

**WIN SEMICONDUCTORS CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019**

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The independent auditors' review 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of WIN Semiconductors Corp.:

Introduction

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

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently, does not enable us to obtain assurance that we would become aware of any significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 6(g), the other equity accounted investments of the Group's investments accounted for using the equity method of \$58,765 thousand and \$102,568 thousand as of June 30, 2020 and 2019, respectively; and the shares of gains (losses) of associates and joint ventures accounted for using the equity method of \$(314) thousand, \$(1,873) thousand, \$(604) thousand and \$2,819 thousand for the three months and six months ended June 30, 2020 and 2019, respectively, were recognized solely in the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (The Republic of China)
August 6, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 independent auditors’ review 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 independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2020 and 2019

(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				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Notes 6(g) and 6(w))								
	\$ 6,047,725	100	4,451,180	100	12,118,747	100	8,070,469	100	
5000	Operating costs (Notes 6(e), 6(f), 6(g), 6(i), 6(j), 6(l), 6(p), 6(r), 6(u), 6(x), 7 and 12)								
	(3,340,993)	(55)	(2,938,554)	(66)	(6,800,518)	(56)	(5,654,608)	(70)	
	Gross profit from operating								
	2,706,732	45	1,512,626	34	5,318,229	44	2,415,861	30	
	Operating expenses (Notes 6(c), 6(i), 6(j), 6(l), 6(p), 6(r), 6(u), 6(x), 7 and 12):								
6100	Selling expenses	(79,307)	(1)	(84,163)	(2)	(164,315)	(1)	(158,938)	(2)
6200	Administrative expenses	(310,033)	(5)	(232,793)	(5)	(619,122)	(5)	(477,535)	(6)
6300	Research and development expenses	(284,685)	(5)	(276,327)	(6)	(563,347)	(5)	(558,555)	(7)
6450	Gains (losses) on expected credit impairment	317	-	(1,703)	-	(85)	-	(3,121)	-
	Total operating expenses	<u>(673,708)</u>	<u>(11)</u>	<u>(594,986)</u>	<u>(13)</u>	<u>(1,346,869)</u>	<u>(11)</u>	<u>(1,198,149)</u>	<u>(15)</u>
	Net operating income	<u>2,033,024</u>	<u>34</u>	<u>917,640</u>	<u>21</u>	<u>3,971,360</u>	<u>33</u>	<u>1,217,712</u>	<u>15</u>
	Non-operating income and expenses (Notes 6(b), 6(g), 6(i), 6(p), 6(y) and 7):								
7100	Interest income	7,612	-	19,611	-	21,501	-	35,640	-
7010	Other income	22,463	-	42,817	1	44,251	-	71,413	1
7020	Other gains and losses	(36,483)	(1)	35,642	1	(21,356)	-	69,099	1
7050	Finance costs	(17,478)	-	(6,049)	-	(36,453)	-	(12,890)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	20,917	-	(10,317)	-	15,251	-	(189,165)	(2)
	Total non-operating income and expenses	<u>(2,969)</u>	<u>(1)</u>	<u>81,704</u>	<u>2</u>	<u>23,194</u>	<u>-</u>	<u>(25,903)</u>	<u>-</u>
7900	Profit before tax	2,030,055	33	999,344	23	3,994,554	33	1,191,809	15
7950	Tax expense (Note 6(s))	<u>(379,524)</u>	<u>(6)</u>	<u>(225,693)</u>	<u>(5)</u>	<u>(768,889)</u>	<u>(6)</u>	<u>(267,412)</u>	<u>(3)</u>
	Profit	<u>1,650,531</u>	<u>27</u>	<u>773,651</u>	<u>18</u>	<u>3,225,665</u>	<u>27</u>	<u>924,397</u>	<u>12</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Note 6(t))								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	681,197	11	427,624	9	703,377	6	1,424,729	18
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>681,197</u>	<u>11</u>	<u>427,624</u>	<u>9</u>	<u>703,377</u>	<u>6</u>	<u>1,424,729</u>	<u>18</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(t))								
8361	Exchange differences on translation of foreign financial statements	(77,826)	(1)	(6,937)	-	(93,406)	(1)	46,474	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	2,567	-	(5,468)	-	(6,820)	-	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 (loss) that will be reclassified to profit or loss	<u>(75,259)</u>	<u>(1)</u>	<u>(12,405)</u>	<u>-</u>	<u>(100,226)</u>	<u>(1)</u>	<u>49,624</u>	<u>-</u>
8300	Other comprehensive income, net	<u>605,938</u>	<u>10</u>	<u>415,219</u>	<u>9</u>	<u>603,151</u>	<u>5</u>	<u>1,474,353</u>	<u>18</u>
8500	Total comprehensive income	<u>\$ 2,256,469</u>	<u>37</u>	<u>1,188,870</u>	<u>27</u>	<u>3,828,816</u>	<u>32</u>	<u>2,398,750</u>	<u>30</u>
	Profit (loss) attributable to:								
8610	Profit attributable to owners of parent	\$ 1,663,369	27	788,397	18	3,254,264	27	962,628	12
8620	Profit (losses) attributable to non-controlling interests	(12,838)	-	(14,746)	-	(28,599)	-	(38,231)	-
		<u>\$ 1,650,531</u>	<u>27</u>	<u>773,651</u>	<u>18</u>	<u>3,225,665</u>	<u>27</u>	<u>924,397</u>	<u>12</u>
	Comprehensive income (loss) attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 2,264,999	37	1,205,514	27	3,855,179	32	2,436,221	30
8720	Comprehensive income (loss), attributable to non-controlling interests	(8,530)	-	(16,644)	-	(26,363)	-	(37,471)	-
		<u>\$ 2,256,469</u>	<u>37</u>	<u>1,188,870</u>	<u>27</u>	<u>3,828,816</u>	<u>32</u>	<u>2,398,750</u>	<u>30</u>
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(v))								
9750	Basic earnings per share	<u>\$ 3.94</u>		<u>1.87</u>		<u>7.70</u>		<u>2.28</u>	
9850	Diluted earnings per share	<u>\$ 3.92</u>		<u>1.86</u>		<u>7.65</u>		<u>2.27</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

WIN Semiconductors Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity attributable to owners of parent
	Retained earnings			Exchange differences on translation of foreign financial statements			Other equity interests			Total other equity interest	
	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Non-controlling interests	Total equity attributable to owners of parent			
Balance at January 1, 2019	\$ 4,238,144	9,199,357	1,755,814	9,422,510	11,178,324	(36,200)	958,390	(158,308)	763,882	25,379,707	25,604,385
Appropriation and distribution of retained earnings:	-	-	312,446	(312,446)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	(2,118,972)	(2,118,972)	(2,118,972)	-	-	-	-	(2,118,972)	(2,118,972)
Cash dividends of ordinary shares	-	-	(2,431,418)	(2,431,418)	(2,431,418)	-	-	-	-	(2,431,418)	(2,431,418)
Profit (losses) for the six months ended June 30, 2019	-	-	962,628	962,628	962,628	-	-	-	-	962,628	962,628
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	48,864	1,424,729	-	-	1,473,593	1,473,593	1,474,353
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	962,628	48,864	1,424,729	-	1,473,593	2,436,221	2,398,750
Changes in ownership interest in subsidiaries	-	-	-	(10,000)	(10,000)	-	-	-	-	(10,000)	(10,000)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	8	8
Issuance of restricted shares of employees	2,620	47,744	-	-	-	-	-	(50,364)	(50,364)	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	34,813	34,813	34,813	34,813
Purchase and retirement of restricted shares of stock for employees	(200)	200	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(45,339)	(45,339)
Stock option compensation cost of subsidiary	-	1,402	-	-	-	-	-	-	-	1,402	1,664
Balance at June 30, 2019	\$ 4,240,564	9,248,711	2,068,260	7,943,720	10,011,980	12,664	2,383,119	(173,859)	2,221,924	25,723,179	25,866,711
Balance at January 1, 2020	\$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	(137,029)	2,773,407	29,657,468	29,839,532
Appropriation and distribution of retained earnings:	-	-	447,440	(447,440)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	(2,968,394)	(2,968,394)	(2,968,394)	-	-	-	-	(2,968,394)	(2,968,394)
Cash dividends of ordinary shares	-	-	(3,415,834)	(3,415,834)	(3,415,834)	-	-	-	-	(3,415,834)	(3,415,834)
Profit (losses) for the six months ended June 30, 2020	-	-	3,254,264	3,254,264	3,254,264	-	-	-	-	3,254,264	3,225,665
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	(102,462)	703,377	-	-	600,915	600,915	603,151
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	3,254,264	(102,462)	703,377	-	600,915	3,855,179	3,828,816
Changes in ownership interests in subsidiaries	-	12,509	-	-	-	-	-	-	-	12,509	12,509
Changes in compensation cost arising from restricted shares of stock issued to employees	-	10,806	-	-	-	-	-	(10,806)	(10,806)	-	-
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	-	-	8	8	-	-	38,553	38,553	38,561	38,561
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	731	731
Stock option compensation cost of subsidiary	-	731	-	-	-	-	-	-	-	512	512
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	29,371	29,371	(29,371)	-	-	(29,371)	-	-
Changes in non-controlling interests	-	-	-	-	-	(281,912)	3,763,892	(109,282)	3,372,698	787,500	787,500
Balance at June 30, 2020	\$ 4,240,564	9,268,354	2,515,700	11,198,738	13,714,438	(281,912)	3,763,892	(109,282)	3,372,698	30,596,054	31,539,767

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

WIN Semiconductors Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,994,554	1,191,809
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,709,479	1,668,440
Amortization expense	45,850	33,229
Losses on expected credit impairment	85	3,121
Net losses on financial assets or liabilities at fair value through profit or loss	26,513	74,310
Interest expense	36,453	12,890
Interest income	(21,501)	(35,640)
Dividend income	(21,089)	(26,468)
Share-based payments	39,804	37,879
Shares of (profits) losses of associates and joint ventures accounted for using equity method	(14,647)	185,714
Losses on disposal of property, plant and equipment	1,066	803
Gains on disposal of investments	(742)	(79,671)
Prepayments for business facilities transferred to expenses	266	-
Changes in biological assets at fair value	-	(52)
Unrealized foreign exchange losses	17,461	-
Total adjustments to reconcile profit (loss)	1,818,998	1,874,555
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(384,078)	1,900
Decrease (increase) in notes and accounts receivable	88,206	(435,435)
Increase in inventories	(956,413)	(534,853)
Increase in biological assets	(93,457)	(29,938)
Decrease in other current assets	20,142	36,159
Total changes in operating assets	(1,325,600)	(962,167)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	(80,260)	61,845
Increase in notes and accounts payable	63,514	481,368
Decrease in other payables	(151,756)	(49,384)
Increase (decrease) in other current liabilities	18,285	(69)
Increase in other non-current liabilities	312	1,681
Total changes in operating liabilities	(149,905)	495,441
Total changes in operating assets and liabilities	(1,475,505)	(466,726)
Cash inflow generated from operations	4,338,047	2,599,638
Dividends received	14,593	-
Income taxes paid	(737,322)	(375,909)
Net cash flows from operating activities	3,615,318	2,223,729
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(715,872)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	30,285	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,667	7,581
Proceeds from disposal of non-current financial assets at amortized cost	-	29,900
Acquisition of financial assets at fair value through profit or loss	(278,425)	(107,073)
Proceeds from disposal of financial assets at fair value through profit or loss	-	287,600
Acquisition of property, plant and equipment	(2,251,837)	(2,240,808)
Proceeds from disposal of property, plant and equipment	1,070	4,024
Acquisition of intangible assets	(255,733)	(23,435)
Net cash outflows from business combination	-	(138,256)
Acquisition of right-of-use assets	-	(13,567)
Increase in other non-current assets	(31,083)	(51,285)
Increase in prepayments for business facilities	(1,008,342)	(248,433)
Interest received	20,780	37,193
Dividends received	3,972	20,295
Net cash flows used in investing activities	(4,478,518)	(2,436,264)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	3,034,503	2,304,000
Repayments of long-term debt	(2,632,500)	(3,326,800)
Repayments of lease liabilities	(44,743)	(32,055)
Decrease in other non-current liabilities	(827)	(14,402)
Interest paid	(17,123)	(9,200)
Changes in non-controlling interests	800,009	-
Net cash flows from (used in) financing activities	1,139,319	(1,078,457)
Effect of exchange rate changes on cash and cash equivalents	(43,116)	34,714
Net increase (decrease) in cash and cash equivalents	233,003	(1,256,278)
Cash and cash equivalents at beginning of period	5,926,473	5,462,173
Cash and cash equivalents at end of period	\$ 6,159,476	4,205,895

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

(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.
- (c) Researching, manufacturing and selling of high-density gene chips, biochip optical readers and micro-electrophoresis analyzers.

