Stock Code:3105

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

WIN Semiconductors Corp.
and Its Subsidiaries

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017 and 2016
(With Independent Auditors' Review Report Thereon)

Address: No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan
Telephone: 886-3-397-5999

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of WIN Semiconductors Corp.:

We have reviewed the accompanying consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and its subsidiaries as of June 30, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated interim financial statements are the responsibility of the Company' s management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our reviews in accordance with Statement on Auditing Standard 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Company and its subsidiaries' investments accounted for using the equity method of NT$282,673 thousand and NT$881,717 thousand as of June 30, 2017 and 2016, and the share of loss of associates and joint ventures accounted for using the equity method of NT$19,317 thousand, NT$6,490 thousand, NT$37,840 thousand and NT$12,417 thousand, for the periods from April 1 to June 30, 2017 and 2016, for the six months ended June 30, 2017 and 2016, respectively, were accounted for in accordance with the equity method based on the unreviewed financial statements of the related investees.

Based on our reviews, except for the effects of possible adjustments, if any, that might have been determined to be necessary had the investee companies' financial statements been reviewed as discussed in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

In accordance with the generally accepted auditing standards and the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China, we have previously audited the consolidated financial statements of the Company and its subsidiaries, which comprise the consolidated financial statements as of and for the year ended December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information (not presented herein). In our auditors' report dated March 23, 2017, we expressed an unmodified audit opinion on those consolidated financial statements. Based on the opinion dated March 23, 2017, the information set forth in the accompanying consolidated statement of financial position as at December 31, 2016 is fairly stated, in all material respects, in conformity with the consolidated financial statements from which it has been derived.

KPMG

Taipei, Taiwan (The Republic of China)
August 9, 2017

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2017 and 2016

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Balance Sheets

June 30, 2017, December 31, and June 30, 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2017 Amount	%	December 31, 2016 Amount	%	June 30, 2016 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 3,188,971	11	2,388,143	9	1,414,992	5
1110	Current financial assets at fair value through profit or loss (note 6(b))	196,781	1	218,250	1	505,871	2
1125	Current available-for-sale financial assets (note 6(b))	1,289,502	5	974,767	4	931,400	4
1170	Notes and accounts receivable, net (note 6(c))	1,064,274	4	1,068,714	4	1,296,671	5
1310	Inventories (note 6(d))	3,009,452	11	2,727,432	10	2,541,128	10
1400	Current biological assets (note 6(e))	92,242	-	133,029	1	-	-
1470	Other current assets (note 6(l))	387,214	1	309,074	1	299,151	1
	Total current assets	9,228,436	33	7,819,409	30	6,989,213	27
	Non-current assets:						
1523	Non-current available-for-sale financial assets (note 6(b))	1,875,340	7	1,625,267	6	1,560,522	6
1543	Non-current financial assets at cost (note 6(b))	23,423	-	24,832	-	-	-
1546	Non-current investments in debt instrument without active market (note 6(b))	92,600	-	92,600	-	145,800	1
1550	Investments accounted for using equity method (note 6(f))	492,879	2	291,036	1	881,717	4
1600	Property, plant and equipment (notes 6(i) and 8)	13,863,405	49	13,348,978	51	13,060,494	51
1760	Investment property (notes 6(j) and 8)	1,457,805	5	1,468,113	6	1,478,421	6
1780	Intangible assets (notes 6(k))	216,140	1	229,539	1	72,753	-
1830	Non-current biological assets (note 6(e))	42,630	-	48,290	-	-	-
1840	Deferred tax assets	70,891	-	75,354	-	70,978	-
1915	Prepayments for business facilities	941,299	3	1,263,897	5	1,279,920	5
1990	Other non-current assets (notes 6(l) and 8)	115,554	-	123,324	-	50,873	-
	Total non-current assets	19,191,966	67	18,591,230	70	18,601,478	73
	Total assets	$ 28,420,402	100	26,410,639	100	25,590,691	100

	Liabilities and Equity	June 30, 2017 Amount	%	December 31, 2016 Amount	%	June 30, 2016 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6 (m))	$ 215,982	1	-	-	46,544	-
2170	Notes and accounts payable	1,135,850	4	975,478	4	1,193,338	5
2200	Other payables	3,820,707	13	2,056,522	7	2,638,512	10
2320	Long-term liabilities, current portion (notes 6(n) and 8)	940,194	3	940,194	4	940,194	4
2399	Other current liabilities	182,560	1	222,226	1	164,621	-
	Total current liabilities	6,295,293	22	4,194,420	16	4,983,209	19
	Non-Current liabilities:						
2540	Long-term borrowings (notes 6(n) and 8)	3,940,188	14	3,673,749	14	2,356,310	9
2570	Deferred tax liabilities	32,836	-	33,728	-	28,682	-
2600	Other non-current liabilities	192,130	1	190,858	1	176,526	1
	Total non-current liabilities	4,165,154	15	3,898,335	15	2,561,518	10
	Total liabilities	10,460,447	37	8,092,755	31	7,544,727	29
	Equity (notes 6(q), 6(r) and 6(s)) :						
3110	Ordinary share	4,026,664	14	4,076,664	15	5,866,663	23
3200	Capital surplus	3,712,896	13	3,758,737	14	3,758,737	15
3300	Retained earnings	8,458,184	30	9,376,801	36	7,694,289	30
3400	Other equity interest	1,101,001	4	761,897	2	726,275	3
3500	Treasury shares	-	-	(347,660)	(1)	-	-
	Total equity attributable to owners of parent	17,298,745	61	17,626,439	66	18,045,964	71
36XX	Non-controlling interests (note 6(h))	661,210	2	691,445	3	-	-
	Total equity	17,959,955	63	18,317,884	69	18,045,964	71
	Total liabilities and equity	$ 28,420,402	100	26,410,639	100	25,590,691	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the periods April 1 to June 30, 2017 and 2016, and For the six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended June 30				For the six months ended June 30			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue**	$ 3,819,727	100	3,571,846	100	7,102,058	100	6,863,928	100
5000	**Operating costs (notes 6(d),6(e),6(f),6(i),6(k),6(p),6(u), 7 and 12)**	(2,397,943)	(63)	(2,172,063)	(61)	(4,575,605)	(65)	(4,090,557)	(60)
	Gross profit from operating	1,421,784	37	1,399,783	39	2,526,453	35	2,773,371	40
	Operating expenses (notes 6(c),6(i),6(j),6(k),6(p),6(u), 7 and 12):								
6100	Selling expenses	(46,627)	(1)	(40,304)	(1)	(91,856)	(1)	(83,434)	(1)
6200	Administrative expenses	(222,319)	(6)	(181,536)	(5)	(403,042)	(6)	(340,647)	(5)
6300	Research and development expenses	(157,669)	(4)	(137,862)	(4)	(304,869)	(4)	(303,078)	(4)
	Total operating expenses	(426,615)	(11)	(359,702)	(10)	(799,767)	(11)	(727,159)	(10)
	Net operating income	995,169	26	1,040,081	29	1,726,686	24	2,046,212	30
	Non-operating income and expenses (notes 6(c), 6(f), 6(g) and 6(v)) :								
7010	Other income	33,254	1	19,618	1	62,790	1	35,489	1
7020	Other gains and losses	(1,792)	-	37,619	1	(141,950)	(2)	24,901	-
7050	Finance costs	(12,997)	-	(2,120)	-	(26,119)	-	(2,215)	-
7770	Share of loss of associates and joint ventures accounted for using equity method	(18,412)	(1)	(5,245)	-	(34,385)	(1)	(9,551)	-
	Total non-operating income and expenses	53	-	49,872	2	(139,664)	(2)	48,624	1
7900	**Profit before tax**	995,222	26	1,089,953	31	1,587,022	22	2,094,836	31
7950	Total tax expense (note 6(q))	(267,857)	(7)	(384,383)	(11)	(363,230)	(5)	(549,773)	(8)
	Profit	727,365	19	705,570	20	1,223,792	17	1,545,063	23
	Other comprehensive income (loss):								
	Components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(f), 6(q) and 6(r))								
8361	Exchange differences on translation of foreign financial statements	23,650	-	(9,567)	-	(59,837)	(1)	(24,400)	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	65,511	2	180,503	5	418,536	6	370,881	5
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	349	-	(241)	-	1,130	-	(3,150)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	89,510	2	170,695	5	359,829	5	343,331	5
	Other comprehensive income	89,510	2	170,695	5	359,829	5	343,331	5
8500	**Total comprehensive income**	$ 816,875	21	876,265	25	1,583,621	22	1,888,394	28
	Profit (loss), attributable to:								
8610	Profit attributable to owners of parent	$ 745,050	19	705,570	20	1,241,518	17	1,545,063	23
8620	Loss attributable to non-controlling interests	(17,685)	-	-	-	(17,726)	-	-	-
		$ 727,365	19	705,570	20	1,223,792	17	1,545,063	23
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 821,738	21	876,265	25	1,580,622	22	1,888,394	28
8720	Comprehensive income , attributable to non-controlling interests	(4,863)	-	-	-	2,999	-	-	-
		$ 816,875	21	876,265	25	1,583,621	22	1,888,394	28
	Earnings per common share (expressed in dollars)(note 6(t))								
9750	Basic earnings per share	$ 1.85		1.19		3.08		2.60	
9850	Diluted earnings per share	$ 1.85		1.19		3.07		2.59	

See accompanying notes to financial statements.

