

**WIN SEMICONDUCTORS CORP.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 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.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~49
(7) Related-party transactions	49~51
(8) Pledged assets	51
(9) Commitments and contingencies	52
(10) Losses due to major disasters	52
(11) Subsequent events	52
(12) Other	53
(13) Other disclosures	
(a) Information on significant transactions	57~59
(b) Information on investments	60
(c) Information on investment in Mainland China	61
(d) Information on major shareholders	61
(14) Segment information	54~56



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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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the changes in equity and cash flows for the nine months ended September 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 \$57,391 thousand and \$100,827 thousand as of September 30, 2020 and 2019, respectively; and the shares of gains (losses) of associates and joint ventures accounted for using the equity method of \$(327) thousand, \$(1,703) thousand, \$(931) thousand and \$1,116 thousand for the three months and nine months ended September 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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 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)  
November 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 the generally accepted auditing standards as of September 30, 2020 and 2019**

**WIN Semiconductors Corp. and Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2020, December 31, and September 30, 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2020		December 31, 2019		September 30, 2019		Liabilities and Equity		September 30, 2020		December 31, 2019		September 30, 2019	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 6,708,999	13	5,926,473	14	4,993,252	12	2130	Current contract liabilities (Note 6(w))	\$ 264,021	1	260,426	1	185,768	1
1110	Current financial assets at fair value through profit or loss (Note 6(b))	1,098,038	2	506,849	1	720,476	2	2170	Notes and accounts payable	1,821,083	4	1,826,214	4	1,753,748	4
1170	Notes and accounts receivable, net (Notes 6(c) and 6(w))	1,761,649	4	2,406,673	6	2,219,930	5	2200	Other payables (Note 6(x))	3,399,174	7	3,657,585	9	2,809,030	7
1310	Inventories (Note 6(e))	5,548,514	11	4,389,156	10	4,364,423	11	2280	Current lease liabilities (Notes 6(p) and 6(ac))	83,443	-	68,740	-	75,596	-
1400	Current biological assets (Note 6(f))	472,439	1	21,923	-	28,365	-	2399	Other current liabilities (Notes 6(ac) and 7)	180,827	-	162,735	-	146,551	-
1470	Other current assets (Notes 6(d) and 6(m))	465,333	1	399,076	1	265,181	1		<b>Total current liabilities</b>	5,748,548	12	5,975,700	14	4,970,693	12
	<b>Total current assets</b>	16,054,972	32	13,650,150	32	12,591,627	31		<b>Non-current liabilities:</b>						
	<b>Non-current assets:</b>							2540	Long-term borrowings (Notes 6(o), 6(ac) and 8)	10,432,675	21	5,788,125	14	6,520,520	16
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	709,218	1	565,804	1	695,840	2	2580	Non-current lease liabilities (Notes 6(p) and 6(ac))	357,452	1	300,587	1	306,104	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	6,031,309	12	4,556,205	11	4,911,873	12	2600	Other non-current liabilities (Notes 6(ac) and 7)	224,224	-	222,158	-	226,196	1
1550	Investments accounted for using equity method (Note 6(g))	618,514	1	532,591	1	583,398	2		<b>Total non-current liabilities</b>	11,014,351	22	6,310,870	15	7,052,820	18
1600	Property, plant and equipment (Notes 6(i), 6(j), 7 and 8)	21,055,724	42	17,866,310	43	17,569,406	43		<b>Total liabilities</b>	16,762,899	34	12,286,570	29	12,023,513	30
1755	Right-of-use assets (Note 6(j))	515,354	1	442,348	1	451,126	1		<b>Equity (Notes 6(b), 6(h), 6(t) and 6(u)):</b>						
1760	Investment property (Notes 6(k) and 8)	1,385,875	3	1,401,155	3	1,406,248	4	3110	Ordinary shares	4,240,564	8	4,240,564	10	4,240,564	10
1780	Intangible assets (Notes 6(l) and 7)	747,489	2	577,454	2	543,053	1	3200	Capital surplus	9,268,720	19	9,244,308	22	9,249,412	23
1830	Non-current biological assets (Note 6(f))	126,611	-	10,066	-	9,312	-	3300	Retained earnings	15,693,380	31	13,399,189	32	11,643,096	29
1840	Deferred tax assets	213,283	1	235,826	1	197,943	-	3400	Other equity	2,797,826	6	2,773,407	7	3,293,703	8
1915	Prepayments for business facilities (Note 7)	2,072,508	4	2,137,914	5	1,456,163	4		<b>Total equity attributable to owners of parent</b>	32,000,490	64	29,657,468	71	28,426,775	70
1990	Other non-current assets (Notes 6(m), 7 and 8)	169,748	1	150,279	-	164,076	-	36XX	Non-controlling interests	937,216	2	182,064	-	129,777	-
	<b>Total non-current assets</b>	33,645,633	68	28,475,952	68	27,988,438	69		<b>Total equity</b>	32,937,706	66	29,839,532	71	28,556,552	70
	<b>Total assets</b>	\$ 49,700,605	100	42,126,102	100	40,580,065	100		<b>Total liabilities and equity</b>	\$ 49,700,605	100	42,126,102	100	40,580,065	100