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

These consolidated financial statements were reported to the Board of Directors as of August 6, 2020.

(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, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “COVID-19-Related Rent Concessions”	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

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

- (b) 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 International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023

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

<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of Amendment</u>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

(Continued)

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

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2019.

(a) Statement of compliance

These consolidated 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 a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	100.00 %	
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	WIN Venture Capital Corp. (abbrev. WVC)	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Phalanx Biotech Group, Inc. (abbrev. PBL)	Researching, manufacturing and selling of high-density gene chips and testing service	54.48 %	54.48 %	39.89 %	(Note 2)
The Company	WIN Earn Investment Corp.	Investment activities	100.00 %	100.00 %	-	
The Company	WIN Chance Investment Corp.	Investment activities	100.00 %	100.00 %	-	
WVC	Phalanx Biotech Group, Inc.	Researching, manufacturing and selling of high-density gene chips and testing service	4.39 %	4.39 %	5.82 %	(Note 2)
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	86.78 %	96.30 %	96.10 %	(Note 2) (Note 3)
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	90.79 %	(Note 2) (Note 4)
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed development and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	-	-	
Chainwin Cayman	Win Lux Biotech (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	-	-	
PBL	PhalanxBio, Inc.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	100.00 %	
PBL	Phalanx Biotech Limited. (abbrev. PBL (HK))	Investment activities	100.00 %	100.00 %	100.00 %	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	100.00 %	

Note 1: The principal activity of Win Cayman has been changed from selling of GaAs wafers to investment activities since January 1, 2020.

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WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 2: For the related information of the shareholding percentage change, please refer to Note 6(h) of consolidated financial statements for the year ended December 31, 2019.

Note 3: On June 16, 2020, Win Cayman subscribed the new shares unproportionally contributed by Chainwin Cayman for USD 50,000 thousand (NTD 1,487,000 thousand) in cash, which cause the percentage of ownership changed. For the related information of the shareholding percentage change for the six months ended June 30, 2019, please refer to Note 6(h) for the further information.

Note 4: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.

Note 5: The aforementioned subsidiaries were recognized based on the reviewed financial statements by the certified public accountant.

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

(c) Government grants

The Group recognizes an unconditional government grant related to research and development plan in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expenses for the period are best estimated by multiplying pre-tax 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 assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period 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, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

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

The preparation of the consolidated 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 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, 2019. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019.

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

(6) Explanation of significant accounts:

Except for the following disclosure, the significant account disclosure in the consolidated financial statements for the six months ended June 30, 2020, which compare with the consolidated financial statements for the year ended December 31, 2019, was not changed significantly. For the related information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2019.

(a) Cash and cash equivalents

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand	\$ 493	500	515
Cash in bank	5,915,993	5,681,365	3,985,058
Time deposits	<u>242,990</u>	<u>244,608</u>	<u>220,322</u>
	<u>\$ 6,159,476</u>	<u>5,926,473</u>	<u>4,205,895</u>

Refer to Note 6(z) for the fair value sensitivity analysis and currency risk of the financial assets and liabilities of the Group.

(b) Financial instruments

(i) Financial assets at fair value through profit or loss (FVTPL):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Mandatorily measured at FVTPL:			
Non-derivative financial assets			
Stock listed on domestic markets	\$ 544,516	206,359	98,884
Private fund (Note)	678,939	565,804	631,247
Equity funds and money market funds	<u>488,454</u>	<u>300,490</u>	<u>4,421</u>
Total	<u>\$ 1,711,909</u>	<u>1,072,653</u>	<u>734,552</u>
Current	\$ 1,032,970	506,849	103,305
Non-current	<u>678,939</u>	<u>565,804</u>	<u>631,247</u>
	<u>\$ 1,711,909</u>	<u>1,072,653</u>	<u>734,552</u>

Note: As of June 30, 2020, December 31 and June 30, 2019, part of the private fund is during the lock-up period.

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

For the three months and six months ended June 30, 2020, the gains on derivative settlement, amounting to \$1,369 thousand and \$4,259 thousand, respectively, were recognized as other gains and losses. There was no such transaction for the six months ended June 30, 2019.

Refer to Note 6(y) for the gains or losses on disposal of investment and the amount of re-measurement at fair value recognized in profit or loss.

- (ii) Non-current financial assets at fair value through other comprehensive income (FVOCI):

	June 30, 2020	December 31, 2019	June 30, 2019
Stocks listed on domestic markets	\$ 4,498,132	3,145,387	2,628,611
Stocks listed on US markets	701,364	710,571	670,570
Non-public stocks	737,993	700,247	475,084
	<u>\$ 5,937,489</u>	<u>4,556,205</u>	<u>3,774,265</u>

The Group decided to hold these equity instruments, which are not held for trading, at fair value through other comprehensive income.

For the six months ended June 30, 2020, due to the redemption of preferred shares, the Group disposed the equity investments designated at fair value through other comprehensive income, with a fair value of \$30,285 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$29,371 thousand was transferred to retained earnings. There was no such transaction for the six months ended June 30, 2019.

- (iii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

Prices of securities at the reporting date	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	<u>\$ 178,125</u>	<u>16,335</u>	<u>113,228</u>	<u>2,967</u>
Decreasing 3%	<u>\$ (178,125)</u>	<u>(16,335)</u>	<u>(113,228)</u>	<u>(2,967)</u>

- (iv) As of June 30, 2020, December 31 and June 30, 2019, the financial assets were not pledged. For information on the Group's credit risk and market risk was disclosed in Note 6(z).

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

(c) Notes and accounts receivable, net

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes receivable	\$ 1,085	684	937
Accounts receivable	2,321,708	2,410,333	1,859,180
Less: loss allowance	<u>(4,317)</u>	<u>(4,344)</u>	<u>(5,422)</u>
	<u>\$ 2,318,476</u>	<u>2,406,673</u>	<u>1,854,695</u>

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	<u>June 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected loss rate</u>	<u>Lifetime expected credit loss allowance</u>
Not past due	\$ 1,986,997	0%	-
Past due 1~60 days	327,129	0%	-
Past due 61~120 days	285	0%	-
Past due 121~180 days	-	21.28%~36.46%	-
Past due more than 181 days	<u>-</u>	100%	<u>-</u>
	<u>\$ 2,314,411</u>		<u>-</u>
	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average expected loss rate</u>	<u>Lifetime expected credit loss allowance</u>
Not past due	\$ 2,133,319	0%	-
Past due 1~60 days	266,022	0%	-
Past due 61~120 days	2,583	0%	-
Past due 121~180 days	-	21.28%~36.46%	-
Past due more than 181 days	<u>-</u>	100%	<u>-</u>
	<u>\$ 2,401,924</u>		<u>-</u>

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

	June 30, 2019		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,770,305	0%	-
Past due 1~60 days	76,114	0%	-
Past due 61~120 days	2,280	0%	-
Past due 121~180 days	-	14.47%~32.14%	-
Past due more than 181 days	1,579	100%	1,579
	\$ 1,850,278		1,579

(ii) The segment of gene chip testing service:

	June 30, 2020		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 2,525	0.68%~12.17%	15
Past due 1~60 days	1,552	6.02%~49.84%	130
Past due 61~120 days	141	11.61%~63.54%	46
Past due 121~180 days	188	42.75%~86.11%	150
Past due more than 181 days	3,976	100%	3,976
	\$ 8,382		4,317

	December 31, 2019		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 3,264	0.64%~11.55%	87
Past due 1~60 days	1,719	5.30%~43.87%	291
Past due 61~120 days	171	10.96%~49.43%	74
Past due 121~180 days	151	38.09%~74.36%	104
Past due more than 181 days	3,788	100%	3,788
	\$ 9,093		4,344

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

	June 30, 2019		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 4,079	0.73%~11.20%	86
Past due 1~60 days	990	6.08%~33.96%	131
Past due 61~120 days	1,622	12.57%~40.43%	579
Past due 121~180 days	238	43.66%~70.73%	137
Past due more than 181 days	2,910	100%	2,910
	\$ 9,839		3,843

The movements of loss allowance were as follows:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Beginning balance	\$ 4,344	2,317
Impairment loss recognized, net	85	3,121
Amount written off	(18)	-
Effect of changes in foreign exchange rates	(94)	(16)
Ending balance	\$ 4,317	5,422

As of June 30, 2020, December 31 and June 30, 2019, the notes and accounts receivable were not discounted and pledged.

(d) Other receivables (recognized as other current assets)

	June 30, 2020	December 31, 2019	June 30, 2019
Other receivables	\$ 32,554	50,517	48,891
Less: loss allowance	-	-	-
	\$ 32,554	50,517	48,891

As of June 30, 2020, December 31 and June 30, 2019, other receivables were not past due nor impaired.

For information on the Group's credit risk was disclosed in Note 6(z).

