
Chang Wah Electromaterials Inc.	19,790,218	1,799,523	178,111,962	559,488	-	278,744	197,902,180	30.98	2,080,267	30.65	6,065,702	None
Nagase Wahlee Plastics Corp.	4,000,000	675,514	-	117,023	-	64,000	4,000,000	40.00	728,537	182.13	728,537	None
Wah Hong Industrial Corp.	25,962,978	987,991	156,000	69,967	-	34,522	26,118,978	26.67	1,023,436	35.40	924,612	None
ORC Technology Corp.	600,000	249,632	-	25,776	-	105,000	600,000	35.00	170,408	284.01	170,408	None
WL Japan	1,500	5,018	-	6	-	58	1,500	83.33	4,966	3,310.54	4,966	None
WL Korea	147,000	(1,248)	-	1,946	-	-	147,000	100.00	698	4.75	698	None
Sakuragawa Solar Ltd.	-	78,867	-	7,709	-	-	-	99.99	86,576	-	86,576	None
Miyazaki Solar Ltd.	-	33,164	-	4,279	-	3	-	99.99	37,440	-	37,440	None
WL Indonesia	486,000	11,758	1,124,000	33,422	-	8,035	1,610,000	70.00	37,145	23.07	37,145	None
WL Vietnam	-	28,312	-	9,402	-	1,581	-	100.00	36,133	-	36,133	None
Meidi H.K.	143	-	-	-	143	-	-	-	-	-	-	None
QuanShun Logistics Co., Ltd.	9,500,000	106,501	-	15,969	-	-	9,500,000	63.33	122,470	12.89	122,470	None
WL Green Corp.	500,000	4,210	-	-	300,000	3,046	200,000	25.00	1,164	2.33	1,164	None
WT Industrial	7,650	197,866	-	19,026	-	19,287	7,650	51.00	197,605	25,830.70	197,605	None
Eco Energy Corporation	8,000,000	95,263	-	2,855	-	240	8,000,000	20.00	97,878	12.23	97,878	None
KS Corp.	16,632,000	487,960	1,330,577	16,133	-	3,326	17,962,577	51.00	500,767	27.88	500,767	Note 3
WL Philippines Corp.	127,495	7,755	-	-	-	291	127,495	99.99	7,464	58.54	7,464	None
WL Philippines Inc.	126,997	7,747	-	-	-	1,274	126,997	99.99	6,473	50.97	6,473	None
Wah Heng Energy Technology	-	-	3,000,000	30,000	-	99	3,000,000	100.00	29,901	9.97	29,901	None
ORC Electrical Machinery Co., Ltd.	-	-	400,000	4,000	-	-	400,000	40.00	4,000	10.00	4,000	None
		<u>\$ 11,532,750</u>		<u>\$ 1,798,836</u>		<u>\$ 519,506</u>			<u>\$ 12,812,080</u>		<u>\$ 16,699,578</u>	

Note 1: Changes in this year include new investments, cash and stock dividends received, capital reduction, adjustments to changes in the shareholding ratio of the investee company, the share of profits and losses and other comprehensive gains and losses of subsidiaries and affiliates recognized by the equity method, and the unrealized profit and loss adjustment of downstream transactions.

Note 2: The market price is the closing price of the stock on the balance sheet date; the net equity value is calculated based on the financial statements of each invested company and the Company's shareholding ratio.

Note 3: The Company pledged 17,962,577 shares of KS Corp. to the bank as a guarantee for the syndicated loan of KS Corp.

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Type/Bank Name	Contract Period	Interest Rate (%)	Balance, December 31, 2020	Loan Commitments	Collateral
Unsecured Borrowings					
HSBC Bank	2020.09-2021.04	0.90	\$ 415,496	\$ 786,000	None
Land Bank of Taiwan	2020.10-2021.03	0.55-0.77	521,524	800,000	None
Mizuho Bank	2020.10-2021.03	0.90	580,875	1,067,800	None
Mega Bank	2020.10-2021.03	0.70-0.90	308,945	500,000	None
Sumitomo Mitsui Banking Corporation	2020.07-2021.06	0.92-0.94	174,536	562,000	None
CTBC Bank	2020.09-2021.05	0.81-0.97	245,887	500,000	None
The Shanghai Commercial & Savings Bank, Ltd.	2020.10-2021.03	0.77	225,727	562,000	None
Hua Nan Bank	2020.10-2021.03	0.88-0.90	139,235	900,000	None
MUFG	2020.11-2021.03	0.88	160,944	500,000	None
First Commercial Bank	2020.10-2021.03	0.80-0.92	296,332	500,000	None
Bank of Taiwan	2020.02-2021.02	2.67	354,650	500,000	None
Bank of Panshin	2020.10-2021.01	0.93	9,126	100,000	None
Taiwan Business Bank	2020.12-2021.03	0.76	97,336	129,260	None
United Overseas Bank	2020.02-2021.01	0.83	193,040	281,000	None
Cathay United Bank	2020.11-2021.01	0.88	60,754	200,000	None
Fubon Bank	2020.10-2021.03	0.50-0.97	67,297	100,000	None
Taishin Bank	2020.10-2021.03	0.85-0.89	37,166	100,000	None
E. SUN Commercial Bank	2020.11-2021.03	0.82	<u>124,624</u>	300,000	None
			<u>\$ 4,013,494</u>		