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 Comprehensive Income**

**For the three months and nine months ended September 30, 2020 and 2019**

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

	For the three months ended September 30				For the nine months ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (Notes 6(g) and 6(w))</b>								
	\$ 6,566,378	100	6,403,619	100	18,685,125	100	14,474,088	100	
5000	<b>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)</b>								
	<u>(3,715,312)</u>	<u>(57)</u>	<u>(3,710,845)</u>	<u>(58)</u>	<u>(10,515,830)</u>	<u>(56)</u>	<u>(9,365,453)</u>	<u>(65)</u>	
	<b>Gross profit from operating</b>								
	<u>2,851,066</u>	<u>43</u>	<u>2,692,774</u>	<u>42</u>	<u>8,169,295</u>	<u>44</u>	<u>5,108,635</u>	<u>35</u>	
	<b>Operating expenses (Notes 6(c), 6(i), 6(j), 6(l), 6(p), 6(r), 6(u), 6(x), 7 and 12):</b>								
6100	Selling expenses	(81,279)	(1)	(84,634)	(2)	(245,594)	(1)	(243,572)	(2)
6200	Administrative expenses	(347,302)	(5)	(324,154)	(5)	(966,424)	(5)	(801,689)	(5)
6300	Research and development expenses	(276,187)	(4)	(272,713)	(4)	(839,534)	(5)	(831,268)	(6)
6450	Gains (losses) on expected credit impairment	17	-	781	-	(68)	-	(2,340)	-
	<b>Total operating expenses</b>	<u>(704,751)</u>	<u>(10)</u>	<u>(680,720)</u>	<u>(11)</u>	<u>(2,051,620)</u>	<u>(11)</u>	<u>(1,878,869)</u>	<u>(13)</u>
	<b>Net operating income</b>	<u>2,146,315</u>	<u>33</u>	<u>2,012,054</u>	<u>31</u>	<u>6,117,675</u>	<u>33</u>	<u>3,229,766</u>	<u>22</u>
	<b>Non-operating income and expenses (Notes 6(b), 6(g), 6(i), 6(p), 6(y) and 7):</b>								
7100	Interest income	4,164	-	13,916	-	25,665	-	49,556	-
7010	Other income	164,989	3	106,875	2	209,240	1	178,288	2
7020	Other gains and losses	23,752	-	(127,159)	(2)	2,396	-	(58,060)	(1)
7050	Finance costs	(24,959)	-	(16,513)	-	(61,412)	-	(29,403)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	76,553	1	(6,439)	-	91,804	-	(195,604)	(1)
	<b>Total non-operating income and expenses</b>	<u>244,499</u>	<u>4</u>	<u>(29,320)</u>	<u>-</u>	<u>267,693</u>	<u>1</u>	<u>(55,223)</u>	<u>-</u>
7900	<b>Profit before tax</b>	2,390,814	37	1,982,734	31	6,385,368	34	3,174,543	22
7950	<b>Tax expense (Note 6(s))</b>	<u>(423,371)</u>	<u>(7)</u>	<u>(346,018)</u>	<u>(5)</u>	<u>(1,192,260)</u>	<u>(6)</u>	<u>(613,430)</u>	<u>(4)</u>
	<b>Profit</b>	<u>1,967,443</u>	<u>30</u>	<u>1,636,716</u>	<u>26</u>	<u>5,193,108</u>	<u>28</u>	<u>2,561,113</u>	<u>18</u>
8300	<b>Other comprehensive income:</b>								
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss (Note 6(t))</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(620,956)	(9)	1,146,949	18	82,421	-	2,571,678	18
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>(620,956)</u>	<u>(9)</u>	<u>1,146,949</u>	<u>18</u>	<u>82,421</u>	<u>-</u>	<u>2,571,678</u>	<u>18</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(t))</b>								
8361	Exchange differences on translation of foreign financial statements	11,429	-	(104,215)	(2)	(81,977)	-	(57,741)	(1)
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	19,264	-	(11,630)	-	12,444	-	(8,480)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>30,693</u>	<u>-</u>	<u>(115,845)</u>	<u>(2)</u>	<u>(69,533)</u>	<u>-</u>	<u>(66,221)</u>	<u>(1)</u>
8300	<b>Other comprehensive income, net</b>	<u>(590,263)</u>	<u>(9)</u>	<u>1,031,104</u>	<u>16</u>	<u>12,888</u>	<u>-</u>	<u>2,505,457</u>	<u>17</u>
8500	<b>Total comprehensive income</b>	<u>\$ 1,377,180</u>	<u>21</u>	<u>2,667,820</u>	<u>42</u>	<u>5,205,996</u>	<u>28</u>	<u>5,066,570</u>	<u>35</u>
	<b>Profit (loss) attributable to:</b>								
8610	Profit attributable to owners of parent	\$ 1,978,942	30	1,649,955	26	5,233,206	28	2,612,583	18
8620	Profit (losses) attributable to non-controlling interests	<u>(11,499)</u>	<u>-</u>	<u>(13,239)</u>	<u>-</u>	<u>(40,098)</u>	<u>-</u>	<u>(51,470)</u>	<u>-</u>
		<u>\$ 1,967,443</u>	<u>30</u>	<u>1,636,716</u>	<u>26</u>	<u>5,193,108</u>	<u>28</u>	<u>2,561,113</u>	<u>18</u>
	<b>Comprehensive income (loss) attributable to:</b>								
8710	Comprehensive income, attributable to owners of parent	\$ 1,383,932	21	2,686,678	42	5,239,111	28	5,122,899	35
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>(6,752)</u>	<u>-</u>	<u>(18,858)</u>	<u>-</u>	<u>(33,115)</u>	<u>-</u>	<u>(56,329)</u>	<u>-</u>
		<u>\$ 1,377,180</u>	<u>21</u>	<u>2,667,820</u>	<u>42</u>	<u>5,205,996</u>	<u>28</u>	<u>5,066,570</u>	<u>35</u>
	<b>Earnings per common share (expressed in New Taiwan dollars) (Note 6(v))</b>								
9750	Basic earnings per share	<u>\$ 4.68</u>		<u>3.90</u>		<u>12.38</u>		<u>6.18</u>	
9850	Diluted earnings per share	<u>\$ 4.65</u>		<u>3.89</u>		<u>12.29</u>		<u>6.16</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**WIN Semiconductors Corp. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the nine months ended September 30, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity interests			Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings							
<b>Balance at January 1, 2019</b>	\$ 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	224,678	25,604,385
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	312,446	(312,446)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,118,972)	(2,118,972)	-	-	-	-	(2,118,972)	-	(2,118,972)
	-	-	312,446	(2,431,418)	(2,118,972)	-	-	-	-	(2,118,972)	-	(2,118,972)
Profit (losses) for the nine months ended September 30, 2019	-	-	-	2,612,583	2,612,583	-	-	-	-	2,612,583	(51,470)	2,561,113
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	(61,362)	2,571,678	-	2,510,316	2,510,316	(4,859)	2,505,457
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	2,612,583	2,612,583	(61,362)	2,571,678	-	2,510,316	5,122,899	(56,329)	5,066,570
Changes in ownership interest in subsidiaries	-	-	-	(12,198)	(12,198)	-	-	-	-	(12,198)	-	(12,198)
Changes in equity of associates and joint ventures accounted for using equity method	-	8	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	53,228	53,228	53,228	-	53,228
Purchase and retirement of restricted shares of stock for employees	(200)	200	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of subsidiary	-	2,103	-	-	-	-	-	-	-	2,103	2,497	4,600
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(16,641)	(16,641)	-	16,641	-	16,641	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(41,069)	(41,069)
<b>Balance at September 30, 2019</b>	\$ 4,240,564	9,249,412	2,068,260	9,574,836	11,643,096	(97,562)	3,546,709	(155,444)	3,293,703	28,426,775	129,777	28,556,552
<b>Balance at January 1, 2020</b>	\$ 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	182,064	29,839,532
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	447,440	(447,440)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,968,394)	(2,968,394)	-	-	-	-	(2,968,394)	-	(2,968,394)
	-	-	447,440	(3,415,834)	(2,968,394)	-	-	-	-	(2,968,394)	-	(2,968,394)
Profit (losses) for the nine months ended September 30, 2020	-	-	-	5,233,206	5,233,206	-	-	-	-	5,233,206	(40,098)	5,193,108
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(76,516)	82,421	-	5,905	5,905	6,983	12,888
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	5,233,206	5,233,206	(76,516)	82,421	-	5,905	5,239,111	(33,115)	5,205,996
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 due to demission	-	10,806	-	-	-	-	-	(10,806)	(10,806)	-	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	8	8	-	-	58,691	58,691	58,699	-	58,699
Stock option compensation cost of subsidiary	-	1,097	-	-	-	-	-	-	-	1,097	767	1,864
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	-	-	-	-	-	-	-	-	-	-	787,500	787,500
<b>Balance at September 30, 2020</b>	\$ 4,240,564	9,268,720	2,515,700	13,177,680	15,693,380	(255,966)	3,142,936	(89,144)	2,797,826	32,000,490	937,216	32,937,706