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

(e) Inventories

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Raw materials, supplies and spare parts	\$ 3,219,281	2,881,948	2,939,129
Work in process	1,336,522	1,130,127	1,170,865
Finished goods	<u>791,192</u>	<u>377,081</u>	<u>327,970</u>
	<u>\$ 5,346,995</u>	<u>4,389,156</u>	<u>4,437,964</u>

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

	<u>For the three</u> <u>months ended</u> <u>June 30, 2020</u>	<u>For the three</u> <u>months ended</u> <u>June 30, 2019</u>	<u>For the six</u> <u>months ended</u> <u>June 30, 2020</u>	<u>For the six</u> <u>months ended</u> <u>June 30, 2019</u>
Losses on valuation of inventories and obsolescence (reversal of inventories write-downs)	\$ <u>(15,077)</u>	<u>(20,600)</u>	<u>75,044</u>	<u>11,233</u>
Unallocated overheads	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>67,129</u>
Scraps income	\$ <u>(6,091)</u>	<u>(6,474)</u>	<u>(12,875)</u>	<u>(12,757)</u>
Losses (gains) on physical inventory count	\$ <u>66</u>	<u>8</u>	<u>63</u>	<u>(2)</u>

As of June 30, 2020, December 31 and June 30, 2019, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Consumable biological assets	\$ <u>62,111</u>	<u>21,923</u>	<u>110,449</u>
Bearer biological assets	\$ <u>59,959</u>	<u>10,066</u>	<u>49,282</u>

(Continued)

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

(ii) Change in biological assets:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Beginning balance	\$ 31,989	134,348
Increase due to purchase	53,143	-
Input costs	62,354	204,671
Depreciation expenses	(2,045)	(5,959)
Decrease due to sales and disposals	(22,040)	(174,733)
Changes in fair value less costs to sell due to price changes	-	52
Effect of changes in foreign exchange rates	(1,331)	1,352
Ending balance	<u>\$ 122,070</u>	<u>159,731</u>
Current	\$ 62,111	110,449
Non-current	<u>59,959</u>	<u>49,282</u>
	<u>\$ 122,070</u>	<u>159,731</u>

For the six months ended June 30, 2020 and 2019, the gains of \$0 thousand and \$52 thousand, respectively, were recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

(iii) The numbers of the Group's biological assets were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Farrows, hogs and breeders	<u>12,395</u>	<u>4,029</u>	<u>32,550</u>

Unit: head

(iv) Fair value

There were no significant addition regarding the fair value of the Group's biological assets. For the related information, please refer to Note 6(f) of the consolidated financial statements for the year ended December 31, 2019.

(v) As of June 30, 2020, December 31 and June 30, 2019, the biological assets were not pledged.

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

(g) 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, 2020	December 31, 2019	June 30, 2019
Associates	<u>\$ 534,015</u>	<u>532,591</u>	<u>354,713</u>

(i) Associates

Affiliates which are material to the Group consisted of the followings:

<u>Name of Affiliates</u>	<u>Main Businesses and Products</u>	<u>Main Operating Location/ Registered Country of the Company</u>	<u>Proportion of Shareholding and Voting Rights</u>		
			<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	China	49 %	49 %	49 %

The following consolidated financial information of significant affiliates has been adjusted according to individually prepared IFRS financial statements of these affiliates.

The financial information of Jiangsu CM/Chainwin Agriculture Development Co., Ltd.:

	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 293,379	455,271	64,296
Non-current assets	1,414,377	1,274,357	1,259,143
Current liabilities	(457,627)	(475,061)	(351,155)
Non-current liabilities	<u>(277,169)</u>	<u>(287,127)</u>	<u>(454,493)</u>
Net assets	<u>\$ 972,960</u>	<u>967,440</u>	<u>517,791</u>
Net assets attributable to non- controlling interests	<u>\$ 475,250</u>	<u>472,528</u>	<u>252,145</u>

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

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating revenue	\$ <u>73,864</u>	<u>-</u>	<u>74,425</u>	<u>85,060</u>
Profit (losses) from continuing operations	\$ 42,688	(20,401)	31,124	(384,761)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	\$ <u>42,688</u>	<u>(20,401)</u>	<u>31,124</u>	<u>(384,761)</u>
			For the six months ended June 30, 2020	For the six months ended June 30, 2019
Shares of net assets of affiliates at the beginning			\$ 472,528	433,761
Profits (losses) attributable to the Group			15,251	(188,533)
Exchange differences on translation of foreign financial statements attributable to the Group			<u>(6,820)</u>	<u>3,150</u>
Shares of net assets of affiliates at the end			480,959	248,378
Add: effect of changes in foreign exchange rates			<u>(5,709)</u>	<u>3,767</u>
Carrying amount of equity of affiliate attributable to the Group			\$ <u>475,250</u>	<u>252,145</u>

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, 2020	December 31, 2019	June 30, 2019	
Total equity of the individually insignificant investments in associates	\$ <u>58,765</u>	<u>60,063</u>	<u>102,568</u>	
	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Attributable to the Group:				
Profit (losses)	\$ (314)	(1,873)	(604)	2,819
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	\$ <u>(314)</u>	<u>(1,873)</u>	<u>(604)</u>	<u>2,819</u>

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

(ii) Pledge to secure

As of June 30, 2020, December 31 and June 30, 2019, the investments accounted for using equity method were not pledged.

(iii) The unreviewed financial statements of investments accounted for using equity method

Except for Jiangsu CM/Chainwin Agriculture Development Co., Ltd., all other associates were accounted for by using the equity method, and the shares of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(h) Acquisition of non-controlling interests

On January 11, 2019, the Group subscribed the new shares contributed by Chainwin Cayman for \$1,352,560 thousand in cash. Therefore, for the six months ended June 30, 2019, the Group increased its ownership from 94.71% to 96.10%.

Based on the aforementioned transactions, the effects of the changes in shareholdings were as follows:

	For the six months ended June 30, 2019
Carrying amount of interest on acquisition	\$ 1,342,560
Consideration paid	<u>(1,352,560)</u>
Retained earnings changes in ownership interests in subsidiaries	<u>\$ (10,000)</u>

For the six months ended June 30, 2020, the Group did not have any transaction with non-controlling interest.

(i) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress and inspection- awaited devices	Total
Cost:							
Balance as of January 1, 2020	\$ 2,546,534	2,440,170	21,000,682	5,717,323	537,768	2,224,358	34,466,835
Additions	-	1,714	626,205	169,067	139,621	1,546,057	2,482,664
Reclassification (Note 1)	-	5,918	1,146,067	238,983	20,740	70,840	1,482,548
Disposals	-	(645)	(1,341,635)	(38,249)	(90,732)	-	(1,471,261)
Effect of changes in foreign exchange rates	-	(1,473)	(170)	(1,196)	(1,383)	(69,585)	(73,807)
Balance as of June 30, 2020	<u>\$ 2,546,534</u>	<u>2,445,684</u>	<u>21,431,149</u>	<u>6,085,928</u>	<u>606,014</u>	<u>3,771,670</u>	<u>36,886,979</u>

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WIN Semiconductors Corp. and Subsidiaries
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	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and inspection-awaited devices</u>	<u>Total</u>
Balance as of January 1, 2019	\$ 2,546,534	2,188,435	20,141,998	4,241,965	507,810	1,745,695	31,372,437
Additions	-	1,913	305,860	37,739	40,984	1,736,751	2,123,247
Reclassification (Note 2)	-	13,222	1,213,353	8,418	8,205	(18,909)	1,224,289
Disposals	-	(418)	(2,018,458)	(37,812)	(67,824)	-	(2,124,512)
Effect of changes in foreign exchange rates	-	619	89	371	458	(1,493)	44
Balance as of June 30, 2019	<u>\$ 2,546,534</u>	<u>2,203,771</u>	<u>19,642,842</u>	<u>4,250,681</u>	<u>489,633</u>	<u>3,462,044</u>	<u>32,595,505</u>
Accumulated depreciation:							
Balance as of January 1, 2020	\$ -	799,279	12,925,067	2,576,431	299,748	-	16,600,525
Depreciation	-	62,952	1,279,250	238,421	81,088	-	1,661,711
Disposals	-	(609)	(1,339,535)	(38,249)	(90,732)	-	(1,469,125)
Effect of changes in foreign exchange rates	-	(330)	(80)	(481)	(514)	-	(1,405)
Balance as of June 30, 2020	<u>\$ -</u>	<u>861,292</u>	<u>12,864,702</u>	<u>2,776,122</u>	<u>289,590</u>	<u>-</u>	<u>16,791,706</u>
Balance as of January 1, 2019	\$ -	689,336	12,637,886	2,240,384	236,579	-	15,804,185
Depreciation	-	53,374	1,290,442	207,278	73,696	-	1,624,790
Disposals	-	(418)	(2,017,793)	(37,812)	(67,497)	-	(2,123,520)
Effect of changes in foreign exchange rates	-	60	24	126	142	-	352
Balance as of June 30, 2019	<u>\$ -</u>	<u>742,352</u>	<u>11,910,559</u>	<u>2,409,976</u>	<u>242,920</u>	<u>-</u>	<u>15,305,807</u>
Carrying value:							
Balance as of January 1, 2020	<u>\$ 2,546,534</u>	<u>1,640,891</u>	<u>8,075,615</u>	<u>3,140,892</u>	<u>238,020</u>	<u>2,224,358</u>	<u>17,866,310</u>
Balance as of June 30, 2020	<u>\$ 2,546,534</u>	<u>1,584,392</u>	<u>8,566,447</u>	<u>3,309,806</u>	<u>316,424</u>	<u>3,771,670</u>	<u>20,095,273</u>
Balance as of January 1, 2019	<u>\$ 2,546,534</u>	<u>1,499,099</u>	<u>7,504,112</u>	<u>2,001,581</u>	<u>271,231</u>	<u>1,745,695</u>	<u>15,568,252</u>
Balance as of June 30, 2019	<u>\$ 2,546,534</u>	<u>1,461,419</u>	<u>7,732,283</u>	<u>1,840,705</u>	<u>246,713</u>	<u>3,462,044</u>	<u>17,289,698</u>

Note 1: Inventories, prepayments for business facilities, and capitalized right-of-use depreciation expenses were reclassified as property, plant and equipment.

Note 2: Prepayments for business facilities, and capitalized right-of-use depreciation expenses were reclassified as property, plant and equipment.

(i) Pledge to secure

As of June 30, 2020, December 31 and June 30, 2019, property, plant and equipment were subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

(ii) Property, plant and equipment under construction

The Group rented some pieces of land and entered into different agreements for the construction of its new factories on the said lands. For the six months ended June 30, 2020, the Group has constructed factories amounting to \$1,258,798 thousand, and has recognized as construction in progress. As of June 30, 2020, the total amount of the construction is \$3,063,091 thousand, and is recognized as construction in progress.

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(iii) For the three months and six months ended June 30, 2020 and 2019, capitalized interest expenses amounted to \$7,432 thousand, \$10,461 thousand, \$18,086 thousand and \$21,507 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.72%~1.32%, 1.22%~1.30%, 0.72%~2.88% and 1.11%~1.34%, respectively.