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WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings			Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 5,965,641	3,815,017	800,954	6,244,544	7,045,498	19,783	363,161	382,944	-	17,209,100	-	17,209,100
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	267,163	(267,163)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(298,333)	(298,333)	-	-	-	-	(298,333)	-	(298,333)
	-	-	267,163	(565,496)	(298,333)	-	-	-	-	(298,333)	-	(298,333)
Profit for the six months ended June 30, 2016	-	-	-	1,545,063	1,545,063	-	-	-	-	1,545,063	-	1,545,063
Other comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	(27,550)	370,881	343,331	-	343,331	-	343,331
Total comprehensive income for the six months ended June 30, 2016	-	-	-	1,545,063	1,545,063	(27,550)	370,881	343,331	-	1,888,394	-	1,888,394
Changes in equity of associates and joint ventures accounted for using equity method	-	5,548	-	(125,817)	(125,817)	-	-	-	-	(120,269)	-	(120,269)
Purchase of treasury share	-	-	-	-	-	-	-	-	(635,830)	(635,830)	-	(635,830)
Retirement of treasury share	(100,000)	(63,708)	-	(472,122)	(472,122)	-	-	-	635,830	-	-	-
Exercise of employee stock options	1,022	1,880	-	-	-	-	-	-	-	2,902	-	2,902
Balance at June 30, 2016	$ 5,866,663	3,758,737	1,068,117	6,626,172	7,694,289	(7,767)	734,042	726,275	-	18,045,964	-	18,045,964
Balance at January 1,2017	$ 4,076,664	3,758,737	1,068,117	8,308,684	9,376,801	1,719	760,178	761,897	(347,660)	17,626,439	691,445	18,317,884
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	311,277	(311,277)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,811,999)	(1,811,999)	-	-	-	-	(1,811,999)	-	(1,811,999)
	-	-	311,277	(2,123,276)	(1,811,999)	-	-	-	-	(1,811,999)	-	(1,811,999)
Profit for the six months ended June 30, 2017	-	-	-	1,241,518	1,241,518	-	-	-	-	1,241,518	(17,726)	1,223,792
Other comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	(79,432)	418,536	339,104	-	339,104	20,725	359,829
Total comprehensive income for the six months ended June 30, 2017	-	-	-	1,241,518	1,241,518	(79,432)	418,536	339,104	-	1,580,622	2,999	1,583,621
Purchase of treasury share	-	-	-	-	-	-	-	-	(96,317)	(96,317)	-	(96,317)
Retirement of treasury share	(50,000)	(45,841)	-	(348,136)	(348,136)	-	-	-	443,977	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33,234)	(33,234)
Balance at June 30, 2017	$ 4,026,664	3,712,896	1,379,394	7,078,790	8,458,184	(77,713)	1,178,714	1,101,001	-	17,298,745	661,210	17,959,955

See accompanying notes to financial statements.

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Reviewed only, not audited in accordance with the generally accepted auditing standards

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,587,022	2,094,836
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,149,895	1,064,839
Amortization expense	21,870	14,212
Net gain on financial assets or liabilities at fair value through profit or loss	(1,094)	(45,639)
Interest expense	26,119	2,215
Interest income	(11,369)	(4,995)
Dividend income	(4,660)	(2,416)
Share of loss of associates and joint ventures accounted for using equity method	38,512	12,417
Loss on disposal of property, plan and equipment	245	923
Loss (gain) on disposal of investments	1,138	(935)
Impairment loss on financial assets	2,635	-
Changes in biological assets at fair value	14,505	-
Total adjustments to reconcile profit	1,237,796	1,040,621
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in current financial assets at fair value through profit or loss	2,217	(31,998)
Decrease (increase) in notes and accounts receivable, net	4,440	(596,643)
Increase in inventories	(291,196)	(106,110)
Increase in biological assets	(87,515)	-
Decrease in other current assets	(89,818)	(602)
Total changes in operating assets	(461,872)	(735,353)
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	349,709	(116,529)
Increase in other payable	131,831	223,981
Decrease in other current liabilities	(39,548)	(455,828)
Increase in other non-current liabilities	1,083	584
Total changes in operating liabilities	443,075	(347,792)
Total changes in operating assets and liabilities	(18,797)	(1,083,145)
Cash inflow generated from operations	2,806,021	2,052,312
Income taxes paid	(456,974)	(568,827)
Net cash flows from operating activities	2,349,047	1,483,485
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(65,963)	(2,004,963)
Proceeds from disposal of current financial assets at fair value through profit or loss	93,230	2,592,352
Acquisition of current available-for-sale financial assets	-	(21,733)
Acquisition of non-current available-for-sale financial assets	(163,249)	(201,933)
Proceeds from disposal non-current available-for-sale financial assets	4,386	-
Acquisition of investments accounted for using equity method	(30,330)	(486,720)
Proceeds from capital reduction of investments accounted for using equity method	-	109,426
Proceeds from disposal of non-current investments in debt instrument without active market	-	13,800
Acquisition of property, plant and equipment	(1,182,237)	(650,757)
Proceeds from disposal of property, plant and equipment	1,686	644
Acquisition of intangible assets	(12,058)	(14,408)
Net cash outflows from business combination	(36,959)	-
Increase in other non-current assets	(13,682)	(2,132)
Increase in prepayments for business facilities	(570,855)	(1,023,705)
Interest received	10,789	5,009
Dividends received	2,333	2,416
Net cash flows used in investing activities	(1,962,909)	(1,682,704)
Cash flows from (used in) financing activities:		
Increase in short-term loans	215,982	22,888
Proceeds from long-term debt	2,735,500	727,000
Repayments of long-term debt	(2,469,597)	(371,410)
Increase in other non-current liabilities	189	6,128
Exercise of employee share options	-	2,902
Payments to acquire treasury shares	(114,515)	(635,830)
Interest paid	(25,275)	(1,594)
Change in non-controlling interests	107,181	-
Net cash flows from (used in) financing activities	449,465	(249,916)
Effect of exchange rate changes on cash and cash equivalents	(34,775)	(5,530)
Net increase (decrease) in cash and cash equivalents	800,828	(454,665)
Cash and cash equivalents at beginning of period	2,388,143	1,869,657
Cash and cash equivalents at end of period	$ 3,188,971	1,414,992

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Interim Financial Statements
June 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

WIN Semiconductors Corp. (the "Company") was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan.

The main operation the Company and its subsidiaries (together referred to as "the Group") are as follows:

(a) Researching, developing, manufacturing, and selling of GaAs wafers.

(b) Developing hog farming technology and trading.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated interim financial statements for the six months ended June 30, 2017 and 2016 were reported to the Board of Directors and issued on August 9, 2017.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016

(Continued)

WIN Semiconductors Corp. and Its Subsidiaries
Notes to Consolidated Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendment to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

(i) Amendment to IAS 36 "Recoverable Amount Disclosures for Non Financial Assets"

Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In such cases, the amendments also require that the following be disclosed if the recoverable amount is based on fair value, less costs of disposal:

1) the level of fair value hierarchy within which the fair value measurement is categorized; and

2) the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy, and the key valuation assumptions made.

The Group will include the required disclosures.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Classification and Measurement of Share based Payment Transactions"	January 1, 2018
Amendment to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017

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New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendment to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendment to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting. The actual impact of adopting IFRS 9 on the Group' s consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

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Based on its preliminary assessment, the Group does not believe that the new classification requirements, if applied at June 30, 2017, would have had a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At June 30, 2017, the Group had equity investments classified as available-for-sale with a fair value of $3,164,842 thousand and financial assets measured at cost of $23,423 thousand that are held for its strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group elected then to classify them as FVOCI. Therefore, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The Group's preliminary assessment indicated that application of IFRS 9's impairment requirements at June 30, 2017 would not have had a material impact.

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Group plans to adopt IFRS 15 in its consolidated financial statements using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as the contracts that are completed contracts at the beginning of the earliest period presented, are not restated.

Based on the initial assessment of the potential impact of the adoption of IFRS 15, the Group's does not expect any significant impact.

(Continued)

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group is currently performed a assessment on the impact and expects to change the measurement of its deferred tax assets.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
June 7, 2017	IFRIC 23 " Uncertainty over Income Tax Treatments"	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

(4) Summary of significant accounting policies:

Except note 3 and the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016.

(a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

(b) Basis of consolidation

(i) Except the following principles of preparation mentioned below, the Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2016.

(ii) Losing control of subsidiaries

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement.