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 nine months ended September 30, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 6,385,368	3,174,543
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,644,860	2,477,128
Amortization expense	76,559	48,905
Losses on expected credit impairment	68	2,340
Net gains on financial assets or liabilities at fair value through profit or loss	(78,498)	(86,139)
Interest expense	61,412	29,403
Interest income	(25,665)	(49,556)
Dividend income	(190,545)	(115,772)
Share-based payments	60,563	57,828
Shares of (profits) losses of associates and joint ventures accounted for using equity method	(90,873)	193,553
Losses on disposal of property, plant and equipment	3,607	289,249
Gains on disposal of investments	-	(52,110)
Prepayments for business facilities transferred to expenses	266	-
Changes in biological assets at fair value	-	(52)
Unrealized foreign exchange losses (gains)	(42,978)	7,772
Losses on lease modification	-	3,773
<b>Total adjustments to reconcile profit (loss)</b>	<b>2,418,776</b>	<b>2,806,322</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in financial assets at fair value through profit or loss	(392,734)	(249,993)
Decrease (increase) in notes and accounts receivable	644,993	(799,791)
Increase in inventories	(1,163,733)	(462,132)
(Increase) decrease in biological assets	(570,317)	84,149
(Increase) decrease in other current assets	(65,316)	58,706
<b>Total changes in operating assets</b>	<b>(1,547,107)</b>	<b>(1,369,061)</b>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities	3,595	73,074
(Decrease) increase in notes and accounts payable	(5,131)	660,674
(Decrease) increase in other payables	(233,275)	44,960
Increase in other current liabilities	20,506	8,151
Increase in other non-current liabilities	743	2,105
<b>Total changes in operating liabilities</b>	<b>(213,562)</b>	<b>788,964</b>
<b>Total changes in operating assets and liabilities</b>	<b>(1,760,669)</b>	<b>(580,097)</b>
<b>Cash inflow generated from operations</b>	<b>7,043,475</b>	<b>5,400,768</b>
Dividends received	37,569	3,091
Income taxes paid	(1,297,179)	(376,944)
<b>Net cash flows from operating activities</b>	<b>5,783,865</b>	<b>5,026,915</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,432,183)	(7,076)
Proceeds from disposal of financial assets at fair value through other comprehensive income	30,285	17,273
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,667	6,667
Proceeds from disposal of non-current financial assets at amortized cost	-	29,900
Acquisition of financial assets at fair value through profit or loss	(293,513)	(423,162)
Proceeds from disposal of financial assets at fair value through profit or loss	32,666	306,706
Acquisition of investments accounted for using equity method	-	(248,320)
Acquisition of property, plant and equipment	(4,005,461)	(2,922,307)
Proceeds from disposal of property, plant and equipment	1,119	38,086
Acquisition of intangible assets	(281,550)	(34,653)
Net cash outflows from business combination	-	(138,256)
Acquisition of right-of-use assets	-	(27,101)
Increase in other non-current assets	(37,130)	(72,095)
Increase in prepayments for business facilities	(1,545,327)	(682,741)
Interest received	24,657	51,016
Dividends received	150,452	106,512
<b>Net cash flows used in investing activities</b>	<b>(7,349,318)</b>	<b>(3,999,551)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term debt	7,301,803	4,272,765
Repayments of long-term debt	(2,632,500)	(3,556,800)
Decrease in guarantee deposits received	(1,091)	(14,729)
Repayments of lease liabilities	(72,439)	(56,420)
Cash dividends paid	(2,968,394)	(2,118,972)
Interest paid	(29,647)	(16,581)
Changes in non-controlling interests	800,009	2,072
<b>Net cash flows from (used in) financing activities</b>	<b>2,397,741</b>	<b>(1,488,665)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(49,762)</b>	<b>(7,620)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>782,526</b>	<b>(468,921)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,926,473</b>	<b>5,462,173</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 6,708,999</b>	<b>4,993,252</b>