(j) Right-of-use assets

The movements in right-of-use assets were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 391,749	103,892	11,025	506,666
Additions	22,984	31,428	2,284	56,696
Disposals	(45)	-	-	(45)
Effect of change in foreign exchange rates	(9,835)	(24)	-	(9,859)
Balance at June 30, 2020	<u>\$ 404,853</u>	<u>135,296</u>	<u>13,309</u>	<u>553,458</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application for IFRS 16	243,163	86,773	7,880	337,816
Additions	81,335	433	2,781	84,549
Effect of change in foreign exchange rates	2,415	-	-	2,415
Balance at June 30, 2019	<u>\$ 326,913</u>	<u>87,206</u>	<u>10,661</u>	<u>424,780</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 24,602	35,729	3,987	64,318
Depreciation (Note 1)	15,602	19,556	2,672	37,830
Effect of change in foreign exchange rates	(603)	-	-	(603)
Balance at June 30, 2020	<u>\$ 39,601</u>	<u>55,285</u>	<u>6,659</u>	<u>101,545</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation (Note 2)	10,786	17,493	1,956	30,235
Effect of change in foreign exchange rates	(52)	-	-	(52)
Balance at June 30, 2019	<u>\$ 10,734</u>	<u>17,493</u>	<u>1,956</u>	<u>30,183</u>
Carrying amount:				
Balance at January 1, 2020	<u>\$ 367,147</u>	<u>68,163</u>	<u>7,038</u>	<u>442,348</u>
Balance at June 30, 2020	<u>\$ 365,252</u>	<u>80,011</u>	<u>6,650</u>	<u>451,913</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2019	<u>\$ 316,179</u>	<u>69,713</u>	<u>8,705</u>	<u>394,597</u>

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

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$2,294 thousand.

Note 2: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$2,731 thousand.

(k) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Carrying amount:			
Balance as of January 1, 2020	\$ <u>963,127</u>	<u>438,028</u>	<u>1,401,155</u>
Balance as of June 30, 2020	\$ <u>963,127</u>	<u>427,841</u>	<u>1,390,968</u>
Balance as of January 1, 2019	\$ <u>963,127</u>	<u>458,401</u>	<u>1,421,528</u>
Balance as of June 30, 2019	\$ <u>963,127</u>	<u>448,214</u>	<u>1,411,341</u>
Fair value:			
Balance as of January 1, 2020			\$ <u>1,578,738</u>
Balance as of June 30, 2020			\$ <u>1,556,621</u>
Balance as of June 30, 2019			\$ <u>1,595,750</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2020 and 2019. Information on depreciation for the period is discussed in Note 12(a). Please refer to Note 6(l) of the 2019 consolidated financial statements for other related information.

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.

As of June 30, 2020, December 31 and June 30, 2019, 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:

<u>Location</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Hsinchu	0.31%	0.31%	0.36%
Taoyuan	0.46%	0.34%	1.56%

As of June 30, 2020, December 31 and June 30, 2019, investment property was subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

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

(l) Intangible assets

	Technical know-how	Computer software and information systems	Goodwill	Land use rights	Others	Total
Cost:						
Balance as of January 1, 2020	\$ 49,280	188,418	443,002	-	22,628	703,328
Additions	-	213,173	-	-	1,675	214,848
Reclassification (Note)	-	17,492	-	-	-	17,492
Disposals	(125)	(971)	-	-	-	(1,096)
Effect of changes in foreign exchange rates	-	(120)	(1,451)	-	(240)	(1,811)
Balance as of June 30, 2020	<u>\$ 49,155</u>	<u>417,992</u>	<u>441,551</u>	<u>-</u>	<u>24,063</u>	<u>932,761</u>
Balance as of January 1, 2019	\$ 46,005	150,871	446,068	32,591	25,628	701,163
Effects of retrospective application for IFRS 16	-	-	-	(32,591)	-	(32,591)
Additions	2,125	14,617	-	-	-	16,742
Reclassification (Note)	-	5,610	-	-	-	5,610
Disposals	-	(359)	-	-	-	(359)
Effect of changes in foreign exchange rates	-	64	1,409	-	234	1,707
Balance as of June 30, 2019	<u>\$ 48,130</u>	<u>170,803</u>	<u>447,477</u>	<u>-</u>	<u>25,862</u>	<u>692,272</u>
Amortization:						
Balance as of January 1, 2020	\$ 35,844	74,587	-	-	15,443	125,874
Amortization	2,357	40,657	-	-	2,836	45,850
Disposals	(125)	(971)	-	-	-	(1,096)
Effect of changes in foreign exchange rates	-	(93)	-	-	(190)	(283)
Balance as of June 30, 2020	<u>\$ 38,076</u>	<u>114,180</u>	<u>-</u>	<u>-</u>	<u>18,089</u>	<u>170,345</u>
Balance as of January 1, 2019	\$ 31,309	69,882	-	677	12,342	114,210
Effects of retrospective application for IFRS 16	-	-	-	(677)	-	(677)
Amortization	2,162	27,580	-	-	3,487	33,229
Disposals	-	(359)	-	-	-	(359)
Effect of changes in foreign exchange rates	-	38	-	-	119	157
Balance as of June 30, 2019	<u>\$ 33,471</u>	<u>97,141</u>	<u>-</u>	<u>-</u>	<u>15,948</u>	<u>146,560</u>
Carrying value:						
Balance as of January 1, 2020	<u>\$ 13,436</u>	<u>113,831</u>	<u>443,002</u>	<u>-</u>	<u>7,185</u>	<u>577,454</u>
Balance as of June 30, 2020	<u>\$ 11,079</u>	<u>303,812</u>	<u>441,551</u>	<u>-</u>	<u>5,974</u>	<u>762,416</u>
Balance as of January 1, 2019	<u>\$ 14,696</u>	<u>80,989</u>	<u>446,068</u>	<u>31,914</u>	<u>13,286</u>	<u>586,953</u>
Balance as of June 30, 2019	<u>\$ 14,659</u>	<u>73,662</u>	<u>447,477</u>	<u>-</u>	<u>9,914</u>	<u>545,712</u>

Note: Other non-current assets were reclassified as intangible assets.

As of June 30, 2020, December 31 and June 30, 2019, the intangible assets were not pledged.

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

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

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Other receivables from metal recycling	\$ -	16,489	30,877
Tax refund receivables	93,648	148,896	87,263
Prepayments to suppliers	54,255	-	3,389
Prepaid expenses	69,111	110,080	86,153
Restricted assets	43,500	41,580	42,132
Refundable deposits	58,801	51,358	41,927
Other receivables	32,554	34,028	18,014
Long-term prepaid intangible assets	56,890	51,813	53,679
Offset against business tax payable	114,740	80,273	46,089
Others	21,016	14,838	18,073
	<u>\$ 544,515</u>	<u>549,355</u>	<u>427,596</u>

(n) Short-term borrowings

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Unused bank credit lines for short-term borrowings	<u>\$ 1,220,723</u>	<u>1,153,882</u>	<u>1,957,500</u>
Unused bank credit lines for short-term and long-term borrowings	<u>\$ 3,249,241</u>	<u>3,276,609</u>	<u>4,398,881</u>

(o) Long-term borrowings

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Secured long-term borrowings (in NTD)	\$ 750,000	1,620,000	2,062,800
Secured long-term syndicated borrowings (in USD)	1,422,240	562,125	-
Unsecured long-term borrowings (in NTD)	4,015,100	3,606,000	2,717,000
Less: long-term liabilities, current portion	-	-	-
Total	<u>\$ 6,187,340</u>	<u>5,788,125</u>	<u>4,779,800</u>
Unused bank credit lines for long-term borrowings	<u>\$ 16,082,900</u>	<u>9,221,400</u>	<u>5,100,000</u>
Annual interest rate	<u>0.25%~1.18%</u>	<u>0.98%~2.88%</u>	<u>1.04%~1.37%</u>
Expiry date	<u>2022/4/11~2025/8/16</u>	<u>2021/6/15~2025/8/16</u>	<u>2021/1/29~2025/8/16</u>

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WIN Semiconductors Corp. and Subsidiaries
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As of June 30, 2020, the remaining balances of the borrowing due were as follows:

<u>Year due</u>	<u>Amount</u>
July 1, 2021~June 30, 2022	\$ 858,000
July 1, 2022~June 30, 2023	2,697,940
July 1, 2023 and after	<u>2,631,400</u>
	<u>\$ 6,187,340</u>

- (i) The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in Note 6(n).
- (ii) The collateral for these long-term borrowings was disclosed in Note 8.
- (iii) In June 2019, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other four banks. The total credit facility under this loan agreement is US\$200,000 thousand.

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

- 1) At the end of reporting period, current ratio (current assets / current liabilities): shall not be lower than 100%;
- 2) Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense]: shall not be lower than 100%; and
- 3) Tangible net assets value (equity – intangible assets): shall not be lower than NT\$15,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

For the six months ended June 30, 2020 and the year ended December 31, 2019, the Group was in compliance with the above financial covenants and restrictions.

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

(p) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	June 30, 2020	December 31, 2019	June 30, 2019
Current	\$ <u>67,397</u>	<u>68,740</u>	<u>67,457</u>
Non-current	\$ <u>312,011</u>	<u>300,587</u>	<u>267,461</u>

For the maturity analysis, please refer to Note 6(z).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Interest expenses on lease liabilities	\$ <u>2,402</u>	<u>1,189</u>	<u>4,716</u>	<u>2,342</u>
Expenses relating to short-term leases	\$ <u>4,250</u>	<u>2,620</u>	<u>6,642</u>	<u>6,217</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>327</u>	<u>321</u>	<u>650</u>	<u>642</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Total cash outflow for leases	\$ <u>52,992</u>	<u>39,778</u>

(i) Real estate and buildings leases

The Group leases land and buildings for its factories and staff dormitories. The leases of them typically run for a period of 2 to 50 years.

(ii) Other leases

The Group leases printer and transportation equipment, with lease terms of 2 to 6 years.

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

(iii) Others

Parts of the leases of land, transportation equipment, office and staff dormitories are with contract terms of less than one year. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. Also, some leases contain cancellation options exercisable by the Group. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(q) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2020 and 2019. Please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

(r) 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, 2019 and 2018.

The Group's expenses recognized in profit or loss were as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating costs	\$ -	-	-	-
Operating expenses	466	903	933	1,806
	<u>\$ 466</u>	<u>903</u>	<u>933</u>	<u>1,806</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months and six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating costs	\$ 22,492	18,286	44,263	36,266
Operating expenses	5,789	5,398	11,294	10,885
	<u>\$ 28,281</u>	<u>23,684</u>	<u>55,557</u>	<u>47,151</u>

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WIN Semiconductors Corp. and Subsidiaries
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(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. For the three months and six months ended June 30, 2020 and 2019, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$10 thousand, \$1,191 thousand, \$505 thousand and \$2,333 thousand, respectively.

(s) Income tax

(i) Income tax expense

The amount of income tax expense was as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Income tax expense	\$ <u>379,524</u>	<u>225,693</u>	<u>768,889</u>	<u>267,412</u>

(ii) There was no income tax expense recognized in other comprehensive income for the six months ended June 30, 2020 and 2019.

(iii) Assessment

The Company's corporate income tax returns for all the years through 2018 were assessed and approved by the tax authorities National Taxation Bureau of the Northern Area, Ministry of Finance.

(t) 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, 2020 and 2019. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2019.

(i) Capital surplus

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

	June 30, 2020	December 31, 2019	June 30, 2019
Additional paid-in capital	\$ 9,031,035	9,031,035	9,031,035
Changes in equity of associates and joint ventures accounted for using equity method	-	-	643
Changes in ownership interests in subsidiaries	12,509	-	-
Employee stock options	2,183	1,452	5,212
Restricted shares of stock issued for employees	222,627	211,821	211,821
	<u>\$ 9,268,354</u>	<u>9,244,308</u>	<u>9,248,711</u>

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WIN Semiconductors Corp. and Subsidiaries
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(ii) 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 Company shall set aside at least 50% for shareholder, 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.