STATEMENT 9**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CONTRACT LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Related parties	
KS Corp.	\$ 77,113
Eco Energy Corporation	27,872
Others (Note)	<u>9,473</u>
	<u>114,458</u>
Unrelated parties	
Sahara Presentation Systems Ltd.	50,652
Clevertouch B.V.	44,657
United Microelectronics Corporation	27,720
Taiwan Semiconductor Manufacturing Company	27,561
Others (Note)	<u>40,056</u>
	<u>190,646</u>
	<u>\$ 305,104</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

WAH LEE INDUSTRIAL CORPORATION**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Others (Note)	<u>\$ 938</u>
Non - related parties	
Shinkong Synthetic Fibers Corp.	16,014
E-MAX Precision Technology Co., Ltd.	6,180
Gheng Yang Transportation Co., Ltd.	1,890
Nan Ya Plastics Corporation	1,797
Others (Note)	<u>3,338</u>
	<u>29,219</u>
	<u>\$ 30,157</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

WAH LEE INDUSTRIAL CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Asahi Kasei Wah Lee Hi-tech Corp.	\$ 226,047
Others (Note)	<u>45,616</u>
	<u>271,663</u>
Non-related parties	
JSR Corp.	637,963
Mitsubishi Chemical Taiwan Co., Ltd.	531,755
Chi Mei Corporation	274,863
Clean Technology Co., Ltd.	274,179
Fitipower Integrated Technology Inc.	202,003
Others (Note)	<u>1,681,653</u>
	<u>3,602,416</u>
	<u>\$ 3,874,079</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Bank Name	Contract Period and Repayment Terms	Interest Rate (%)	Balance, December 31, 2020			Collateral
			Current	Noncurrent	Total	
Syndicated Bank Loans						
China Bills Finance Corporation	Circulate until January 2024	0.66	\$ -	\$ 1,799,823	\$ 1,799,823	None
Less: Syndicated loan free			-	4,320	4,320	
			-	1,795,503	1,795,503	
Unsecured Borrowing						
HSBC Bank	Repayable in June 2021	0.87	200,000	-	200,000	None
Fubon Bank	Repayable in March 2021	0.98	200,000	-	200,000	None
MUFG Bank	Repayable in August 2022	0.98	-	200,000	200,000	None
Mizuho Bank	Repayable in August 2022	0.98	-	300,000	300,000	None
			400,000	500,000	900,000	
Collate raised Borrowing						
Land Bank of Taiwan	Repayable monthly to June 2037	1.43	33,577	489,744	523,321	Land and Buildings
			\$ 433,577	\$ 2,785,247	\$ 3,218,824	

STATEMENT 13**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item (Note 1)	Quantities	Amount
FPD (Flat Panel Display) Industry	Note 2	\$ 12,319,174
Semiconductor Industry	Note 2	10,014,620
Information and Communication Technology Industry	Note 2	6,251,442
PCB (Printed Circuit Board)/Mainboard Industry	Note 2	3,415,563
Green Energy Industry	Note 2	375,229
Other (Note 3)		<u>860,463</u>
		<u>\$ 33,236,491</u>

Note 1: The operating revenue items were classified by the industry to which the terminal application of the sales item belongs.

Note 2: As there are many sales items and different units, the quantity was not listed.

Note 3: The amount of individual item included in others did not exceed 10% of the account balance.