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**

**September 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 November 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.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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.

- (b) The impact of IFRS issued by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

(Continued)

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

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

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

As of the date, the following IFRSs that have been issued by the 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 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

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.

(Continued)

## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

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.

#### (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
			September 30, 2020	December 31, 2019	September 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 %	96.30 %	(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 %	-	-	
Chainwin Cayman	Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	100.00 %	-	-	

(Continued)

## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
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.

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 nine months ended September 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.

(Continued)

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the 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.

Except for the following, 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.

The accounting policies involved significant judgments and the information that have significant effect in the consolidated financial statements as follows:

(a) Judgment of whether the Group has substantive control over its investee

The Group holds 49% of the outstanding voting shares of Rainbow Star Group Limited and is the single largest shareholder of the investee. The remaining 51% of Rainbow Star Group Limited’s shares are concentrated within specific shareholders, and therefore the Group cannot obtain more than half of the total number of Rainbow Star Group Limited directors, and it also cannot obtain more than half of the voting rights at a shareholders’ meeting. As a result, it is determined that the Group has significant influence but not control over Rainbow Star Group Limited.

**(6) Explanation of significant accounts:**

Except for the following disclosure, the significant account disclosure in the consolidated financial statements for the nine months ended September 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>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Cash on hand	\$ 459	500	504
Cash in bank	6,507,071	5,681,365	4,794,399
Time deposits	<u>201,469</u>	<u>244,608</u>	<u>198,349</u>
	<u>\$ 6,708,999</u>	<u>5,926,473</u>	<u>4,993,252</u>

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

(Continued)

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

## (b) Financial instruments

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
<b>Mandatorily measured at FVTPL:</b>			
Derivative instruments not used for hedging			
Foreign currency forward contracts	\$ -	-	299
Non-derivative financial assets			
Stock listed on domestic markets	241,438	206,359	424,143
Private fund (Note)	709,218	565,804	695,840
Equity funds and money market funds	<u>856,600</u>	<u>300,490</u>	<u>296,034</u>
<b>Total</b>	<b>\$ <u>1,807,256</u></b>	<b><u>1,072,653</u></b>	<b><u>1,416,316</u></b>
Current	\$ 1,098,038	506,849	720,476
Non-current	<u>709,218</u>	<u>565,804</u>	<u>695,840</u>
	<b>\$ <u>1,807,256</u></b>	<b><u>1,072,653</u></b>	<b><u>1,416,316</u></b>

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

The Group holds derivative financial instruments to hedge certain foreign exchange the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

Foreign currency forward contracts:

	<u>September 30, 2019</u>		
	<u>Amount</u> <u>(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange contracts	<u>HKD\$7,600</u>	HKD Put/NTD Call	2019/10/8

For the three months and nine months ended September 30, 2020 and 2019, the gains on derivative settlement, amounting to \$0 thousand, \$264 thousand, \$4,259 thousand and \$264 thousand, respectively, were recognized as other gains and losses.

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.

(Continued)

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

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

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
Stocks listed on domestic markets	\$ 4,169,529	3,145,387	3,649,021
Stocks listed on US markets	795,128	710,571	642,691
Non-public stocks	1,066,652	700,247	620,161
	<b>\$ 6,031,309</b>	<b>4,556,205</b>	<b>4,911,873</b>

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

For the nine months ended September 30, 2020, due to the redemption of preferred shares, the Group disposed the equity investments 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.

For the nine months ended September 30, 2019, due to liquidation of investee or return of capital contributions, the Group disposed the equity investments at fair value through other comprehensive income, with a fair value of \$17,273 thousand; upon derecognition, the loss of disposal, accumulated in other equity, amounting to \$16,641 thousand was transferred to retained earnings.