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

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 earning for 2019 had been approved in the meeting of Board of Directors held on March 18, 2020 and the appropriations of earning for 2018 had been approved in shareholders' meetings held on June 14, 2019. The appropriations and dividends were as follows:

	<u>2019</u>	<u>2018</u>
Cash dividends	\$ 2,968,394	2,118,972

The above-mentioned appropriations of earning for 2018 was 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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(iii) Other equity interests, net of tax

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</u>	<u>Other unearned compensation for restricted shares of employees</u>
Balance as of January 1, 2020	\$ (179,450)	3,089,886	(137,029)
Foreign currency differences (net of tax):			
The Group	(95,317)	-	-
Associates	(7,145)	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	703,377	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(29,371)	-
Changes in turnover of restricted shares of stock issued to employees	-	-	(10,806)
Compensation cost arising from restricted shares of stock issued to employees	-	-	38,553
Balance as of June 30, 2020	<u>\$ (281,912)</u>	<u>3,763,892</u>	<u>(109,282)</u>
		<u>Unrealized</u>	
		<u>gains (losses) on</u>	
		<u>financial assets</u>	
		<u>at fair value</u>	
		<u>through other</u>	
		<u>comprehensive</u>	
		<u>income</u>	
		<u>Other unearned</u>	
		<u>compensation</u>	
		<u>for restricted</u>	
		<u>shares of</u>	
		<u>employees</u>	
Balance as of January 1, 2019	\$ (36,200)	958,390	(158,308)
Foreign currency differences (net of tax):			
The Group	45,845	-	-
Associates	3,019	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	1,424,729	-
Issuance of restricted shares of employees	-	-	(50,364)
Compensation cost arising from restricted shares of stock issued to employees	-	-	34,813
Balance as of June 30, 2019	<u>\$ 12,664</u>	<u>2,383,119</u>	<u>(173,859)</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(u) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods January 1 to June 30, 2020 and 2019. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2019.

(i) The Company issuance restricted shares of stock (RSA) for employee

For the three months and six months ended June 30, 2020 and 2019, the Company recognized the compensation cost of \$19,371 thousand, \$20,200 thousand, \$38,561 thousand and \$34,813 thousand for the aforementioned RSA, respectively.

(ii) The employee stock option (ESOPs) of subsidiary (PBL)

For the three months and six months ended June 30, 2020 and 2019, the PBL recognized the compensation cost of \$622 thousand, \$1,533 thousand, \$1,243 thousand and \$3,066 thousand for the aforementioned ESOPs, respectively.

(v) Earnings per share (“EPS”)

	<u>For the three months ended June 30, 2020</u>	<u>For the three months ended June 30, 2019</u>	<u>For the six months ended June 30, 2020</u>	<u>For the six months ended June 30, 2019</u>
Basic earnings per share:				
Profit belonging to common shareholders	\$ <u>1,663,369</u>	<u>788,397</u>	<u>3,254,264</u>	<u>962,628</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	<u>422,666</u>	<u>422,666</u>	<u>422,666</u>	<u>422,666</u>
Basic earnings per share (in dollars)	\$ <u>3.94</u>	<u>1.87</u>	<u>7.70</u>	<u>2.28</u>
Diluted earnings per share:				
Profit belonging to common shareholders	\$ <u>1,663,369</u>	<u>788,397</u>	<u>3,254,264</u>	<u>962,628</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	422,666	422,666	422,666	422,666
Effect of potentially dilutive common stock				
Employee remuneration (in thousands shares)	893	414	1,605	973
Restricted employee shares (in thousands shares)	<u>1,002</u>	<u>455</u>	<u>1,004</u>	<u>393</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>424,561</u>	<u>423,535</u>	<u>425,275</u>	<u>424,032</u>
Diluted earnings per share (in dollars)	\$ <u>3.92</u>	<u>1.86</u>	<u>7.65</u>	<u>2.27</u>

(Continued)

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(w) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 2020				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 4,001,413	6,712	374	4,008,499
Americas	1,263,366	-	7,242	1,270,608
Taiwan	389,085	-	49,965	439,050
Europe	329,568	-	-	329,568
	<u>\$ 5,983,432</u>	<u>6,712</u>	<u>57,581</u>	<u>6,047,725</u>
Main product/ services lines:				
Foundry	\$ 5,983,432	-	-	5,983,432
Others	-	6,712	57,581	64,293
	<u>\$ 5,983,432</u>	<u>6,712</u>	<u>57,581</u>	<u>6,047,725</u>
For the three months ended June 30, 2019				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 3,022,070	99,871	1,922	3,123,863
Americas	653,190	-	-	653,190
Taiwan	383,545	-	7,497	391,042
Europe	283,085	-	-	283,085
	<u>\$ 4,341,890</u>	<u>99,871</u>	<u>9,419</u>	<u>4,451,180</u>
Main product/ services lines:				
Foundry	\$ 4,341,858	-	-	4,341,858
Others	32	99,871	9,419	109,322
	<u>\$ 4,341,890</u>	<u>99,871</u>	<u>9,419</u>	<u>4,451,180</u>

(Continued)

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Notes to the Consolidated Financial Statements

For the six months ended June 30, 2020				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 8,102,977	17,187	863	8,121,027
Americas	2,669,903	-	14,593	2,684,496
Taiwan	634,483	-	61,933	696,416
Europe	616,808	-	-	616,808
	\$ 12,024,171	17,187	77,389	12,118,747
Main product/ services lines:				
Foundry	\$ 12,023,943	-	-	12,023,943
Others	228	17,187	77,389	94,804
	\$ 12,024,171	17,187	77,389	12,118,747
For the six months ended June 30, 2019				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 5,182,663	184,681	3,643	5,370,987
Americas	1,455,569	-	-	1,455,569
Taiwan	720,580	-	25,829	746,409
Europe	497,504	-	-	497,504
	\$ 7,856,316	184,681	29,472	8,070,469
Main product/ services lines:				
Foundry	\$ 7,855,495	-	-	7,855,495
Others	821	184,681	29,472	214,974
	\$ 7,856,316	184,681	29,472	8,070,469

(ii) Balance of contracts

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 1,085	684	937
Accounts receivable	2,321,708	2,410,333	1,859,180
Less: loss allowance	(4,317)	(4,344)	(5,422)
	\$ 2,318,476	2,406,673	1,854,695
Contract liabilities	\$ 180,166	260,426	174,539

For details of notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

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WIN Semiconductors Corp. and Subsidiaries
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The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the six months ended June 30, 2020 and 2019, that was included in the contract liabilities balance at the beginning of the period was \$223,321 thousand and \$90,945 thousand, respectively.

(x) Employees' and directors' 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) Employees' 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 remuneration may be distributed to qualified employees of affiliates of the Company.
- (ii) Remuneration of Directors: 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 shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

The Company estimated its employees' and directors' remuneration as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Employees' remuneration	\$ 136,100	66,700	267,100	82,400
Directors' remuneration	39,600	19,400	77,500	23,900
	<u>\$ 175,700</u>	<u>86,100</u>	<u>344,600</u>	<u>106,300</u>

The amount of employee remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of for the six months ended June 30, 2020 and 2019. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the years ended December 31, 2019 and 2018, the Company accrued and recognized its employee remuneration amounting to \$368,400 thousand and \$255,600 thousand, and directors' remuneration amounting to \$106,900 thousand and \$74,200 thousand, respectively. There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements.

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

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

(y) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Interest income from bank deposits	\$ 7,609	19,564	21,469	35,398
Interest income from financial assets measured at amortized cost	-	42	-	205
Other interest income	<u>3</u>	<u>5</u>	<u>32</u>	<u>37</u>
Total	<u>\$ 7,612</u>	<u>19,611</u>	<u>21,501</u>	<u>35,640</u>

(ii) Other income

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Dividend income	\$ 3,972	20,337	6,496	26,468
Rent income	<u>18,491</u>	<u>22,480</u>	<u>37,755</u>	<u>44,945</u>
Total	<u>\$ 22,463</u>	<u>42,817</u>	<u>44,251</u>	<u>71,413</u>

(iii) Other gains and losses

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Gains (losses) on disposals of property, plant and equipment	\$ 339	-	(1,066)	(803)
Gains on disposals of investments	-	105,332	-	79,666
Foreign exchange gains (losses)	(65,334)	41,525	(1,780)	43,657
Losses on financial assets or liabilities at fair value through profit or loss	(10,608)	(119,077)	(67,359)	(78,156)
Others	<u>39,120</u>	<u>7,862</u>	<u>48,849</u>	<u>24,735</u>
Total	<u>\$ (36,483)</u>	<u>35,642</u>	<u>(21,356)</u>	<u>69,099</u>

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

(iv) Finance costs

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Interest expenses	\$ 17,416	5,986	36,326	12,762
Other finance costs	62	63	127	128
Total	<u>\$ 17,478</u>	<u>6,049</u>	<u>36,453</u>	<u>12,890</u>

(z) 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(aa) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

Receivables and debt securities

For information on credit risk regarding notes and accounts receivable, please refers to Note 6(c).

Other financial assets measured at amortized cost include other receivables. For related information of investment and impairment, please refers to Notes 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited 12 months expected losses.

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of June 30, 2020						
Non-derivative financial liabilities						
Secured bank loans	\$ 2,172,240	2,279,333	16,774	16,774	2,095,673	150,112
Unsecured bank loans	4,015,100	4,101,006	30,377	887,093	3,020,914	162,622
Notes and accounts payable	1,889,728	1,889,728	1,889,728	-	-	-
Other payables	5,790,580	5,790,580	5,790,580	-	-	-
Guarantee deposits received	124,784	124,784	6,174	8,610	110,000	-
Lease liabilities	379,408	509,768	68,443	49,111	111,509	280,705
	<u>\$ 14,371,840</u>	<u>14,695,199</u>	<u>7,802,076</u>	<u>961,588</u>	<u>5,338,096</u>	<u>593,439</u>
As of December 31, 2019						
Non-derivative financial liabilities						
Secured bank loans	\$ 2,182,125	2,329,782	33,800	33,800	1,900,796	361,386
Unsecured bank loans	3,606,000	3,712,122	39,312	1,068,695	2,277,837	326,278
Notes and accounts payable	1,826,214	1,826,214	1,826,214	-	-	-
Other payables	1,288,817	1,288,817	1,288,817	-	-	-
Guarantee deposits received	125,611	125,611	15,611	-	110,000	-
Lease liabilities	369,327	495,192	69,764	47,590	102,056	275,782
	<u>\$ 9,398,094</u>	<u>9,777,738</u>	<u>3,273,518</u>	<u>1,150,085</u>	<u>4,390,689</u>	<u>963,446</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
As of June 30, 2019						
Non-derivative financial liabilities						
Secured bank loans	\$ 2,062,800	2,170,067	27,513	190,271	1,377,925	574,358
Unsecured bank loans	2,717,000	2,822,569	32,885	951,083	1,347,347	491,254
Notes and accounts payable	1,574,442	1,574,442	1,574,442	-	-	-
Other payables	2,894,606	2,894,606	2,894,606	-	-	-
Guarantee deposits received	128,666	128,666	12,421	27	116,218	-
Lease liabilities	334,918	465,190	68,879	49,609	82,714	263,988
	<u>\$ 9,712,432</u>	<u>10,055,540</u>	<u>4,610,746</u>	<u>1,190,990</u>	<u>2,924,204</u>	<u>1,329,600</u>