The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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(iii) List of subsidiaries in the consolidated interim financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding June 30, 2017	Shareholding December 31, 2016	Shareholding June 30, 2016
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	100.00 %
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Selling of GaAs wafers	100.00 %	100.00 %	100.00 %
The Company	WIN Venture Capital Corp.	Investment activities	100.00 %	100.00 %	100.00 %
Win Cayman	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. (abbrev. Chainwin Cayman)	Investment activities	43.75 % (Note 1)	43.75 % (Note 1)	-
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd. (Note 2)	Developing hog farming technology and trading	100.00 %	100.00 %	-
Chainwin Cayman	Jiangsu CM / Merit Agriculture Development Co., Ltd.	Developing hog farming technology and trading	49.00 % (Note 3)	60.00 %	-
Chainwin Cayman	Jiangsu Merit / CM Agriculture Development Co., Ltd.	Developing hog farming technology and trading	60.00 %	60.00 %	-
Chainwin Cayman	Jiangsu Merit / Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	60.00 %	60.00 %	-
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-
Chainwin Cayman	Formosa Fortune Group Co., Ltd. (abbrev. Formosa BVI)	Investment activities	100.00 %	100.00 %	-
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	50.44 %	50.44 %	-
Fortune BVI	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	49.56 %	49.56 %	-

Note 1: Win Cayman does not hold more than half of the equity shares of Chainwin Cayman, directly or indirectly. However, Win Cayman has acquired the right to manage the operating policies of Chainwin Cayman and has control over its Board of Directors since August 19, 2016. Therefore, Chainwin Cayman is deemed to be a subsidiary of Win Cayman. Please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2016 for further information.

Note 2: Jiangsu Kang Yuan Merit Agriculture Development Co., Ltd renamed Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd. in January 2017.

Note 3: Since June 2017, Jiangsu CM/Merit Agriculture Development Co., Ltd is no longer included in the consolidated financieal statements. Please refer to note 6(g) of the consolidated financial statements for other related information.

Note 4: The aforementioned subsidiaries were recognized based on the reviewed financial statements by the certified accountant.

(iv) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Income taxes

Income tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expenses for the period are best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and their respective tax bases which were recognized directly in equity or in other comprehensive income as tax expense shall be measured based on the tax rates that have been enacted or substantively enacted at the time when the asset or liability is realized or settled.

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(d) Defined benefit plans

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated interim financial statements in conformity with IFRSs (in accordance with IAS 34 " Interim Financial Reporting" and approved by FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation of significant accounts:

Except for the following disclosure, the significant account disclosure in the consolidated interim financial statements for the six months ended June 30, 2017, which compare with the consolidated financial statements for the year ended December 31, 2016, was not changed significantly. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2016.

(a) Cash and cash equivalents

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 267	227	183
Cash in bank	2,536,006	2,212,048	1,243,152
Time deposits	652,698	175,868	171,657
	$ 3,188,971	2,388,143	1,414,992

Refer to note 6(w) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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(b) Financial instruments

(i) Current financial assets at fair value through profit or loss:

	June 30, 2017	December 31, 2016	June 30, 2016
Stocks listed on domestic markets	$ 154,095	153,794	158,022
Money market funds, equity funds and bond funds	42,686	64,456	347,849
	$ 196,781	218,250	505,871

Refer to note 6(v) for the gains or losses on disposals of investment and the amount of remeasurement at fair value though profit or loss.

(ii) Current available-for-sale financial assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Stocks listed on domestic markets	$ 1,289,502	974,767	931,400

(iii) Non-current available-for-sale financial assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Stocks listed on domestic markets	$ 7,560	13,628	17,071
Stocks listed on foreign markets	531,704	427,563	376,223
Non-public stocks	638,136	656,245	694,343
Private fund (Note)	697,940	527,831	472,885
	$ 1,875,340	1,625,267	1,560,522

Note: As of June 30, 2017, some of the private fund is during the lock-up period.

Refer to note 6(v) for the gain or losses on disposals of investments.

(iv) Non-current financial assets at cost:

	June 30, 2017	December 31, 2016	June 30, 2016
Foreign unlisted stocks	$ 23,423	24,832	-
Less: accumulated impairment	-	-	-
Total	$ 23,423	24,832	-

According to the Group' s intention, its investment in foreign unlisted stocks should be classified as available-for-sale financial assets. However, as foreign unlisted stocks are not traded in active market, and no sufficient industry information of companies similar to such foreign unlisted stocks' or its financial information cannot be obtained, the fair value of the investment in foreign unlisted stocks cannot be measured reliably. The Group classified those stocks as "Non-current financial assets at cost".

(v) Non-current investments in debt instrument without active market:

	Issue period	Nominal rate (%)	June 30, 2017	December 31, 2016	June 30, 2016
Preferred stock B	2012.11.23~2019.11.22	- %	$ 92,600	92,600	145,800

(vi) As of June 30, 2017, December 31 and June 30, 2016, the financial assets were not pledged. For information on the Group's currency risk and credit risk was disclosed in note 6(w).

(c) Notes and accounts receivable, net

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable	$ -	-	119
Accounts receivable	1,066,407	1,071,937	1,303,739
Less：allowance for doubtful accounts	(2,133)	(3,223)	(7,187)
	$ 1,064,274	1,068,714	1,296,671

At the reporting date, the Group's aging analysis of notes and accounts receivable that were past due and not impaired, were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Past due 1~60 days	$ 37,449	96,438	190,925
Past due 61~180 days	806	2,023	-
Past due more than 181 days	-	-	-
	$ 38,255	98,461	190,925

The movement of allowance for doubtful accounts were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2017	$ 3,223	-	3,223
Impairment loss reversed	(962)	-	(962)
Effect of changes in foreign exchange rates	(128)	-	(128)
Balance at June 30, 2017	$ 2,133	-	2,133

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	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2016	$ 5,673	-	5,673
Provision of impairment loss	1,553	-	1,553
Effect of changes in foreign exchange rates	(39)	-	(39)
Balance at June 30, 2016	$ 7,187	-	7,187

The Group's policy of allowance for receivables is as follows:

Assessment method:

(i) At the balance sheet date, the Group evaluates the probability of collection regarding the receivable in accordance with each customer.

(ii) The Group may recognise 100% allowance of doubtful accounts based on the expectancy of bad debt by assessing the financial and operating conditions of each customer.

Impairment loss recognised for individually assessed impairment was the difference between the carrying amount and the amount expected to be collected. The Group also considered the fluctuation of the economic circumstances and historical collection to determine the recognition of impairment.

The Group establishes a policy of allowance for doubtful accounts based on historical trends of the probability of default and the timing of recoveries and the amount of loss incurred. The policy is mainly based on the characteristic of industry and the conservative of business cove.

The Group believed that no impairment allowance was necessary with respect to the past due receivables that were collectable.

As of June 30, 2017, December 31 and June 30, 2016, the notes and accounts receivable, net were not pledged.

(d) Inventories

	June 30, 2017	December 31, 2016	June 30, 2016
Raw materials, supplies and spare parts	$ 1,933,016	1,868,533	1,586,664
Work in process	825,826	559,185	731,704
Finished goods	250,610	299,714	222,760
	$ 3,009,452	2,727,432	2,541,128

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Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognised as operating cost or deduction of operating cost were as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	$ 189	(20,690)	(3,685)	(46,184)
Unallocated overheads	$ -	-	-	4,091
Revenue from sale of scraps	$ 3,063	1,718	5,604	2,913

As of June 30, 2017, December 31 and June 30, 2016, the inventories were not pledged.

(e) Biological assets

(i) List of biological assets:

	June 30, 2017	December 31, 2016
Consumable biological assets	$ 92,242	133,029
Bearer biological assets	$ 42,630	48,290

(ii) Change in biological assets:

	Six months ended June 30, 2017
Balance as of January 1, 2017	$ 181,319
Increase due to purchase	41,074
Input costs	232,762
Depreciation expenses	(5,995)
Decrease due to sales	(186,321)
Changes in fair value less costs to sell due to price changes	(14,505)
Effect of changes in consolidated entities	(104,745)
Effect of changes in foreign exchange rates	(8,717)
Balance as of June 30, 2017	$ 134,872
Current	$ 92,242
Non-current	42,630
	$ 134,872

The lose of $14,505 thousand was recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the lower of its carrying amount or fair value less costs to sell.

(Continued)

(iii) As of June 30, 2017 and December 31, 2016, number of the biological assets as follows:

	June 30, 2017	December 31, 2016
Farrows, hogs and breeders	25,913	34,100

For the six months ended June 30, 2017, the Group sold 26,904 hogs.

(iv) Fair value

The Group uses valuation method to measure its biological assets to determine the fair value of the hogs and the farrows (which are required to reach a certain weight), less, cost to sell at the end of the reporting period. If biological asset does not have a quoted market price in an active market, the asset is measured at cost less accumulated depreciation and impairment losses.

Costs of the biological assets include all of the costs within the growth cycle, such as the cost of new-born farrows, the feed and the raising farm. The cost of the productive biological assets shall be depreciated on a systematic basis over the producible term. The amortized term are within 24 to 36 months. For the six months ended June 30, 2017, the depreciation expenses of biological assets (which will be converted into its breeding biological assets) were $5,995 thousand.

(v) The Group is exposed to the following risks relating to its hog farming:

1) Regulations and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at complying with the local environment and other laws. Management performs regular reviews to identify environmental risks and to ensure that systems in place are adequate to manage those risks.

2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of hogs. When possible, the Group manages this risk by aligning its farming volume with market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected farming volumes are consistent with the expected demand.

3) Climate and other risks

The Group's hog farming is exposed to the risk of damage from climate change, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular pig health inspections and industry pest and disease surveys.

(vi) As of June 30, 2017 and December 31, 2016, the biological assets were not pledged.