- (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:

<b>Prices of securities at the reporting date</b>	<b>For the nine months ended</b>		<b>For the nine months ended</b>	
	<b>September 30, 2020</b>		<b>September 30, 2019</b>	
	<b>After-tax other comprehensive income</b>	<b>After-tax profit (loss)</b>	<b>After-tax other comprehensive income</b>	<b>After-tax profit (loss)</b>
Increasing 3%	\$ <u>180,939</u>	<u>7,243</u>	<u>147,356</u>	<u>12,724</u>
Decreasing 3%	\$ <u>(180,939)</u>	<u>(7,243)</u>	<u>(147,356)</u>	<u>(12,724)</u>

- (iv) As of September 30, 2020, December 31 and September 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).

- (c) Notes and accounts receivable, net

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
Notes receivable	\$ 829	684	1,178
Accounts receivable	1,765,177	2,410,333	2,223,295
Less: loss allowance	<u>(4,357)</u>	<u>(4,344)</u>	<u>(4,543)</u>
	<b>\$ 1,761,649</b>	<b>2,406,673</b>	<b>2,219,930</b>

(Continued)

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

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:

	<b>September 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 1,563,862	0%	-
Past due 1~60 days	192,974	0%	-
Past due 61~120 days	1,033	0%	-
Past due 121~180 days	-	21.28%~36.46%	-
Past due more than 181 days	-	100%	-
	<b><u>\$ 1,757,869</u></b>		<b><u>-</u></b>
	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
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	-	100%	-
	<b><u>\$ 2,401,924</u></b>		<b><u>-</u></b>

(Continued)



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

	<b>September 30, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 2,028,656	0%	-
Past due 1~60 days	185,925	0%	-
Past due 61~120 days	2	0%	-
Past due 121~180 days	-	21.28%~36.46%	-
Past due more than 181 days	-	100%	-
	<b>\$ 2,214,583</b>		<b>-</b>

(ii) The segment of gene chip testing service:

	<b>September 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 2,987	0.68%~9.40%	25
Past due 1~60 days	557	6.02%~48.02%	38
Past due 61~120 days	375	11.61%~64.34%	85
Past due 121~180 days	18	47.37%~86.11%	9
Past due more than 181 days	4,200	100%	4,200
	<b>\$ 8,137</b>		<b>4,357</b>

	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
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
	<b>\$ 9,093</b>		<b>4,344</b>

(Continued)

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

	<b>September 30, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 4,357	0.68%~11.38%	98
Past due 1~60 days	685	5.66%~39.20%	92
Past due 61~120 days	160	11.71%~45.21%	67
Past due 121~180 days	1,439	40.68%~72.22%	1,037
Past due more than 181 days	3,249	100%	3,249
	<b>\$ 9,890</b>		<b>4,543</b>

The movements of loss allowance were as follows:

	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Beginning balance	\$ 4,344	2,317
Impairment loss recognized, net	68	2,340
Amount written off	(18)	-
Effect of changes in foreign exchange rates	(37)	(114)
Ending balance	<b>\$ 4,357</b>	<b>4,543</b>

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

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Other receivables	\$ 32,508	50,517	56,912
Less: loss allowance	-	-	-
	<b>\$ 32,508</b>	<b>50,517</b>	<b>56,912</b>

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

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

(Continued)

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

## (e) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials, supplies and spare parts	\$ 3,253,581	2,881,948	2,772,122
Work in process	1,229,235	1,130,127	1,035,584
Finished goods	1,065,698	377,081	556,717
	<u>\$ 5,548,514</u>	<u>4,389,156</u>	<u>4,364,423</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:

	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Losses on valuation of inventories and obsolescence	\$ <u>1,316</u>	<u>17,430</u>	<u>76,360</u>	<u>28,663</u>
Unallocated overheads	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>67,129</u>
Scraps income	\$ <u>(7,266)</u>	<u>(7,711)</u>	<u>(20,141)</u>	<u>(20,468)</u>
Losses (gains) on physical inventory count	\$ <u>(103)</u>	<u>69</u>	<u>(40)</u>	<u>67</u>

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

## (f) Biological assets

## (i) List of biological assets:

	September 30, 2020	December 31, 2019	September 30, 2019
Consumable biological assets	\$ <u>472,439</u>	<u>21,923</u>	<u>28,365</u>
Bearer biological assets	\$ <u>126,611</u>	<u>10,066</u>	<u>9,312</u>

(Continued)

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

(ii) Change in biological assets:

	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Beginning balance	\$ 31,989	134,348
Increase due to purchase	441,686	-
Input costs	168,079	287,133
Depreciation expenses	(3,504)	(8,806)
Decrease due to sales and disposals	(39,448)	(371,282)
Changes in fair value less costs to sell due to price changes	-	52
Effect of changes in foreign exchange rates	<u>248</u>	<u>(3,768)</u>
Ending balance	<u><b>\$ 599,050</b></u>	<u><b>37,677</b></u>
Current	\$ 472,439	28,365
Non-current	<u>126,611</u>	<u>9,312</u>
	<u><b>\$ 599,050</b></u>	<u><b>37,677</b></u>

For the nine months ended September 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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Farrows, hogs and breeders	<u><b>45,884</b></u>	<u><b>4,029</b></u>	<u><b>7,319</b></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 September 30, 2020, December 31 and September 30, 2019, the biological assets were not pledged.