The Group did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

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

	<u>June 30, 2020</u>			<u>December 31, 2019</u>			<u>June 30, 2019</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>
Financial assets									
<u>Monetary items</u>									
USD	\$ 190,682	29.63	5,649,921	206,117	29.98	6,179,373	142,140	31.06	4,414,864
EUR	463	33.27	15,412	75	33.59	2,531	263	35.38	9,295
JPY	1,660,113	0.2751	456,697	1,321,385	0.2760	364,702	22,572	0.2886	6,514
GBP	11	36.43	401	11	39.36	433	11	39.39	434
HKD	60	3.823	231	51,537	3.85	198,365	61	3.98	242
RMB	1,171	4.19	4,905	-	-	-	9,481	4.52	42,853
			<u>\$ 6,127,567</u>			<u>\$ 6,745,404</u>			<u>\$ 4,474,202</u>
<u>Non-monetary items</u>									
USD	\$ 11,905	29.63	352,831	10,570	29.98	318,268	8,311	31.06	253,804
RMB	113,792	4.19	475,250	110,112	4.31	472,528	56,103	4.52	252,145
			<u>\$ 828,081</u>			<u>\$ 790,796</u>			<u>\$ 505,949</u>
Financial liabilities									
<u>Monetary items</u>									
USD	\$ 85,586	29.63	2,535,902	57,240	29.98	1,716,041	25,901	31.06	804,482
EUR	330	33.27	10,986	866	33.59	29,075	573	35.38	20,257
JPY	784,608	0.2751	215,846	595,366	0.2760	164,321	299,127	0.2886	86,328
RMB	1	4.19	6	-	-	-	37	4.52	169
			<u>\$ 2,762,740</u>			<u>\$ 1,909,437</u>			<u>\$ 911,236</u>

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WIN Semiconductors Corp. and Subsidiaries
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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, other receivables, financial assets at fair value through profit or loss, notes and accounts payable, other payables and long-term borrowings that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR, GBP, JPY, HKD, RMB, etc. for the six months ended June 30, 2020 and 2019 would have increased (decreased) the net profit after tax by \$148,634 thousand and \$150,701 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For six months ended June 30, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(1,780) thousand and \$43,657 thousand, respectively.

(iv) 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 increased (decreased) by \$10,167 thousand and \$8,359 thousand for the six months ended June 30, 2020 and 2019, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Fair value

1) Accounting classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are 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 lease liabilities disclosure of fair value information is not required.

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		June 30, 2020			
		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	\$ 544,516	544,516	-	-	544,516
Funds and investment	488,454	488,454	-	-	488,454
Private fund	678,939	-	-	678,939	678,939
Subtotal	<u>\$ 1,711,909</u>	<u>1,032,970</u>	<u>-</u>	<u>678,939</u>	<u>1,711,909</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 5,199,496	5,199,496	-	-	5,199,496
Non-public stocks	737,993	-	-	737,993	737,993
Subtotal	<u>\$ 5,937,489</u>	<u>5,199,496</u>	<u>-</u>	<u>737,993</u>	<u>5,937,489</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 6,159,476	-	-	-	-
Notes and accounts receivable (Note)	2,318,476	-	-	-	-
Other receivables (Note)	32,554	-	-	-	-
Other non-current assets (Note)	102,301	-	-	-	-
Subtotal	<u>\$ 8,612,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 6,187,340	-	-	-	-
Notes and accounts payable (Note)	1,889,728	-	-	-	-
Other payables (Note)	5,790,580	-	-	-	-
Guarantee deposits received (Note)	124,784	-	-	-	-
Lease liabilities (Note)	379,408	-	-	-	-
Subtotal	<u>\$ 14,371,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2019			
		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	\$ 206,359	206,359	-	-	206,359
Funds and investment	300,490	300,490	-	-	300,490
Private fund	565,804	-	-	565,804	565,804
Subtotal	<u>\$ 1,072,653</u>	<u>506,849</u>	<u>-</u>	<u>565,804</u>	<u>1,072,653</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 3,855,958	3,855,958	-	-	3,855,958
Non-public stocks	700,247	-	-	700,247	700,247
Subtotal	<u>\$ 4,556,205</u>	<u>3,855,958</u>	<u>-</u>	<u>700,247</u>	<u>4,556,205</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 5,926,473	-	-	-	-
Notes and accounts receivable (Note)	2,406,673	-	-	-	-
Other receivables (Note)	50,517	-	-	-	-
Other non-current assets (Note)	92,938	-	-	-	-
Subtotal	<u>\$ 8,476,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 5,788,125	-	-	-	-
Notes and accounts payable (Note)	1,826,214	-	-	-	-
Other payables (Note)	1,288,817	-	-	-	-
Guarantee deposits received (Note)	125,611	-	-	-	-
Lease liabilities (Note)	369,327	-	-	-	-
Subtotal	<u>\$ 9,398,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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	June 30, 2019				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 98,884	98,884	-	-	98,884
Funds and investment	4,421	4,421	-	-	4,421
Private fund	631,247	-	-	631,247	631,247
Subtotal	<u>\$ 734,552</u>	<u>103,305</u>	<u>-</u>	<u>631,247</u>	<u>734,552</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 3,299,181	3,299,181	-	-	3,299,181
Non-public stocks	475,084	-	-	475,084	475,084
Subtotal	<u>\$ 3,774,265</u>	<u>3,299,181</u>	<u>-</u>	<u>475,084</u>	<u>3,774,265</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 4,205,895	-	-	-	-
Notes and accounts receivable (Note)	1,854,695	-	-	-	-
Other receivables (Note)	48,891	-	-	-	-
Other non-current assets (Note)	84,059	-	-	-	-
Subtotal	<u>\$ 6,193,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loan (Note)	\$ 4,779,800	-	-	-	-
Notes and accounts payable (Note)	1,574,442	-	-	-	-
Other payables (Note)	2,894,606	-	-	-	-
Guarantee deposits received (Note)	128,666	-	-	-	-
Lease liabilities	334,918	-	-	-	-
Subtotal	<u>\$ 9,712,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: The information on fair 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:

- Financial assets measured at amortized cost and financial liabilities 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.

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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 equity funds and money market 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 determined as follows:

- 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.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

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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 six months ended June 30, 2020 and 2019, there was no transfer between level 2 and level 1 financial asset of the fair value hierarchy.

5) Movement of level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Private fund	Unquoted equity instruments
Balance as of January 1, 2020	\$ 565,804	700,247
Total gains or losses:		
Recognized in profit and loss	(61,625)	-
Recognized in other comprehensive income	-	317
Purchased	174,760	75,000
Disposals	-	(30,285)
Capital reduction	-	(6,667)
Effect of changes in foreign exchange rates	-	(619)
Balance as of June 30, 2020	<u>\$ 678,939</u>	<u>737,993</u>
Balance as of January 1, 2019	\$ 722,405	564,486
Total gains or losses:		
Recognized in profit and loss	(76,247)	-
Recognized in other comprehensive income	-	(82,424)
Purchased	77,073	-
Disposals	(91,984)	-
Capital reduction and redemption	-	(7,581)
Effect of changes in foreign exchange rates	-	603
Balance as of June 30, 2019	<u>\$ 631,247</u>	<u>475,084</u>

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The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of June 30, 2020 and 2019, the related information of the assets which were still held by the Group were as follows:

	<u>For the three months ended June 30, 2020</u>	<u>For the three months ended June 30, 2019</u>	<u>For the six months ended June 30, 2020</u>	<u>For the six months ended June 30, 2019</u>
Total gains or losses				
Profit or loss (recognized as other gains and losses)	\$ (38,218)	(116,229)	(61,625)	(76,247)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	60,411	(34,722)	(29,054)	(82,424)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets at fair value through profit or loss – private funds” and “financial assets at fair value through other comprehensive income – equity investments.”

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	<ul style="list-style-type: none"> • Comparable listed companies approach • Net asset value method 	<ul style="list-style-type: none"> • Price-book ratio (as of June 30, 2020, December 31 and June 30, 2019 were 1.63~6.02, 1.65~6.14 and 1.25~7.95, respectively) • Market liquidity discount rate (as of June 30, 2020, December 31 and June 30, 2019 were all 80% of market value) • Net asset value 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value Not applicable

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss – private fund	• Net asset value method	• Net asset value	Not applicable

- 7) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on profit or loss</u>		<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2020						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 33,947	(33,947)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	19,077	(19,077)
"	Market liquidity discount rate	5%	-	-	19,077	(19,077)
"	Net asset value	5%	-	-	17,822	(17,822)
December 31, 2019						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 28,290	(28,290)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	18,939	(18,939)
"	Market liquidity discount rate	5%	-	-	18,939	(18,939)
"	Net asset value	5%	-	-	16,074	(16,074)

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	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2019						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 31,562	(31,562)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	17,442	(17,442)
"	Market liquidity discount rate	5%	-	-	17,442	(17,442)
"	Net asset value	5%	-	-	6,312	(6,312)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(aa) 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 financial statements for the six months ended June 30, 2020 which compared with the consolidated financial statements Note 6(ab) for the year ended December 31, 2019.

(ab) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the six months ended June 30, 2020 was the same as the consolidated financial statements for the year ended December 31, 2019. 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, 2019. For the related information, please refer to Note 6(ac) of the consolidated financial statements for the year ended December 31, 2019.

(ac) Financing activity

Reconciliation of liabilities arising from financing activities were as follows:

	Cash flows				Non-cash changes			June 30, 2020
	January 1, 2020	Proceeds from long-term debt	Repayments of long-term debt and lease liabilities	Others	Interest expense	Others	Amortization of arranger fee of syndicated loan	
Long-term borrowings	\$ 5,788,125	3,034,503	(2,632,500)	-	-	(17,789)	15,001	6,187,340
Guarantee deposit received	125,611	-	-	(827)	-	-	-	124,784
Lease liabilities (Note 1)	369,327	-	(44,743)	(957)	6,866	48,915	-	379,408
Total liabilities from financing activity	\$ 6,283,063	3,034,503	(2,677,243)	(1,784)	6,866	31,126	15,001	6,691,532

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	<u>January 1, 2019</u>	<u>Cash flows</u>			<u>Non-cash changes</u>		<u>June 30, 2019</u>
		<u>Proceeds from long-term debt</u>	<u>Repayments of long-term debt and lease liabilities</u>	<u>Others</u>	<u>Interest expense</u>	<u>Others</u>	
Long-term borrowings	\$ 5,802,600	2,304,000	(3,326,800)	-	-	-	4,779,800
Guarantee deposit received	143,068	-	-	(14,402)	-	-	128,666
Lease liabilities (Note 2)	290,061	-	(32,055)	(864)	4,839	72,937	334,918
Total liabilities from financing activity	<u>\$ 6,235,729</u>	<u>2,304,000</u>	<u>(3,358,855)</u>	<u>(15,266)</u>	<u>4,839</u>	<u>72,937</u>	<u>5,243,384</u>

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$2,150 thousand.