(vii) Fair value valuation technique of biological assets used inputs that were categorized in level 3. Please refer to the table below regarding the movement of biological assets for a reconciliation beginning from the opening balance to the closing balance for level 3 fair value. In this period the fair value hierarchy of the biological assets were not transferred into or out of level 3. The valuation technique and significant unobservable inputs were as follows:

Items	Fair value valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Hogs in China	Price comparison: Estimated value of price comparison is compared with the biological assets of different type, quality and kinds, etc.	Evaluate the quality.	Evaluate the changes in fair value, according to the quality of biological assets.

(viii) From January 1 to June 30, 2016, the Group had no biological assets.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Associates	$ 492,879	291,036	881,717

(i) Associates

On December 14, 2015, the Group acquired 40% of the shares of Rainbow Star Group Limited for $32,590 thousand in cash, and has significant influence on it. In March 31,2017, the Group subscribed the new shares contributed by Rainbow Star Group Limited for $30,330 thousand and the percentage of the Group's ownership increased to 49.3%. However, the Group do not have the current ability to direct the relevant activities of Rainbow Star Group Limited. The Group did not control it.

On November 18, 2015, the Group acquired 28.63% shares of Merit Biotech (Cayman Islands) Co., Ltd. for $195,540 thousand in cash, and has a significant influence on it. From January 1 to June 30, 2016, the Group subscribed the new shares contributed by Merit Biotech (Cayman Islands) Co., Ltd. for $486,720 thousand. As of June 30, 2016 the Group did not control it.

On August 19, 2016, Merit Biotech (Cayman Islands) Co., Ltd. was renamed Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. (abbrev. Chainwin Cayman). The Group has controlled over Chainwin Cayman through its re-elected Board of Directors on August 19, 2016. The Group held 43.75% of equity shares.

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Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group:

	June 30, 2017	December 31, 2016	June 30, 2016
Total equity of the individually insignificant investments in associates	$ 492,879	291,036	881,717

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Attributable to the Group:				
Net loss	$ (19,989)	(6,490)	(38,512)	(12,417)
Other comprehensive income (loss)	349	(241)	1,130	(3,150)
Total comprehensive income (loss)	$ (19,640)	(6,731)	(37,382)	(15,567)

(ii) As of June 30, 2017, December 31 and June 30, 2016, the investments accounted for using equity method were not pledged.

(g) Losing control of subsidiary

The Group did not take part in the issuance of common stock for cash of Jiangsu CM / Merit Agriculture Development Co., Ltd. at the second quarter of 2017. Therefore, the percentage of the Group's ownership was reduced to 49%, and the Group lost its control over Jiangsu CM / Merit Agriculture Development Co., Ltd.

The related disposal loss which was $1,991 thousand was recognised as other gains and losses in consolidated statements of comprehensive income.

The carrying amount of assets and liabilities of Jiangsu CM / Merit Agriculture Development Co., Ltd. on May 31, 2017 was as follows:

Cash and cash equivalents	$ 36,959
Inventories	9,176
Other current assets	14,539
Property, plant and equipment	358,353
Biological assets	104,745
Other non-current assets	21,452
Notes and accounts payable	(189,337)
Other payable	(8,540)
Other current liabilities	(118)
Carrying amount of net assets	$ 347,229

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(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests June 30, 2017	December 31, 2016	June 30, 2016
Chainwin Cayman	Cayman Islands	56.25 %	56.25 %	-

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	June 30, 2017	December 31, 2016
Current assets	$ 804,182	1,000,869
Non-current assets	596,590	334,984
Current liabilities	(97,249)	(85,042)
Net assets	$ 1,303,523	1,250,811
Non-controlling interests	$ 661,210	691,445

	Three months ended June 30, 2017	Six months ended June 30, 2017
Operating revenue	$ 102,909	218,678
Profit	(30,239)	(28,225)
Other comprehensive income (loss)	19,111	30,991
Total comprehensive income (loss)	$ (11,128)	2,766
Loss, attributable to non-controlling interests	$ (17,685)	(17,726)
Comprehensive income (loss), attributable to non-controlling interests	$ (4,863)	2,999
Net cash flows from operating activities		$ 77,616
Net cash flows used in investing activities		(445,750)
Net cash flows from financing activities		261,612
Effect of changes in foreign exchange rate		11,505
Decrease on cash and cash equivalents		$ (95,017)

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(i) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the six months ended June 30, 2017 and 2016 were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress	Total
Cost：							
Balance as of January 1, 2017	$ 2,546,534	2,130,540	15,179,485	4,050,349	285,457	359,902	24,552,267
Additions	-	7,086	502,156	35,674	44,628	574,526	1,164,070
Reclassification (Note 1)	-	610	865,264	(92)	136	(15,284)	850,634
Disposals	-	-	(162,432)	(3,877)	(21,797)	-	(188,106)
Effect of changes in consolidated entities	-	-	-	-	(4,028)	(354,533)	(358,561)
Effect of changes in foreign exchange rates	-	(325)	-	(917)	(901)	(4,732)	(6,875)
Balance as of June 30, 2017	$ 2,546,534	2,137,911	16,384,473	4,081,137	303,495	559,879	26,013,429
Balance as of January 1, 2016	$ 2,546,534	1,000,117	12,551,818	2,820,770	228,809	2,257,410	21,405,458
Additions	-	171,796	289,531	437,295	52,854	83,644	1,035,120
Reclassification (Note 2)	-	967,324	1,576,560	1,075,649	58,050	(2,214,201)	1,463,382
Disposals	-	(9,226)	(41,008)	-	(5,313)	-	(55,547)
Balance as of June 30, 2016	$ 2,546,534	2,130,011	14,376,901	4,333,714	334,400	126,853	23,848,413
Accumulated depreciation：							
Balance as of January 1, 2017	$ -	485,288	9,058,857	1,560,930	98,214	-	11,203,289
Depreciation	-	50,158	837,643	199,545	46,246	-	1,133,592
Reclassification	-	-	3,076	(3,076)	-	-	-
Disposals	-	-	(162,432)	(3,545)	(20,198)	-	(186,175)
Effect of changes in consolidated entities	-	-	-	-	(208)	-	(208)
Effect of changes in foreign exchange rates	-	(74)	-	(225)	(175)	-	(474)
Balance as of June 30, 2017	$ -	535,372	9,737,144	1,753,629	123,879	-	12,150,024
Balance as of January 1, 2016	$ -	429,291	7,514,001	1,681,770	157,206	-	9,782,268
Depreciation	-	31,615	890,275	113,535	24,206	-	1,059,631
Disposals	-	(7,688)	(40,980)	-	(5,312)	-	(53,980)
Balance as of June 30, 2016	$ -	453,218	8,363,296	1,795,305	176,100	-	10,787,919
Carrying value：							
Balance as of January 1, 2017	$ 2,546,534	1,645,252	6,120,628	2,489,419	187,243	359,902	13,348,978
Balance as of June 30, 2017	$ 2,546,534	1,602,539	6,647,329	2,327,508	179,616	559,879	13,863,405
Balance as of January 1, 2016	$ 2,546,534	570,826	5,037,817	1,139,000	71,603	2,257,410	11,623,190
Balance as of June 30, 2016	$ 2,546,534	1,676,793	6,013,605	2,538,409	158,300	126,853	13,060,494

Note 1: Prepayments for business facilities were reclassified as property, plant and equipment.

Note 2: Prepayments for business facilities and inventories were reclassified as property, plant and equipment. Besides, property, plant and equipment were classified as investment property.

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(i) Pledge to secure:

As of June 30, 2017, December 31 and June 30, 2016, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(ii) For the periods from April 1 to June 30, 2017 and 2016, for the six months ended June 30, 2017 and 2016, capitalized interest expenses amounted to $5,156 thousand, $9,412 thousand, $10,588 thousand and $20,874 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.33%～1.38%, 1.48%～1.56%, 1.21%～1.45% and 1.46%～1.64%, respectively.

(j) Investment property

	Land	Buildings and structures	Total
Cost:			
Balance as of January 1, 2017	$ 963,127	536,008	1,499,135
Additions	-	-	-
Balance as of June 30, 2017	$ 963,127	536,008	1,499,135
Balance as of January 1, 2016	$ 963,127	138,225	1,101,352
Additions	-	-	-
Reclassification (Note)	-	397,783	397,783
Balance as of June 30, 2016	$ 963,127	536,008	1,499,135
Accumulated depreciation:			
Balance as of January 1, 2017	$ -	31,022	31,022
Depreciation	-	10,308	10,308
Balance as of June 30, 2017	$ -	41,330	41,330
Balance as of January 1, 2016	$ -	15,506	15,506
Depreciation	-	5,208	5,208
Balance as of June 30, 2016	$ -	20,714	20,714
Carrying value:			
Balance as of January 1, 2017	$ 963,127	504,986	1,468,113
Balance as of June 30, 2017	$ 963,127	494,678	1,457,805
Balance as of January 1, 2016	$ 963,127	122,719	1,085,846
Balance as of June 30, 2016	$ 963,127	515,294	1,478,421
Fair value:			
Balance as of June 30, 2017			$ 1,621,500
Balance as of June 30, 2016			$ 1,668,019

Note: Prepayments for business and property, plant and equipment were reclassified as investment property.

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When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value.

The yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	For the six months ended June 30, 2017
Hsinchu	0.23%
Taoyuan	1.58%

As of June 30, 2017, December 31 and June 30, 2016, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(k) Intangible assets

(i) The movement in intangible assets for the six months ended June 30, 2017 and 2016 were as follows:

		Technical know-how	Computer software and information systems	Goodwill	Others	Total
Cost:						
Balance as of January 1, 2017	$	46,051	84,736	133,645	27,768	292,200
Additions		-	15,445	-	1,675	17,120
Reclassification		-	70	-	-	70
Effect of changes in foreign exchange rates		(1)	-	(7,583)	(1,257)	(8,841)
Balance as of June 30, 2017	$	46,050	100,251	126,062	28,186	300,549
Balance as of January 1, 2016	$	46,005	57,702	-	1,843	105,550
Additions		-	21,328	-	3,267	24,595
Balance as of June 30, 2016	$	46,005	79,030	-	5,110	130,145
Amortisation:						
Balance as of January 1, 2017	$	23,656	34,930	-	4,075	62,661
Amortisation		1,919	15,763	-	4,188	21,870
Effect of changes in foreign exchange rates		-	-	-	(122)	(122)
Balance as of June 30, 2017	$	25,575	50,693	-	8,141	84,409
Balance as of January 1, 2016	$	19,808	22,767	-	605	43,180
Amortisation		1,917	11,499	-	796	14,212
Balance as of June 30, 2016	$	21,725	34,266	-	1,401	57,392
Carrying value:						
Balance as of January 1, 2017	$	22,395	49,806	133,645	23,693	229,539
Balance as of June 30, 2017	$	20,475	49,558	126,062	20,045	216,140
Balance as of January 1, 2016	$	26,197	34,935	-	1,238	62,370
Balance as of June 30, 2016	$	24,280	44,764	-	3,709	72,753

(Continued)

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(ii) Amortization expense recognized in profit or loss

For the periods from April 1 to June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016, the amortization expenses of intangible assets were as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Operating costs	$ 3,734	2,269	7,341	4,442
Operating expenses	7,099	5,174	14,529	9,770
	$ 10,833	7,443	21,870	14,212

(iii) Impairment testing for goodwill

The goodwill of $132,278 thousand was derived from the acquisition of and the control over Chainwin Cayman by the Group on August 19, 2016. The goodwill was mainly attributed to the profitability of the hog farming in Mainland China. In accordance with IAS 36, goodwill through business combinations shall be tested for impairment at least annually. To test for impairment, goodwill must be allocated to the cash-generating units (the "CGU") that are expected to benefit from the synergies of the combination. Chainwin Cayman is regarded as a CGU to generate cash inflows that are independent of those from others. Therefore, the amount on impairment loss of goodwill, which was evaluated by using the value in use, exceeds the carrying amount of the net asset.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2016 to 2021. There were no significant differences between the actual results and the forecasts from the acquisition date to June 30, 2017.

The total amount of goodwill has been allocated to the agriculture technology for the Group's impairment testing purpose. The CGU are used as the minimum level for investment return of goodwill supervised by the management.

According to the results of impairment tests executed by the Group, the recoverable amount of the abovementioned CGU was determined to be higher than the carrying amount of the CGU. As a result, there were no impairment loss incurred as of June 30, 2017. The discounted cash flows are used to estimate fair values less disposal cost. The measurements of the fair value are based on unobservable inputs and are categorized as a Level 3 fair value.

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The key assumption used in the estimation of the value in use of the CGU were as follows:

1) The future cash flow was based on expectations of future operations, taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years, and the estimated sales volume and price growth for the next five years. The assumptions were in line with the information obtained from external local market who publish a statistical analysis on market trends.

2) The assumption on before-tax discount rate is based on the weighted average cost of capital. The applied before-tax discount rate of the recoverable amount of the units was as follow:

	June 30, 2017
Discount rate	16.50%

(iv) As of June 30, 2017, December 31 and June 30, 2016, the intangible assets were not pledged.

(l) Other current assets and other non-current assets

	June 30, 2017	December 31, 2016	June 30, 2016
Other receivable from metal recycling	$ 185,642	156,090	162,461
Tax refund receivable	67,948	68,579	71,176
Long-term prepaid rent	33,409	62,822	-
Prepayment for purchases and prepaid expenses	112,188	65,706	49,342
Refundable deposits	47,962	34,930	25,344
Restricted assets	32,343	25,571	25,529
Others	23,276	18,700	16,172
	$ 502,768	432,398	350,024

Long-term prepaid rent

For the hog farming purpose, the Group signed agreements with agriculture developing committees and other institutions in China to acquire lands for lease in 2016. The durations of the agreements are 5~30 years. The payments for rental were made in accordance with the signed agreements. Total agreement price amounted to RMB141,284 thousand.

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(m) Short-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured short-term borrowings (settled in USD)	$ 215,982	-	-
Unsecured short-term borrowings (settled in JPY)	$ -	-	46,544
Unused bank credit lines for short-term borrowings	$ 1,958,169	1,941,748	2,812,847
Unused bank credit lines for short-term and long-term borrowings	1,132,916	1,352,188	1,934,792
Annual interest rate	1.997%~2.00%	0.63%~1.66%	0.70%~1.30%

(n) Long-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured long-term borrowings (settled in NTD)	$ 3,250,000	2,514,000	727,000
Secured long-term borrowings (settled in NTD)	1,630,382	2,099,943	2,569,504
Less: long-term liabilities, current portion	(940,194)	(940,194)	(940,194)
Total	$ 3,940,188	3,673,749	2,356,310
Unused bank credit lines for long-term borrowings	$ 1,808,000	2,002,200	1,708,000
Annual interest rate	1.23%~1.50%	1.23%~1.64%	1.35%~1.54%
Expiry date	2018/2/18~2020/3/31	2018/2/18-2020/3/1	2018/2/18~2020/3/1

As of June 30, 2017, the remaining balances of the borrowing due were as follows:

Year due	Amount
July 1, 2017~June 30, 2018	$ 940,194
July 1, 2018~June 30, 2019	2,052,750
July 1, 2019~June 30, 2020	1,887,438
	$ 4,880,382

The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in note 6(m).

(i) For the six months ended June 30, 2017 and 2016, the Group proceeded from long-term borrowings amounting to $2,735,000 thousand and $727,000 thousand with an interest rate of 1.26%~1.50% and 1.35%~1.41%, respectively. For the six months ended June 30, 2017 and 2016, the repayment amounted to $2,469,597 thousand and $371,410 thousand, respectively.

(ii) The collateral for these long-term borrowings was disclosed in note 8.

(iii) In January 2011, the Company entered into a seven-year syndicated loan agreement with Mega International Commercial Bank and other sixteen banks. The total credit facility under this loan agreement is $4,800,000 thousand and is due in February 2018.

The related financial covenants and restrictions for the syndicated loan mentioned above were as follows:

At the ended of the annual reporting period, current ratio shall not be lower than 100%, liability ratio (Liabilities/Net asset value) shall not be higher than 120%, interest coverage ratio shall not be less than 300%, and net equity shall not be less than $6,000,000 thousand.

For the years ended December 31, 2016 and 2015, the Company was in compliance with the above financial covenants and restrictions.

(o) Operating lease

(i) Lease-lessor

The Group leased its investment property under operating lease, which was disclosed in note 6(j).

(ii) Lease-lessee

The Group leases a number of offices and parking lots etc. under operating lease. The leases typically run for a period of 1 to 6 years.

There were no significant addition to lease contracts for the period from January 1 to June 30, 2017 and 2016. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2016.

(p) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2016 and 2015.

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The Group's expenses recognized in profit or loss for the six months ended June 30, 2017 and 2016 were as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Operating costs	$ -	-	-	-
Operating expenses	611	580	1,223	1,160
	$ 611	580	1,223	1,160

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended June 30, 2017 and 2016 were as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Operating costs	$ 14,499	12,244	28,258	22,770
Operating expenses	3,545	2,961	6,891	5,989
	$ 18,044	15,205	35,149	28,759

(iii) The Group's Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. From April 1 to June 30 and for the six months ended June 30, 2017, the Group recognized the pension costs in accordance with the pension regulations and amounted to $193 thousand and $313 thousand, respectively. For the six months ended June 30, 2016, there was no the aforementioned pension cost recognized.

(q) Income tax

(i) The amount of income tax expenses for the periods from April 1 to June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016 were as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Income tax expense	$ 267,857	384,383	363,230	549,773

(ii) There were no income tax expenses recognized in other comprehensive income for the periods from April 1 to June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016.

(iii) Examination and approval

The Company's corporate income tax returns for the years through 2014 were assessed and approved by the tax authorities National Taxation Bureau of the Northern Area, Ministry of Finance.

(iv) The Company's integrated income tax information at the reporting date were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Unappropriated earnings after 1997	$ 7,078,790	8,308,684	6,626,172
Balance of imputation credit account (ICA)	$ 1,998,409	1,540,683	1,354,701

	2016(Estimated)	2015(Actual)
Creditable ratio for distributed to domestic shareholders of earnings	25.14 %	24.04 %

According to the amendment by the Ministry of Finance on October, 17, 2013 under Decree No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above.

(r) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2017 and 2016. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2016.

(i) Ordinary share

For the six months ended June 30, 2016, the Company had issued 102 thousand shares resulting from the exercise of employee stock options. The record dates were agreed on the end of each calendar quarter. All issued shares were paid up upon issuances. The aforementioned stock issuance, which was authorized by and registered with the government authorities, was included in ordinary share.