(Continued)

**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:

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 618,514</u>	<u>532,591</u>	<u>583,398</u>

(i) Associates

In the third quarter of 2019, the Group subscribed the new shares contributed by Jiangsu CM/Chainwin Agriculture Development Co., Ltd. for \$248,320 thousand in cash

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

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

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

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 207,650	455,271	558,949
Non-current assets	1,607,885	1,274,357	1,207,463
Current liabilities	(342,618)	(475,061)	(406,061)
Non-current liabilities	(324,761)	(287,127)	(372,305)
Net assets	<u>\$ 1,148,156</u>	<u>967,440</u>	<u>988,046</u>

(Continued)

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

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Operating revenue	\$ <u>255,794</u>	<u>-</u>	<u>330,219</u>	<u>85,060</u>
Profit (losses) from continuing operations	\$ 156,231	(12,522)	187,355	(397,283)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 156,231</u>	<u>(12,522)</u>	<u>187,355</u>	<u>(397,283)</u>
			<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Shares of net assets of associates at the beginning			\$ 472,528	433,761
Profits (losses) attributable to the Group			91,804	(194,669)
Exchange differences on translation of foreign financial statements attributable to the Group			<u>12,444</u>	<u>(8,480)</u>
Shares of net assets of associates at the end			576,776	230,612
Add: Issuance of shares in cash			-	248,320
Effect of changes in foreign exchange rates			<u>(15,653)</u>	<u>3,639</u>
Carrying amount of equity of associates attributable to the Group			<u>\$ 561,123</u>	<u>482,571</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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Total equity of the individually insignificant investments in associates	<u>\$ 57,391</u>	<u>60,063</u>	<u>100,827</u>

(Continued)

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

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Attributable to the Group:				
Profit (losses)	\$ (327)	(1,703)	(931)	1,116
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ (327)</u>	<u>(1,703)</u>	<u>(931)</u>	<u>1,116</u>

(ii) Pledge to secure

As of September 30, 2020, December 31 and September 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 and August 19, 2019, the Group subscribed the new shares contributed by Chainwin Cayman for \$1,352,560 thousand and \$282,510 thousand in cash, respectively. Therefore, for the nine months ended September 30, 2019, the Group increased its ownership from 94.71% to 96.30%.

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

	<b>For the nine months ended September 30, 2019</b>
Carrying amount of interest on acquisition	\$ 1,622,872
Consideration paid	<u>(1,635,070)</u>
Retained earnings changes in ownership interests in subsidiaries	<u>\$ (12,198)</u>

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

(Continued)

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

(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
<b>Cost:</b>							
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	-	3,236	1,084,370	219,526	168,946	2,587,537	4,063,615
Reclassification (Note)	-	2,477	1,591,657	242,740	20,836	(151,644)	1,706,066
Disposals	-	(4,304)	(2,172,054)	(43,950)	(100,438)	-	(2,320,746)
Effect of changes in foreign exchange rates	-	(455)	(51)	(372)	(407)	(6,451)	(7,736)
Balance as of September 30, 2020	<u>\$ 2,546,534</u>	<u>2,441,124</u>	<u>21,504,604</u>	<u>6,135,267</u>	<u>626,705</u>	<u>4,653,800</u>	<u>37,908,034</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	-	66,255	702,119	245,651	72,407	1,836,165	2,922,597
Reclassification (Note)	-	185,684	1,707,832	632,573	11,589	(653,740)	1,883,938
Disposals	-	(418)	(2,499,628)	(52,280)	(75,586)	(2,865)	(2,630,777)
Effect of changes in foreign exchange rates	-	(1,576)	(161)	(1,341)	(1,352)	(60,339)	(64,769)
Balance as of September 30, 2019	<u>\$ 2,546,534</u>	<u>2,438,380</u>	<u>20,052,160</u>	<u>5,066,568</u>	<u>514,868</u>	<u>2,864,916</u>	<u>33,483,426</u>
<b>Accumulated depreciation:</b>							
Balance as of January 1, 2020	\$ -	799,279	12,925,067	2,576,431	299,748	-	16,600,525
Depreciation	-	93,968	1,979,838	365,229	129,139	-	2,568,174
Disposals	-	(4,268)	(2,167,364)	(43,950)	(100,438)	-	(2,316,020)
Effect of changes in foreign exchange rates	-	(85)	(20)	(131)	(133)	-	(369)
Balance as of September 30, 2020	<u>\$ -</u>	<u>888,894</u>	<u>12,737,521</u>	<u>2,897,579</u>	<u>328,316</u>	<u>-</u>	<u>16,852,310</u>
Balance as of January 1, 2019	\$ -	689,336	12,637,886	2,240,384	236,579	-	15,804,185
Depreciation	-	79,628	1,910,411	310,178	110,093	-	2,410,310
Disposals	-	(418)	(2,174,602)	(49,048)	(75,079)	-	(2,299,147)
Effect of changes in foreign exchange rates	-	(321)	(64)	(473)	(470)	-	(1,328)
Balance as of September 30, 2019	<u>\$ -</u>	<u>768,225</u>	<u>12,373,631</u>	<u>2,501,041</u>	<u>271,123</u>	<u>-</u>	<u>15,914,020</u>
<b>Carrying value:</b>							
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 September 30, 2020	<u>\$ 2,546,534</u>	<u>1,552,230</u>	<u>8,767,083</u>	<u>3,237,688</u>	<u>298,389</u>	<u>4,653,800</u>	<u>21,055,724</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 September 30, 2019	<u>\$ 2,546,534</u>	<u>1,670,155</u>	<u>7,678,529</u>	<u>2,565,527</u>	<u>243,745</u>	<u>2,864,916</u>	<u>17,569,406</u>

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

(i) Pledge to secure

As of September 30, 2020, December 31 and September 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.