STATEMENT 14**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	
Inventories, beginning of year	\$ 1,831,530
Add: Purchases	30,974,309
Less: Transfer to operating expenses	(17,824)
Transfer to other loss	(187)
Write-down of inventories	(3,785)
Inventories, end of year	<u>(1,824,901)</u>
	30,959,142
Write-down of inventories	3,785
Others	<u>581</u>
Cost of goods sold	<u>30,963,508</u>
Other operating costs	<u>3,911</u>
	<u>\$ 30,967,419</u>

WAH LEE INDUSTRIAL CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Marketing Expense	General and Administrative Expense	Total
Employee benefits	\$ 675,966	\$ 227,518	\$ 903,484
Commission expense	172,771	-	172,771
Import/export expense	103,839	-	103,839
Freight Fee	89,858	136	89,994
Depreciation	38,181	23,102	61,283
Rent expense	55,465	1,419	56,884
Miscellaneous purchase	3,231	47,759	50,990
Service fees	16,861	11,546	28,407
Others	<u>109,526</u>	<u>32,983</u>	<u>142,509</u>
	<u>\$ 1,265,698</u>	<u>\$ 344,463</u>	1,610,161
Expected credit loss			<u>38,697</u>
			<u>\$ 1,648,858</u>

WAH LEE INDUSTRIAL CORPORATION

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31							
	2020				2019			
	Operating Cost	Operating Expense	Non- operating Expenses	Total	Operating Cost	Operating Expense	Non- operating Expenses	Total
Employee benefit								
Salaries	\$ -	\$ 777,655	\$ -	\$ 777,655	\$ -	\$ 721,953	\$ -	\$ 721,953
Labor and health insurance	-	39,764	-	39,764	-	40,866	-	40,866
Pension	-	22,280	-	22,280	-	22,555	-	22,555
Remuneration of directors	-	26,935	-	26,935	-	21,013	-	21,013
Others	-	36,850	-	36,850	-	33,175	-	33,175
	<u>\$ -</u>	<u>\$ 903,484</u>	<u>\$ -</u>	<u>\$ 903,484</u>	<u>\$ -</u>	<u>\$ 839,562</u>	<u>\$ -</u>	<u>\$ 839,562</u>
Depreciation	\$ 632	\$ 54,513	\$ 3,513	\$ 58,658	\$ 390	\$ 53,227	\$ 3,398	\$ 57,015
Amortization	-	6,770	-	6,770	-	4,868	-	4,868

Note 1: The average number of the Company's employees was 419 and 426, including 5 non-employee directors in 2020 and 2019, respectively.

Note 2: The average employee benefits and salaries of the Company were as follows:

- a. The average employee benefits for the years ended December 31, 2020 and 2019 were \$2,117 thousand and \$1,944 thousand, respectively.
- b. The average salaries for the years ended December 31, 2020 and 2019 were \$1,878 thousand and \$1,715 thousand, respectively.
- c. The average salaries increased by 10% year-on-year.
- d. The Company has set up an audit committee without supervisors.
- e. The Company's salary and remuneration policies (including directors, executive officers and employees) are as follows:

1) Directors

The salaries and remuneration of directors are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

a) Remuneration of directors

According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees and remuneration of directors shall be accrued at the rates between 9% and 13% and no higher than 2%, respectively.

(Continued)

b) Traffic allowance

According to the Company's remuneration and compensation policy, 1) the traffic allowance for attending the board of directors' meeting is paid \$10 thousand once per person; 2) directors who do not attend the board of directors' meeting in person are not allowed to be paid the traffic allowance; 3) the adjustment for traffic allowance shall be proposed by the remuneration committee and submitted to the board of directors for approval.

c) Other compensation

According to the Company's Articles, the compensation of directors for participating in the Company's daily operations is determined and proposed by the remuneration committee based on their participation and contribution to the Company, and submitted to the board of directors for approval.

2) Executive officers

The salaries and remuneration of executive officers are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

- a) The salary and remuneration policy for executive officers should be competitive in the market. The overall compensation includes fixed salary, incentive bonus, welfare, and other indirect compensation.
- b) The salary and remuneration policy for executive officers should meet the Company's business strategies, and the remuneration of executive officers should be highly correlated with the Company's performance indicators.

3) Employees

- a) The salary and remuneration of employees include fixed salary, bonuses, compensation, stock options, share dividend, retirement benefit, various allowances, and other incentives and rewards, etc.
- b) The salary and remuneration are determined based on each employee's job responsibilities and the Company's policies.

According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees shall be accrued at the rates between 9% and 13%. The compensation paid to each employee is determined based on each employee's job responsibilities, individual performance and the overall level of the contribution to the Company.

(Concluded)