The resolution was passed during the meeting of shareholders held on June 24, 2016 for the capital reduction of $1,789,999 thousand representing 179,000 thousand shares of outstanding shares. On August 1, 2016, the authority had already approved the application and the Company's Board of Directors resolved the record date as August 2, 2016. The related registration process had been completed.

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(ii) Capital surplus

Balance of capital surplus at the reporting date were as follows:

		June 30, 2017	December 31, 2016	June 30, 2016
Additional paid-in capital	$	3,691,035	3,736,867	3,736,867
Changes in equity of associates and joint ventures accounted for using equity method		21,163	21,163	21,163
Employee stock options		698	707	707
	$	3,712,896	3,758,737	3,758,737

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders' meeting. And the cash dividends should not lower than 10% of the total stockholders' dividends.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

The appropriations of earnings of earnings for 2016 and 2015 had been approved in a shareholders' meeting held on June 16, 2017 and June 24, 2016, respectively. The dividends were as follows:

		2016	2015
Cash dividends	$	1,811,999	298,333

The above-mentioned appropriations of earnings for 2016 and 2015 were consistent with the resolutions of the meeting of the Board of Directors.

The related information mentioned above can be found on websites such as the Market Observation Post System.

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(iv) Treasury shares

For the six months ended June 30, 2017 and 2016 in accordance with the requirements under article 28-2 of the Securities and Exchange Act, the Company repurchased 1,080 thousand shares and 10,000 thousand share as treasury shares in order to protect the Company's integrity and shareholders' equity. As of June 30, 2017 and 2016, all the shares repurchased by the Company have been cancelled.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of the number of common shares issued. Also, the total amount of the repurchased shares should not exceed the sum of retained earnings, paid-in capital in excess of par value and other realized capital surplus. The shares and dollar amount that may be repurchased do not exceed the upper limit, which were calculated based on the audited or reviewed financial reports by a certified accountant, for the latest accounting period prior to a resolution of a meeting of the Board of Directors.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets
Balance as of January 1, 2017	$ 1,719	760,178
Foreign currency differences (net of tax):		
The Group	(82,553)	-
Associates	1,130	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	420,376
Adjustments in reclassification of the impairment of available-for-sale financial assets (net of tax)	-	(7,908)
Cumulative gains (losses) reclassified to profit or loss upon disposal of available -for-sale financial assets (net of tax)	-	6,068
Other comprehensive income reclassified to profit or loss on disposal of foreign operations	1,991	-
Balance as of June 30, 2017	$ (77,713)	1,178,714

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		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets
Balance as of January 1, 2016	$	19,783	363,161
Foreign currency differences (net of tax):			
The Group		(24,400)	-
Associates		(3,150)	-
Changes in fair value of available-for-sale financial assets (net of tax)		-	370,881
Balance as of June 30, 2016	$	(7,767)	734,042

(s) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to June 30, 2017 and 2016. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2016.

(i) For the six months ended June 30, 2017 and 2016, the related outstanding units and weighted-average exercise price of employee stock options were as follows:

	Six months ended June 30, 2017		Six months ended June 30, 2016	
	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)
Outstanding at the beginning	$ -	-	28.40	142
Granted	-	-	-	-
Exercised	-	-	28.40	(102)
Expired	-	-	-	(40)
Outstanding at the end	-	-	-	-

(ii) Compensation cost for employee stock options

For the six months ended June 30, 2017 and 2016, the compensation cost for employee stock options both amounted to $0 thousand.

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(t) Earnings per share ("EPS")

For the six months ended June 30, 2017 and 2016, the Company's earnings per share were calculated as follows:

	Three months ended June 30, 2017		
	Profit	Weighted-average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS:			
Profit belonging to common shareholders	$ 745,050	402,666	$ 1.85
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employee remuneration	-	655	
Common shareholders' profit plus the effect of potentially dilutive common stock	$ 745,050	403,321	$ 1.85

	Three months ended June 30, 2016		
	Profit	Weighted-average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS:			
Profit belonging to common shareholders	$ 705,570	591,108	$ 1.19
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employee remuneration	-	2,158	
Common shareholders' profit plus the effect of potentially dilutive common stock	$ 705,570	593,266	$ 1.19

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	Six months ended June 30, 2017		
	Profit	**Weighted-average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS:			
Profit belonging to common shareholders	$ 1,241,518	402,666	$ 3.08
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employee remuneration	-	1,502	
Common shareholders' profit plus the effect of potentially dilutive common stock	$ 1,241,518	404,168	$ 3.07

	Six months ended June 30, 2016		
	Profit	**Weighted-average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS:			
Profit belonging to common shareholders	$ 1,545,063	593,887	$ 2.60
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employee remuneration	-	3,770	
Common shareholders' profit plus the effect of potentially dilutive common stock	$ 1,545,063	597,657	$ 2.59

(u) Employees', directors' and supervisors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

(i) Employee remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee bonuses may be distributed to qualified employees of affiliates of the Company.

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(ii) Remuneration of Directors and Supervisors: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' profit sharing bonus and remuneration of Directors and Supervisors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Employee compensation	$ 70,800	74,300	109,400	140,900
Directors' compensation	20,500	21,600	31,700	40,900
	$ 91,300	95,900	141,100	181,800

The amount of employee remuneration, and directors' and supervisors' remuneration were estimated based on profit before tax, net of the amount of the bonuses and remuneration, and multiplied by the rule of Company' s Article of Incorporation. The above remuneration were included in the operating costs and operating expenses of the six months ended June 30, 2017 and 2016. The differences between the actual distributed amounts as determined by the Board of Directors and those recognised in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognised in profit or loss in the following year.

For the years ended December 31, 2016 and 2015 the Company accrued and recognised its employee remuneration amounting to $263,000 thousand and $231,300 thousand, and directors' and supervisors' remuneration amounting to $76,300 thousand and $67,100 thousand, respectively. There was no differences between the actual distributed amounts as determined by the Board of Directors and those recognised in the financial statements, for the years ended December 31, 2016 and 2015.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(v) Non-operating income and expenses

(i) Other income

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Interest income	$ 7,550	2,339	11,369	4,995
Dividend income	2,314	1,215	4,660	2,416
Rent income	23,390	16,064	46,761	28,078
	$ 33,254	19,618	62,790	35,489

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(ii) Other gains and losses

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Foreign exchange gains (losses)	$ 7,363	(6,922)	(134,421)	(50,577)
Gains (losses) on disposals of investments	(3,676)	301	(6,051)	910
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(20,177)	20,702	(10,152)	28,596
Losses on disposal of property, plant and equipment	(245)	(918)	(245)	(923)
Other	14,943	24,456	8,919	46,895
	$ (1,792)	37,619	(141,950)	24,901

(iii) Finance costs

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Interest expense on bank borrowings	$ 18,086	11,430	36,575	22,892
Other interest expenses	67	102	132	197
Less: capitalized interest expense	(5,156)	(9,412)	(10,588)	(20,874)
	$ 12,997	2,120	26,119	2,215

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2016.

(i) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets									
Monetary items									
USD	$ 109,212	30.42	3,322,232	83,868	32.25	2,704,780	66,845	32.28	2,157,754
EUR	453	34.72	15,739	28	33.90	935	125	35.89	4,473
JPY	106,426	0.2716	28,902	67,409	0.2756	18,575	90,359	0.3143	28,399
GBP	12	39.60	463	12	39.61	463	10	43.46	425
HKD	62	3.90	242	63	4.16	261	63	4.16	261
			$ 3,367,578			2,725,014			2,191,312
Non-monetary items									
USD	$ 46,162	30.42	$ 1,360,687	40,623	32.25	1,316,726	34,383	32.28	1,110,580

(Continued)

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	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial liabilities									
Monetary items									
USD	$ 28,364	30.42	862,823	13,904	32.25	448,395	18,885	32.28	609,616
EUR	771	34.72	26,772	476	33.90	16,123	321	35.89	11,530
JPY	215,181	0.2716	58,442	292,688	0.2756	80,663	606,248	0.3143	190,542
			$ 948,037			545,181			811,688

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, net, other receivables, current financial assets at fair value through profit or loss, available-for-sale financial assets, loans and borrowings, notes and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR, GBP, and the JPY etc. for the six months ended June 30, 2017 and 2016 would have increased (decreased) the net profit after tax by $100,413 thousand and $57,374 thousand, respectively, and other comprehensive income would have increased (decreased) by $12,123 thousand and $875 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Exchange gain or loss

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2017 and 2016, foreign exchange gain (loss) (including realized and unrealized portions) amounted to loss $134,421 thousand and $50,577 thousand, respectively.