(Continued)



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

(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 nine months ended September 30, 2020, the Group has constructed factories amounting to \$2,261,393 thousand, and has recognized as construction in progress. As of September 30, 2020, the total amount of the construction is \$4,103,770 thousand, and is recognized as construction in progress.

(iii) For the three months and nine months ended September 30, 2020 and 2019, capitalized interest expenses amounted to \$6,364 thousand, \$9,499 thousand, \$24,450 thousand and \$31,006 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.60%~0.72%, 1.15%~1.26%, 0.60%~2.28% 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>
<b>Cost:</b>				
Balance at January 1, 2020	\$ 391,749	103,892	11,025	506,666
Additions	77,760	52,857	4,999	135,616
Disposals	(45)	-	(1,177)	(1,222)
Effect of change in foreign exchange rates	(2,030)	733	-	(1,297)
Balance at September 30, 2020	<u>\$ 467,434</u>	<u>157,482</u>	<u>14,847</u>	<u>639,763</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application for IFRS 16	243,163	86,773	7,880	337,816
Additions	236,797	8,737	3,608	249,142
Disposals	(77,127)	-	-	(77,127)
Effect of change in foreign exchange rates	(11,999)	-	-	(11,999)
Balance at September 30, 2019	<u>\$ 390,834</u>	<u>95,510</u>	<u>11,488</u>	<u>497,832</u>
<b>Accumulated depreciation:</b>				
Balance at January 1, 2020	\$ 24,602	35,729	3,987	64,318
Depreciation (Note 1)	25,249	32,036	4,054	61,339
Disposals	-	-	(1,177)	(1,177)
Effect of change in foreign exchange rates	(86)	15	-	(71)
Balance at September 30, 2020	<u>\$ 49,765</u>	<u>67,780</u>	<u>6,864</u>	<u>124,409</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation (Note 2)	18,642	26,458	3,316	48,416
Disposals	(1,349)	-	-	(1,349)
Effect of change in foreign exchange rates	(361)	-	-	(361)
Balance at September 30, 2019	<u>\$ 16,932</u>	<u>26,458</u>	<u>3,316</u>	<u>46,706</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
<b>Carrying amount:</b>				
Balance at January 1, 2020	\$ <u>367,147</u>	<u>68,163</u>	<u>7,038</u>	<u>442,348</u>
Balance at September 30, 2020	\$ <u>417,669</u>	<u>89,702</u>	<u>7,983</u>	<u>515,354</u>
Balance at January 1, 2019	\$ -	-	-	-
Balance at September 30, 2019	\$ <u>373,902</u>	<u>69,052</u>	<u>8,172</u>	<u>451,126</u>

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$3,437 thousand.

Note 2: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$5,684 thousand.

(k) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<b>Carrying amount:</b>			
Balance as of January 1, 2020	\$ <u>963,127</u>	<u>438,028</u>	<u>1,401,155</u>
Balance as of September 30, 2020	\$ <u>963,127</u>	<u>422,748</u>	<u>1,385,875</u>
Balance as of January 1, 2019	\$ <u>963,127</u>	<u>458,401</u>	<u>1,421,528</u>
Balance as of September 30, 2019	\$ <u>963,127</u>	<u>443,121</u>	<u>1,406,248</u>
<b>Fair value:</b>			
Balance as of January 1, 2020			\$ <u>1,578,738</u>
Balance as of September 30, 2020			\$ <u>1,545,595</u>
Balance as of September 30, 2019			\$ <u>1,590,491</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of investment property for the nine months ended September 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 inherent 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.

(Continued)

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

As of September 30, 2020, December 31 and September 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Hsinchu	0.36%	0.31%	0.31%
Taoyuan	0.53%	0.34%	0.46%

As of September 30, 2020, December 31 and September 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.

(l) Intangible assets

	<u>Technical know-how</u>	<u>Computer software and information systems</u>	<u>Goodwill</u>	<u>Land use rights</u>	<u>Others</u>	<u>Total</u>
<b>Cost:</b>						
Balance as of January 1, 2020	\$ 49,280	188,418	443,002	-	22,628	703,328
Additions	-	231,346	-	-	4,379	235,725
Reclassification (Note 1)	-	17,778	-	-	-	17,778
Disposals	(125)	(971)	-	-	-	(1,096)
Effect of changes in foreign exchange rates	-	(3,374)	(3,647)	-	(605)	(7,626)
Balance as of September 30, 2020	<u>\$ 49,155</u>	<u>433,197</u>	<u>439,355</u>	<u>-</u>	<u>26,402</u>	<u>948,109</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	22,835	-	-	22	24,982
Reclassification (Note 2)	-	10,505	-	-	-	10,505
Disposals	-	(784)	-	-	-	(784)
Effect of changes in foreign exchange rates	-	17	1,326	-	220	1,563
Balance as of September 30, 2019	<u>\$ 48,130</u>	<u>183,444</u>	<u>447,394</u>	<u>-</u>	<u>25,870</u>	<u>704,838</u>
<b>Amortization:</b>						
Balance as of January 1, 2020	\$ 35,844	74,587	-	-	15,443	125,874
Amortization	3,509	68,602	-	-	4,448	76,559
Disposals	(125)	(971)	-	-	-	(1,096)
Effect of changes in foreign exchange rates	-	(230)	-	-	(487)	(717)
Balance as of September 30, 2020	<u>\$ 39,228</u>	<u>141,988</u>	<u>-</u>	<u>-</u>	<u>19,404</u>	<u>200,620</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	3,329	40,677	-	-	4,899	48,905
Disposals	-	(784)	-	-	-	(784)
Effect of changes in foreign exchange rates	-	26	-	-	105	131
Balance as of September 30, 2019	<u>\$ 34,638</u>	<u>109,801</u>	<u>-</u>	<u>-</u>	<u>17,346</u>	<u>161,785</u>
<b>Carrying value:</b>						
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 September 30, 2020	<u>\$ 9,927</u>	<u>291,209</u>	<u>439,355</u>	<u>-</u>	<u>6,998</u>	<u>747,489</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 September 30, 2019	<u>\$ 13,492</u>	<u>73,643</u>	<u>447,394</u>	<u>-</u>	<u>8,524</u>	<u>543,053</u>