Note 2: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$2,497 thousand.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Associates
Winresp INC. (Note 1)	Associates
Ningbo Winresp New Materials Co., Ltd. (Note 1)	Other related parties
Chainwin i-Management (Shanghai) Co., Ltd. Huaian Branch	Other related parties
Chainwin i-Management Co., Ltd.	Other related parties
Chainwin i-Management (Huaian) Co., Ltd.	Other related parties
Taoyuan i-Fare Charity Foundation	Other related parties
ITEQ Corporation (Note 2)	Other related parties

Note 1: The Company has lost the control over Winresp INC. and Ningbo Winresp New Materials Co., Ltd. since December 2019. Therefore, they were not a related-party of the Group.

Note 2: In July 2019, the Company's chairman of the Board of Directors has been elected as the ITEQ Corporation's chairman of the Board of Directors, and therefore ITEQ Corporation has become the Group's other related parties since July 2019.

(b) Significant transactions with related parties

(i) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>For the three months ended June 30, 2020</u>	<u>For the three months ended June 30, 2019</u>	<u>For the six months ended June 30, 2020</u>	<u>For the six months ended June 30, 2019</u>
Other related parties	\$ <u>-</u>	<u>1,188</u>	<u>233</u>	<u>2,741</u>

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The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(ii) Operating expenses

The amounts of operating expenses by the Group from related parties were as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Other related parties	\$ <u>-</u>	<u>1,000</u>	<u>2,000</u>	<u>1,000</u>

(iii) Guarantee

For the six months ended June 30, 2020 and 2019, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (NT\$217,781 thousand and NT\$228,291 thousand, respectively) to its associate, Jiangsu CM/Chainwin Agriculture Development Co., Ltd.

(iv) Property transactions

Account	Category	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Intangible assets	Other related parties — Chainwin i-Management Co., Ltd.	\$ <u>162,965</u>	<u>3,923</u>	<u>162,965</u>	<u>16,345</u>
Property, plant and equipment	Other related parties	\$ <u>-</u>	<u>6,362</u>	<u>-</u>	<u>6,362</u>

(v) Prepayment to related parties

The prepayment due to property transactions to related parties were as follows:

Account	Category	June 30, 2020	December 31, 2019	June 30, 2019
Prepayments for business facilities	Associates	\$ <u>-</u>	<u>-</u>	<u>21,856</u>
Prepayments for business facilities	Other related parties	\$ <u>-</u>	<u>-</u>	<u>6,230</u>
Other non-current assets	Other related parties — Chainwin i-Management Co., Ltd.	\$ <u>-</u>	<u>15,777</u>	<u>16,345</u>

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(vi) Leases

The Group leased the office and factories to its other related party, ITEQ Corporation, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is \$7,253 thousand and \$14,505 thousand for the three months and six months ended June 30, 2020. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of June 30, 2020 and 2019.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Short-term employee benefits	\$ 158,936	108,225	312,855	184,076
Post-employment benefits	207	205	413	410
	<u>\$ 159,143</u>	<u>108,430</u>	<u>313,268</u>	<u>184,486</u>

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	June 30, 2020	December 31, 2019	June 30, 2019
Other non-current assets	Bank deposits -- reserve accounts	\$ 6,074	4,197	-
Other non-current assets	Gas deposits	4,700	4,700	4,700
Other non-current assets	Customs guarantee	20,430	20,242	20,242
Other non-current assets	Government subsidy deposits	-	-	4,300
Other non-current assets	Plant deposits	12,296	12,441	12,890
Property, plant and equipment	Long-term borrowings	2,043,354	2,382,554	2,707,493
Investment property	Long-term borrowings	329,046	336,574	344,103
Total		<u>\$ 2,415,900</u>	<u>2,760,708</u>	<u>3,093,728</u>

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) The unrecognized commitment of acquisition of plant expansion and machinery equipment were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
The unrecognized amount	<u>\$ 3,908,198</u>	<u>3,353,094</u>	<u>2,905,715</u>

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	June 30,	December 31,	June 30,
	2020	2019	2019
(ii) The unused letters of credit	\$ 93,535	206,008	34,072

(10) Losses due to major disasters: None.

(11) Subsequent events:

The Group resolved to subscribe the new shares contributed by Gogolook Co., Ltd. in cash, for 2,013 thousand shares with \$149 per share, amounting to \$299,937 thousand on July 6, 2020.

(12) Other:

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function:

	For the three months ended June 30, 2020			For the three months ended June 30, 2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	673,594	274,903	948,497	597,545	222,806	820,351
Labor and health insurance	48,239	13,477	61,716	40,388	13,022	53,410
Pension	22,501	6,256	28,757	18,746	7,032	25,778
Director remuneration	-	39,690	39,690	-	19,496	19,496
Others	35,149	13,342	48,491	44,271	20,220	64,491
Depreciation	789,036	79,412	868,448	761,678	80,246	841,924
Amortization	6,596	16,738	23,334	4,576	12,039	16,615

	For the six months ended June 30, 2020			For the six months ended June 30, 2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	1,434,318	561,019	1,995,337	1,097,605	484,215	1,581,820
Labor and health insurance	103,992	32,152	136,144	86,058	29,336	115,394
Pension	44,421	12,574	56,995	37,171	14,119	51,290
Director remuneration	-	77,596	77,596	-	23,996	23,996
Others	69,963	27,211	97,174	61,333	25,403	86,736
Depreciation	1,538,398	171,081	1,709,479	1,508,312	160,128	1,668,440
Amortization	12,438	33,412	45,850	9,271	23,958	33,229

(b) Seasonality of operations:

The Group's operations were not affected by seasonality or cyclicity factors.

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- (c) Due to the spread of COVID-19 pandemic, governments all over the world have continuously enforced the pandemic prevention of COVID-19 since January 2020. Because Taiwan successfully contained Covid-19 and the government continuously loosened the policies, the Group assessed that COVID-19 pandemic did not have significant impact on the Group's operation.

(13) Other disclosures:

- (a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2020:

- (i) Loans to other parties: None.
 - (ii) Guarantees and endorsements for other parties: Please refer to schedule A.
 - (iii) Securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule B.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: Please refer to schedule C.
 - (v) Information on acquisition of real estate with purchase amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: Please refer to schedule D.
 - (vi) Information on disposal of real estate with amounts exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
 - (vii) Information regarding related-parties purchases and/or sales with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital: None.
 - (viii) Information regarding receivables from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital: None.
 - (ix) Information regarding trading in derivative financial instruments: None.
 - (x) Business relationships and significant intercompany transactions: None.
- (b) Information on investments: Please refer to schedule E.
- (c) Information on investment in Mainland China: Please refer to schedule F.
- (d) Information on major shareholders: Please refer to schedule G.

(14) Segment information:

- (a) The Group's reportable segment is the foundry segment, and agriculture technology segment. The segment engages separately in researching, developing, manufacturing, selling of GaAs wafers and developing hog farming technology and trading, etc., respectively.

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Other operating segments are mainly engaged in investment activities and gene chip and testing, 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 three months and six months ended June 30, 2020 and 2019, 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:

<u>For the three months ended June 30, 2020</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 5,983,432	6,712	57,581	-	6,047,725
Interest expenses	\$ 4,330	13,146	2	-	17,478
Depreciation and amortization	\$ 870,989	14,848	4,918	1,027	891,782
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ -	20,917	(314)	-	20,603
Reportable segment profit or loss	\$ 2,069,358	(59,074)	23,767	(1,027)	2,033,024
Assets:					
Capital expenditures in noncurrent assets	\$ 1,094,464	1,048,635	1,270	-	2,144,369
<u>For the three months ended June 30, 2019</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 4,341,890	99,871	9,419	-	4,451,180
Interest expenses	\$ 5,083	788	178	-	6,049
Depreciation and amortization	\$ 840,826	13,020	3,957	736	858,539
Shares of losses of associates and joint ventures accounted for using equity method	\$ (320)	(9,997)	(1,553)	-	(11,870)
Reportable segment profit or loss	\$ 972,911	(25,231)	(29,304)	(736)	917,640
Assets:					
Capital expenditures in noncurrent assets	\$ 1,354,625	336,114	2,286	-	1,693,025
<u>For the six months ended June 30, 2020</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliati on and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ 12,024,171	17,187	77,389	-	12,118,747
Interest expenses	\$ 9,616	26,830	7	-	36,453
Depreciation and amortization	\$ 1,714,465	29,038	9,765	2,061	1,755,329
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ -	15,251	(604)	-	14,647
Reportable segment profit or loss	\$ 4,112,093	(107,113)	(31,559)	(2,061)	3,971,360
Assets:					
Capital expenditures in noncurrent assets	\$ 2,002,348	1,533,006	2,277	-	3,537,631

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<u>For the six months ended June 30, 2019</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliati on and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ <u>7,856,316</u>	<u>184,681</u>	<u>29,472</u>	<u>-</u>	<u>8,070,469</u>
Interest expenses	\$ <u>11,018</u>	<u>1,580</u>	<u>292</u>	<u>-</u>	<u>12,890</u>
Depreciation and amortization	\$ <u>1,666,316</u>	<u>26,157</u>	<u>7,731</u>	<u>1,465</u>	<u>1,701,669</u>
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ <u>(632)</u>	<u>(188,533)</u>	<u>3,451</u>	<u>-</u>	<u>(185,714)</u>
Reportable segment profit or loss	\$ <u>1,332,817</u>	<u>(67,534)</u>	<u>(46,106)</u>	<u>(1,465)</u>	<u>1,217,712</u>
Assets:					
Capital expenditures in noncurrent assets	\$ <u>1,674,445</u>	<u>902,606</u>	<u>2,871</u>	<u>-</u>	<u>2,579,922</u>

For the three months and six months ended June 30, 2020 and 2019, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$(2,969) thousand, \$81,704 thousand, \$23,194 thousand and \$(25,903) thousand, respectively.

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Schedule A Guarantees and endorsements for other parties:

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	15,298,027	489,304	489,304	-	-	1.60%	Net equity 50% 15,298,027	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	15,298,027	1,087,339	1,087,339	888,900	-	3.55%	Net equity 50% 15,298,027	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	15,298,027	1,631,009	1,631,009	-	-	5.33%	Net equity 50% 15,298,027	Y	-	Y
0	"	Jiangsu Win Shine Agriculture Development Co., Ltd. (Note 6)	2	15,298,027	543,670	543,670	-	-	1.78%	Net equity 50% 15,298,027	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	15,298,027	1,087,339	1,087,339	592,600	-	3.55%	Net equity 50% 15,298,027	Y	-	Y
0	"	Jiangsu Win Chance Agriculture Development Co., Ltd. (Note 7)	2	15,298,027	1,087,339	1,087,339	-	-	3.55%	Net equity 50% 15,298,027	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	1,845,630 (USD 62,289)	217,781 (USD 7,350)	217,781 (USD 7,350)	195,030 (USD 6,582)	-	3.54%	Net equity 50% 3,076,050	-	-	Y

Note 1: Company numbering as follows:

Issuer—0

Investee starts from 1

Note 2: Relationship with the Company

1. Ordinary business relationship.

2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.