(ii) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have (decreased) increased by $6,793 thousand and $5,917 thousand for the six months ended June 30, 2017 and 2016, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

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(iii) Other price risk

For the six months ended June 30, 2017 and 2016, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	six months ended June 30, 2017		six months ended June 30, 2016	
Prices of securities at the reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	$ 94,945	5,903	74,758	15,176
Decreasing 3%	$ (94,945)	(5,903)	(74,758)	(15,176)

(iv) Fair value

1) Accounting classifications and fair values

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is measured on a recurring basis. The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	June 30, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 154,095	154,095	-	-	154,095
Funds and investment	42,686	42,686	-	-	42,686
Subtotal	$ 196,781	196,781	-	-	196,781
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 1,828,766	1,828,766	-	-	1,828,766
Non-public stocks	638,136	-	638,136	-	638,136
Private fund	697,940	-	697,940	-	697,940
Subtotal	$ 3,164,842	1,828,766	1,336,076	-	3,164,842
Loans and receivables					
Cash and cash equivalents (Note)	$ 3,188,971	-	-	-	-
Investments in debt instrument without active market (Note)	92,600	-	-	-	-
Accounts receivable (Note)	1,064,274	-	-	-	-
Other receivables (Note)	204,322	-	-	-	-
Subtotal	$ 4,550,167	-	-	-	-
Amortized cost of financial liability					
Bank loan (Note)	$ 5,096,364	-	-	-	-
Notes and accounts payable (Note)	1,135,850	-	-	-	-
Other payables (Note)	2,691,959	-	-	-	-
Subtotal	$ 8,924,173	-	-	-	-

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	December 31, 2016				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 153,794	153,794	-	-	153,794
Funds and investment	64,456	64,456	-	-	64,456
Subtotal	$ 218,250	218,250	-	-	218,250
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 1,415,958	1,415,958	-	-	1,415,958
Non-public stocks	656,245	-	656,245	-	656,245
Private fund	527,831	-	527,831	-	527,831
Subtotal	$ 2,600,034	1,415,958	1,184,076	-	2,600,034
Loans and receivables					
Cash and cash equivalents (Note)	$ 2,388,143	-	-	-	-
Investments in debt instrument without active market (Note)	92,600	-	-	-	-
Accounts receivable (Note)	1,068,714	-	-	-	-
Other receivables (Note)	173,771	-	-	-	-
Subtotal	$ 3,723,228	-	-	-	-
Amortized cost of financial liability					
Bank loan (Note)	$ 4,613,943	-	-	-	-
Accounts payable (Note)	975,478	-	-	-	-
Other payables (Note)	971,411	-	-	-	-
Subtotal	$ 6,560,832	-	-	-	-

	June 30, 2016				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 158,022	158,022	-	-	158,022
Funds and investment	347,849	347,849	-	-	347,849
Subtotal	$ 505,871	505,871	-	-	505,871
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 1,324,694	1,324,694	-	-	1,324,694
Non-public stocks	694,343	-	694,343	-	694,343
Private fund	472,885	-	472,885	-	472,885
Subtotal	$ 2,491,922	1,324,694	1,167,228	-	2,491,922
Loans and receivables					
Cash and cash equivalents (Note)	$ 1,414,992	-	-	-	-
Investments in debt instrument without active market (Note)	145,800	-	-	-	-
Notes and accounts receivable (Note)	1,296,671	-	-	-	-
Other receivables (Note)	249,725	-	-	-	-
Subtotal	$ 3,107,188	-	-	-	-
Amortized cost of financial liability					
Bank loan (Note)	$ 3,343,048	-	-	-	-
Accounts payable (Note)	1,193,338	-	-	-	-
Other payables (Note)	1,395,053	-	-	-	-
Subtotal	$ 5,931,439	-	-	-	-

Note: The information on for value is not disclosed since the carrying amount is a reasonable approximation of fair value.

2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Group's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Investments in debt instrument without active market and financial liability measured at amortized cost

  If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- the bid-ask spread is increasing; or
- the bid-ask spread varies significantly; or
- there has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.

- Close-end funds with standard terms and conditions, such as money market funds, and bond funds; investors can require the investment trust company to redeem the fund at any time. The fair value is based on the net value of the fund.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is illustrated by the category and nature as follows:

- Equity instruments do not have any quoted market price: the fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

4) Transfer between level 2 and level 1

For the six months ended June 30, 2017 and 2016, there was no change on the fair value hierarchy of level 2 and level 1 financial asset.

5) Movement of level 3

There were no financial assets with fair value hierarchy level 3 for the six months ended June 30, 2017 and 2016.

(x) Management of financial risk

There was no significant change in the Group' s objective and policies for the management of financial risk of the consolidated interim financial statements for the six months ended June 30, 2017 and 2016 which compared with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2016.

(y) Capital management

The Group' s objective, policies and process of capital management of the consolidated interim financial statements for the six months ended June 30, 2017 was the same as the consolidated financial statements for the year ended December 31, 2016. There was no significant change on summary of quantitative date of capital management compared with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2016.

(7) Related-party transactions:

(a) Parent Company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

There were no transactions with related party during the periods covered in the consolidated interim financial statements. Therefore, the Group did not disclose the names of, and its relationships with, its related parties.

(c) Significant transactions with related parties : None.

(d) Transactions with key management personnel

For the periods from April 1 to June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016, key management personnel compensation were comprised as below:

		Three months ended June 30, 2017	Three months ended June 30, 2016	six months ended June 30, 2017	six months ended June 30, 2016
Short-term employee benefits	$	71,205	71,412	122,803	137,331
Post-employment benefits		191	186	382	363
	$	71,396	71,598	123,185	137,694

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(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	June 30, 2017	December 31, 2016	June 30, 2016
Other non-current assets	Gas deposits	$ 4,700	4,700	4,700
Other non-current assets	Customs guarantee	20,913	20,871	20,829
Other non-current assets	Acceptance bill	6,730	-	-
Property, plant and equipment	Long-term borrowings	3,021,826	3,176,314	3,515,839
Investment property	Long-term borrowings	1,457,805	1,468,113	1,478,421
		$ 4,511,974	4,669,998	5,019,789

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) In 2015, the Company signed a shareholder' s agreement with CSDC Private Limited, a Singapore company. According to the agreement, the Company should purchase a certain amount of raw material from the main shareholders of CSDC Private Limited between 2014 to 2017. Moreover, the Company acquired 250 shares of CSDC Private Limited without consideration.

(ii) The unrecognized commitment of acquisition of plant expansion and machinery equipment and purchase of raw materials by the aforementioned shareholder's agreement were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
The unrecognized amount	$ 1,693,743	2,916,764	1,323,232

	June 30, 2017	December 31, 2016	June 30, 2016
(iii) The unused letters of credit	$ 42,686	234,314	148,108

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(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the periods from April 1 to June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016:

	Three months ended June 30, 2017			Three months ended June 30, 2016		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	420,205	195,801	616,006	335,040	164,003	499,043
Labor and health insurance	30,045	9,211	39,256	23,498	7,554	31,052
Pension	14,499	4,349	18,848	12,244	3,541	15,785
Others	12,671	23,410	36,081	11,644	24,203	35,847
Depreciation	534,580	41,671	576,251	526,869	33,577	560,446
Amortization	3,734	7,099	10,833	2,269	5,174	7,443

	Six months ended June 30, 2017			Six months ended June 30, 2016		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	788,858	361,967	1,150,825	676,796	328,152	1,004,948
Labor and health insurance	61,583	19,236	80,819	47,208	16,801	64,009
Pension	28,258	8,427	36,685	22,770	7,149	29,919
Others	24,764	38,369	63,133	22,038	47,095	69,133
Depreciation	1,067,298	82,597	1,149,895	997,604	67,235	1,064,839
Amortization	7,341	14,529	21,870	4,442	9,770	14,212

(b) Seasonality or cyclicality of interim operations

The business segment of the Group is neither seasonal nor cyclical.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Amount of used loan facilities during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Jiangsu CM / Merit Agriculture Development Co., Ltd.	Other receivables	Yes	182,520 (USD6,000)	182,520 (USD6,000)	-	4.35%	2	-	Working Capital	-	None	-	Net equity 20%= 238,287	Net equity 40%= 476,574

Note 1: Company numbering as follow:

Subsidiaries to subsidiaries—0

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:

1.Business relationship

2.Short-term financing

Note 4: The loan limit provided by Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. to a particular single party and to other parties should not exceed 20% and 40%, respectively, of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of June 30, 2017 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Green Seal Holding Limited/Stock	None	Current financial assets at fair value through profit or loss	445	56,293	0.30	56,293	
WIN Venture Capital Corp.	Sercomm Corporation/Stock	〃	〃	1,238	97,802	0.51	97,802	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	995	12,368	-	12,368	
〃	Capital Money Market Fund	〃	〃	891	14,271	-	14,271	
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	CTBC Hwa-win Money Market Fund	〃	〃	1,468	16,047	-	16,047	
					196,781		196,781	
The Company	ITEQ CORPORATION/Stock	〃	Current available-for-sale financial assets	25,968	1,147,772	8.57	1,147,772	
〃	MAG. LAYERS Scientific-Technics Co., Ltd./Stock	〃	〃	2,125	140,236	2.50	140,236	
〃	Solar Applied Materials Technology Corp./Stock	The Company's vendor	〃	119	1,494	0.03	1,494	
					1,289,502		1,289,502	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Inventec Solar Energy Corporation /Stock	None	Non-current available-for-sale financial assets	34,000	260,826	10.51	260,826	
〃	Tainergy Tech Co., Ltd./Stock	〃	〃	612	7,560	0.17	7,560	
〃	CDIB Capital Creative Industries Limited /Stock	〃	〃	5,000	90,804	3.33	90,804	
〃	Fuh Hwa Tung-ta Fund	〃	〃	20,710	334,781	-	334,781	
〃	MagiCap Venture Capital Co., Ltd. /Preferred Stock A	〃	〃	1,000	105,330	1.78	105,330	
〃	New Future Capital Co., Ltd./Stock	〃	〃	10,000	100,000	15.87	100,000	
〃	Magi Capital Fund II, L.P.	〃	〃	-	62,383	5.81	62,383	
〃	Grand Fortune Venture Corp. /Stock	〃	〃	5,000	50,862	6.87	50,862	
〃	Fuh Hwa Oriental Fund	〃	〃	15,000	157,950	-	157,950	
〃	Fuh Hwa Smart Energy Fund	〃	〃	12,000	119,640	-	119,640	
〃	CDIB Capital Growth Partners L.P.	〃	〃	-	23,186	4.29	23,186	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd. /Stock	Subsidiary's main client	〃	75	531,704	0.02	531,704	
〃	Anokiwave Inc./ Series B Preferred Stock	Subsidiary's client	〃	1,264	10,371	9.91	10,371	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	〃	3,300	8,264	7.33	8,264	
〃	MOAI Electronics Corporation /Stock	None	〃	300	1,808	0.92	1,808	
〃	Merit Biotech INC. /Stock	Main shareholder of the Company's investment through subsidiaries	〃	1,320	9,871	2.93	9,871	
					1,875,340		1,875,340	
The Company	MagiCap Venture Capital Co., Ltd./ Preferred Stock B	None	Non-current investments in debt instrument without active market	9,260	92,600	16.50	(Note 1)	
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Formosa Fortune Group Cayman Island Co., Ltd.	〃	Non-current financial assets at cost	12	23,423	4.78	(Note 2)	

Note 1: The redeemable preferred stock was the nature of bond, which was recognised as non-current investment in debt instrument without active market.

Note 2: Because the fair value of the investment cannot be measured reliably, the Group recognized it as financial assets measured at cost.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	Sales	(2,372,501)	35 %	1~2 Month	-	-	652,901	51%	(Note)
Win Semiconductors Cayman Islands Co., Ltd.	The Company	Parent Company	Purchase	2,372,501	100 %	1~2 Month	-	-	(652,901)	100%	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the consolidated interim financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	652,901	8.08	-	-	652,901	-	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the consolidated interim financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Operating revenue	2,372,501	Note 3	33.41%
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Accounts receivable—related parties	652,901	〃	2.30%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Accounts payable—related parties	652,901	〃	2.30%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Operating cost	2,372,501	〃	33.41%
1	Win Semiconductors Cayman Islands Co., Ltd.	WIN SEMI. USA, INC.	3	Operating expense	36,810	〃	0.52%
2	WIN SEMI. USA, INC.	Win Semiconductors Cayman Islands Co., Ltd.	3	Operating revenue	36,810	〃	0.52%

Note 1: Company numbering as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: There is no significant difference from transaction terms with non-related parties.

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(b) Information on investments:

The following is the information on investees for the six months ended June 30, 2017 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2017			Net income (losses) of investee	Share of profits/losses of investee	Remark
				June 30, 2017	December 31, 2016	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	WIN SEMI USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00 %	7,215	(139)	(139)	(Note 1)
〃	Win semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	718,136	718,136	22,000	100.00 %	1,298,304	(4,922)	(4,922)	(Note 1)
〃	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	680,029	680,029	32,828	34.52 %	138,964	(54,803)	(19,052)	
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	158,396	7,476	7,476	(Note 1)
〃	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	180,400	180,400	16,400	31.06 %	65,296	(57,785)	(18,798)	
〃	CSDC Private Limited	Singapore	Development and manufacturing of compound semiconductors technologies	-	-	0.25	25.00 %	-	1,463	-	
WIN Venture Capital Corp.	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	39,600	39,600	3,600	6.82 %	14,333	(57,785)	(4,127)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	32,590	38	49.30 %	64,080	10,547	4,137	
〃	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Cayman Islands	〃	836,409 (Note 2)	682,260	10,500	43.75 %	646,838	(6,289)	(10,500)	(Note 1)
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Formosa Fortune Group Co., Ltd.	British Virgin Islands	〃	38,573	38,573	1,283	100.00 %	28,631	(316)	(316)	(Note 1)

Note 1 : The amount had been offset in the consolidated interim financial statements.

Note 2 : Prepayments for investments amounting to $154,149 thousand ($2,534 thousand shares acquired) was included due to the investee company has not completed the process of the subscription.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow o investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2017	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying value as of June 30, 2017 (Note 3)	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd.	Developing hog farming technology and trading	254,646 (RMB 56,714)	(Note 1)	-	-	-	-	27,605 (USD 900)	43.75%	27,605 (USD 900)	363,708 (USD 12,022)	-
Jiangsu Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	45,630 (USD 1,500)	(Note 1)	-	-	-	-	(1,058) (USD (34))	43.75%	(1,058) (USD (34))	45,153 (USD 1,484)	-
Jiangsu CM / Merit Agriculture Development Co., Ltd.	Developing hog farming technology and trading	446,991 (USD 14,694)	(Note 1)	109,512 (USD 3,600)	-	-	109,512 (USD 3,600)	(7,349) (USD (240))	21.44%	(4,256) (USD (139))	210,206 (USD 6,910)	-
Jiangsu Merit/ CM Agriculture Development Co., Ltd.	Developing hog farming technology and trading	106,470 (USD 3,500)	(Note (1)	54,756 (USD 1,800)	-	-	54,756 (USD 1,800)	(1,282) (USD (42))	26.25%	(769) (USD (25))	60,624 (USD 1,993)	-
Jiangsu Merit/ Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	146,016 (USD 4,800)	(Note 1)	87,610 (USD 2,880)	-	-	87,610 (USD 2,880)	(3,225) (USD (105))	26.25%	(1,935) (USD (63))	85,980 (USD 2,826)	-
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,635 (RMB 16,177)	(Note 1)	-	-	-	-	(637) (USD (21))	43.75%	(637) (USD (21))	57,678 (USD 1,896)	-

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(ii) Limitation on investment in Mainland China:

(In thousands of Dollars)

Accumulated Investment in Mainland China as of June 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
251,878 (USD 8,280)	651,079 (USD 21,403)	10,775,973

Note 1: The Group invested in Mainland China companies through Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., which is established in a third region.

Note 2: The amount of net income (losses) was recognized based on the reviewed financial statements of the investee companies.

Note 3: Carrying value as of June 30, 2017 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 4: Investment income (loss) recognized was translated into New Taiwan Dollar at the average exchange rate for the six months ended June 30, 2017. The other amounts related to foreign currency were translated into New Taiwan Dollar at the exchange rate at the balance sheet date.

Note 5: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

(iii) Significant transactions: None.

(14) Segment information:

(a) The Group's reportable segment is the foundry segment. The foundry segment engages mainly in researching, developing, manufacturing, and selling of GaAs wafers etc.

Other operating segments are mainly engaged in investment activities and agriculture technology, which do not exceed the quantitative thresholds to be reported.

(b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the periods from April 1 to June 30, and for the six months ended June 30, 2017 and 2016, the reportable amount is similar to that in the report used by the operating decision maker and the operating segment accounting policies are similar to the ones described in note 4 "significant accounting policies" were as follows:

Three months ended June 30, 2017	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 3,712,318	107,409	-	3,819,727
Interest expense	$ 12,997	-	-	12,997
Depreciation and amortization	$ 578,962	7,407	715	587,084
Share of loss of associates and joint ventures accounted for using equity method	$ (17,740)	(2,249)	-	(19,989)
Reportable segment profit or loss	$ 1,019,809	(23,925)	(715)	995,169
Assets:				
Capital expenditures in noncurrent assets	$ 552,980	187,566	-	740,546

Three months ended June 30, 2016	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 3,558,720	13,126	-	3,571,846
Interest expense	$ 2,120	-	-	2,120
Depreciation and amortization	$ 567,889	-	-	567,889
Share of loss of associates and joint ventures accounted for using equity method	$ (5,245)	(1,245)	-	(6,490)
Reportable segment profit or loss	$ 1,029,161	10,920	-	1,040,081
Assets:				
Capital expenditures in noncurrent assets	$ 809,517	-	-	809,517

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Six months ended June 30, 2017	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 6,867,221	234,837	-	7,102,058
Interest expense	$ 26,119	-	-	26,119
Depreciation and amortization	$ 1,155,204	15,111	1,450	1,171,765
Share of loss of associates and joint ventures accounted for using equity method	$ (33,713)	(4,799)	-	(38,512)
Reportable segment profit or loss	$ 1,754,188	(9,792)	(17,710)	1,726,686
Assets:				
Capital expenditures in noncurrent assets	$ 1,350,434	414,716	-	1,765,150

Six months ended June 30, 2016	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 6,846,859	17,069	-	6,863,928
Interest expense	$ 2,215	-	-	2,215
Depreciation and amortization	$ 1,079,051	-	-	1,079,051
Share of loss of associates and joint ventures accounted for using equity method	$ (9,551)	(2,866)	-	(12,417)
Reportable segment profit or loss	$ 2,033,958	12,254	-	2,046,212
Assets:				
Capital expenditures in noncurrent assets	$ 1,688,870	-	-	1,688,870

The segment profit or loss, assets and liabilities of the operating segment above were consistent with the related accounts shown in the consolidated balance sheets and consolidated statements of comprehensive income of the Group.