3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.

4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.

5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.

6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

Note 3: WIN Semiconductors Corp.'s operating procedures of guarantee were as follows:

1. The guarantees and endorsements limit provided by WIN Semiconductors Corp. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

2. The guarantees and endorsements limit provided by WIN Semiconductors Corp. and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

3. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., and Jiangsu Win Shine Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. and Jiangsu Win Chance Agriculture Development Co., Ltd. (collectively referred to as "the Borrower") had been approved a total maximum credit line of US\$200,000 thousand, wherein each Borrower was limited to the maximum loans of US\$27,000 thousand, US\$60,000 thousand, US\$90,000 thousand, US\$60,000 thousand, US\$60,000 thousand, respectively. The guarantee and endorsed counter-parties' highest balance and ending balance of guarantees and endorsements during the period are calculated according to the ratio of the each Borrower's credit line to total credit line and exchanged to NTD.

The guarantees and endorsements limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to a particular single party and to other parties should not exceed 30% and 50%, respectively, of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

Note 4: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD and RMB to USD for NTD 29.63 and USD 0.1414, respectively.

Note 5: Jiangsu Win Shine Agriculture Development Co., Ltd. was incorporated on April 4, 2019. As of June 30, 2020, the capital injection had not been made yet.

Note 6: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.

Note 7: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule B Securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the company	Account title	(In thousands of New Taiwan Dollars)			Remark
				Shares/Units (in thousands)	Ending balance Carrying value	Percentage of ownership (%)	
The Company	Advanced Wireless Semiconductor Company/Stock	None	Current financial assets at fair value through profit or loss	1,640	148,376	1.06	148,376
"	Yuanta Taiwan High-Yield Leading Company Fund(B)	"	"	10,000	107,000	-	107,000
WTN Venture Capital Corp.	Sercomm Corporation/Stock	"	"	662	51,702	0.27	51,702
"	Advanced Wireless Semiconductor Company/Stock	"	"	3,606	326,338	2.33	326,338
"	Allianz Global Investors Taiwan Money Market Fund	"	"	1,238	15,618	-	15,618
"	Capital Money Market Fund	"	"	311	5,053	-	5,053
WTN Chance Investment Corp.	Advanced Wireless Semiconductor Company/Stock	"	"	200	18,100	0.13	18,100
"	Allianz Global Investors Taiwan Money Market Fund	"	"	5,604	70,675	-	70,675
WTN Earn Investment Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	11,098	139,948	-	139,948
"	Capital Money Market Fund	"	"	9,248	150,160	-	150,160
				<u>1,032,970</u>			<u>1,032,970</u>
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	241,257	5.81	241,257
"	CDIB Capital Growth Partners L.P.	"	"	-	88,888	3.30	88,888
"	Fuh Hwa Oriental Fund	"	"	15,000	11,880	-	11,880
"	Fuh Hwa Smart Energy Fund	"	"	12,000	87,360	-	87,360
"	Leasun Winion L.P.	"	"	-	26,100	12.47	26,100
"	NFC Fund II L.P.	"	"	-	111,574	32.88	111,574
"	Foryou Venture Capital L.P.	"	"	-	11,880	5.77	11,880
"	Renaissance Capital Limited Partnership	"	"	-	100,000	12.82	100,000
				<u>678,939</u>			<u>678,939</u>
"	ITEQ Corporation/Stock	Other related parties	Non-current financial assets at fair value through other comprehensive income	28,624	4,222,042	8.60	4,222,042
"	Inventec Solar Energy Corporation/Stock	None	"	34,000	78,148	10.51	78,148
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	817	104,690	18.28	104,690
"	CDIB Capital Creative Industries Limited /Stock	"	"	3,667	35,860	3.33	35,860
"	New Future Capital Co., Ltd./Stock	"	"	10,000	88,900	15.87	88,900
"	Grand Fortune Venture Corp./Stock	"	"	5,000	52,000	6.87	52,000
"	NFC I Renewable Power Co., Ltd./Stock	"	"	7,500	75,000	15.00	75,000
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	701,364	0.02	701,364
"	Anokwave Inc./Series B Preferred Stock	"	"	1,264	240,188	7.93	240,188
WTN Venture Capital Corp.	MOAI Electronics Corporation/Stock	None	"	90	-	0.29	-
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-
"	Winresp INC./Stock	"	"	2,500	40,392	18.26	40,392
WTN Chance Investment Corp.	ITEQ Corporation/Stock	Other related parties	"	1,872	276,090	0.56	276,090
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Formosa Fortune Group Cayman Islands Co., Ltd./Stock	None	"	12	22,815	4.78	22,815
				<u>5,937,489</u>			<u>5,937,489</u>

Note: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of June 30, 2020, the company is still within the period of liquidation.

WIN Semiconductors Corp. and Subsidiaries
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Schedule C. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid in capital.

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales			Ending		
					Shares (in thousands)	Percentage of ownership (%)	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	ITEQ Corporation Stock	Non-current financial assets at fair value through other comprehensive income	-	Other related parties	24,670	796.413	3,954	434,974	-	-	-	-	28,624	4,222,042 (Note1)
"	Win Semiconductors Cayman Islands Co., Ltd./Stock	Investments accounted for using equity method	-	Subsidiary	167,000	5,135,146	50,000	1,487,000	-	-	-	-	217,000	6,502,547 (Note2)
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	"	-	Investment through subsidiary	85,054	5,219,959	25,000	1,481,500	-	-	-	-	110,054	5,465,178 (Note2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	"	-	"	-	1,55,300	-	453,450	-	-	-	-	-	589,546 (Note2)
"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	"	-	"	-	1,363,751	-	326,320	-	-	-	-	-	1,462,355 (Note2)

Note 1: The amount of ending balance included unrealized gains (losses) on financial assets.

Note 2: The amount of ending balance was calculated using the equity method. The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

Schedule D. Information on acquisition of real estate with purchase amount exceeding the lower of NT\$300 million or 20% of the Company's paid in capital.

Name of company	Name of Property	Transaction Date	Transaction amount	Status of payment	Counter party	Relationship with the company	If the counter party is a related party, disclose the previous transfer information			References for determining price	Others	
							Owner	Relationship with the company	Date of transfer			Amount
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Factory buildings	2018/10/25	(RMB 617,213) (RMB 138,575)	As of June 30, 2020, the price paid \$551,556 thousand (RMB 131,646 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Factory buildings	2018/11/20	(RMB 772,168) (RMB 173,365)	As of June 30, 2020, the price paid \$612,853 thousand (RMB 146,277 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Win Yield Agriculture Development Co., Ltd.	Factory buildings	2020/1/10	(RMB 1,482,045) (RMB 342,511)	As of June 30, 2020, the price paid \$311,141 thousand (RMB 122,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule E. Information on investments:

The following is the information on investees for the six months ended June 30, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	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%	(2,994)	(3,401)	(Note 1)	
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	6,622,146	5,135,146	217,000	100.00%	6,502,547	(140,027)	(Note 1)	
"	WIN Venture Capital Corp.	Taiwan	Investment activities	500,000	500,000	50,000	100.00%	494,476	31,901	(Note 1)	
"	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high density gene chips and testing service	604,150	604,150	44,650	54.48%	449,791	(58,205)	(Note 1)	
"	WIN Chance Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	364,910	4,752	(Note 1)	
"	WIN Earn Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	290,112	146	(Note 1)	
WIN Venture Capital Corp.	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high density gene chips and testing service	39,600	39,600	3,600	4.39%	54,461	(58,205)	(Note 1)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	58,765	(Note 2)		
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	6,701,459	5,219,959	110,054	86.78%	5,465,178	(132,033)	(Note 1)	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	"	Investment activities	180,120	-	6,000	100.00%	173,833	(4,029)	(Note 1)	
"	Win Lux Biotech (Cayman Islands) Co., Ltd.	"	Investment activities	15,010	-	500	100.00%	14,665	(229)	(Note 1)	
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	8,784	8,784	-	100.00%	5,619	(2,067)	(Note 1)	
"	PhalanxBio, Inc.	USA	Selling of high density gene chip and test service	208,110	208,110	2,550	100.00%	(829)	757	(Note 1)	

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

Note 2: The shares of profits (losses) of the investee company is not reflected herein as such amount is already included in the share of profits (losses) of the investor company.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule F Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid in capita	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 3)(Note 5)	Carrying value at the end of this year (Note 4)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow							
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	1,690,071 (RMB)	(Note 1)	1,309,536 (USD)	326,320 (USD)	-	1,635,856 (USD)	(65,026) (USD)	86.78%	(65,026) (USD)	1,462,355 (USD)	-	(Note 9)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	942,839 (USD)	(Note 1)	653,305 (USD)	266,670 (USD)	-	919,975 (USD)	(16,950) (USD)	86.78%	(16,950) (USD)	857,724 (USD)	-	(Note 9)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,710,498 (USD)	(Note 1)	21,046 (USD)	9,000 (USD)	-	30,046 (USD)	(563) (USD)	42.52%	(563) (USD)	28,948 (USD)	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	466,944 (USD)	(Note 1)	30,905 (USD)	-	-	30,905 (USD)	1,054 (USD)	86.78%	516 (USD)	475,250 (USD)	-	(Note 8)
Jiangsu Merit/Cofojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	15,200 (RMB)	(Note 1)	149,664 (USD)	-	-	149,664 (USD)	-	-	(100) (USD)	14,465 (USD)	-	(Note 7)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 (RMB)	(Note 1)	41,009 (USD)	-	-	41,009 (USD)	(399) (USD)	86.78%	(399) (USD)	53,322 (USD)	-	(Note 9)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	608,750 (USD)	(Note 1)	1,335 (USD)	453,450 (USD)	-	608,750 (USD)	180 (USD)	86.78%	180 (USD)	589,546 (USD)	-	(Note 9)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	20,000 (RMB)	(Note 2)	5,000 (USD)	15,000 (USD)	-	20,000 (USD)	8,784 (RMB)	58.87%	(2,067) (RMB)	19,897 (RMB)	-	(Note 9)

(ii) Limitation on investment in Mainland China:

Investor Company Name	Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment (Note 6)
	Accumulated Investment in Mainland China at the end (Note 7)	Investment	
The Company and subsidiaries	4,823,912 (USD)	4,868,480 (USD)	18,923,860 (USD)

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

Note 2: The Group invested in Mainland China companies through Phalanx Biotech Limited, which is established in a third region.

Note 3: The amount of net income (losses) was recognized based on the reviewed financial statements of the investee companies.

Note 4: Carrying value as of June 30, 2020 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 5: Investment income (losses) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to June 30, 2020.

Note 6: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

Note 7: Jiangsu Merit/Cofojoycome Agriculture Development Co., Ltd. had been liquidated on January 25, 2019. However, according to the regulation of Investment Commission the remittance to Mainland China amounting to US\$4,872 thousand (NT\$149,664 thousand) was included in the accumulated investment account.

Note 8: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.

Note 9: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: None

Schedule G Information on major shareholders:

Shareholder's Name	Shares	
	(In shares)	Percentage
Tien Ho Industrial Co., Ltd.	21,706,330	5.11%