(Continued)

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

Note 1: Prepayments for facilities and other current assets were reclassified as intangible assets.

Note 2: Other non-current assets were reclassified as intangible assets.

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

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Other receivables from metal recycling	\$ 432	16,489	23,900
Tax refund receivables	128,075	148,896	75,019
Prepayments to suppliers	81,182	-	4,703
Prepaid expenses	68,671	110,080	47,689
Restricted assets	43,172	41,580	40,151
Refundable deposits	65,177	51,358	64,753
Other receivables	32,076	34,028	33,012
Long-term prepaid intangible assets	55,872	51,813	53,645
Offset against business tax payable and input taxes	132,951	80,273	64,556
Others	27,473	14,838	21,829
	<u>\$ 635,081</u>	<u>549,355</u>	<u>429,257</u>

(n) Short-term borrowings

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Unused bank credit lines for short-term borrowings	<u>\$ 1,289,244</u>	<u>1,153,882</u>	<u>1,957,500</u>
Unused bank credit lines for short-term and long-term borrowings	<u>\$ 2,925,403</u>	<u>3,276,609</u>	<u>3,502,700</u>

(o) Long-term borrowings

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Secured long-term borrowings (in NTD)	\$ 750,000	1,620,000	2,032,800
Secured long-term syndicated borrowings (in USD)	2,713,575	562,125	267,720
Unsecured long-term borrowings (in NTD)	6,969,100	3,606,000	4,220,000
Less: long-term liabilities, current portion	-	-	-
Total	<u>\$ 10,432,675</u>	<u>5,788,125</u>	<u>6,520,520</u>
Unused bank credit lines for long-term borrowings	<u>\$ 11,066,668</u>	<u>9,221,400</u>	<u>6,878,600</u>
Annual interest rate	<u>0.25%~1.18%</u>	<u>0.98%~2.88%</u>	<u>1.02%~2.88%</u>
Expiry date	<u>2022/3/15~2025/8/16</u>	<u>2021/6/15~2025/8/16</u>	<u>2021/1/29~2025/8/16</u>

(Continued)

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

As of September 30, 2020, the remaining balances of the borrowing due were as follows:

<u>Year due</u>	<u>Amount</u>
October 1, 2021~September 30, 2022	\$ 4,194,575
October 1, 2022~September 30, 2023	2,156,400
October 1, 2023 and after	<u>4,081,700</u>
	<u><u>\$ 10,432,675</u></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.

- (p) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Current	\$ <u>83,443</u>	<u>68,740</u>	<u>75,596</u>
Non-current	\$ <u>357,452</u>	<u>300,587</u>	<u>306,104</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest expenses on lease liabilities	\$ <u>3,256</u>	<u>1,883</u>	<u>7,972</u>	<u>4,225</u>
Expenses relating to short-term leases	\$ <u>3,274</u>	<u>2,412</u>	<u>9,916</u>	<u>8,629</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>327</u>	<u>332</u>	<u>977</u>	<u>974</u>

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

	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Total cash outflow for leases	\$ <u>85,114</u>	<u>67,219</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.

(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 nine months ended September 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.

(Continued)

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

(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:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Operating costs	\$ -	-	-	-
Operating expenses	<u>467</u>	<u>902</u>	<u>1,400</u>	<u>2,708</u>
	<b><u>\$ 467</u></b>	<b><u>902</u></b>	<b><u>1,400</u></b>	<b><u>2,708</u></b>

(ii) Defined contribution plans

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

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Operating costs	\$ 22,716	20,268	66,979	56,534
Operating expenses	<u>6,463</u>	<u>5,452</u>	<u>17,757</u>	<u>16,337</u>
	<b><u>\$ 29,179</u></b>	<b><u>25,720</u></b>	<b><u>84,736</u></b>	<b><u>72,871</u></b>

(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 nine months ended September 30, 2020 and 2019, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$48 thousand, \$1,394 thousand, \$553 thousand and \$3,727 thousand, respectively.

(Continued)

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

## (s) Income tax

## (i) Income tax expense

The amount of income tax expense was as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Income tax expense	\$ <u>423,371</u>	<u>346,018</u>	<u>1,192,260</u>	<u>613,430</u>

(ii) There was no income tax expense recognized in other comprehensive income for the nine months ended September 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 September 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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
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	2,549	1,452	5,913
Restricted shares of stock issued for employees	222,627	211,821	211,821
	<u>\$ 9,268,720</u>	<u>9,244,308</u>	<u>9,249,412</u>

(Continued)



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

(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	<u>\$ 2,968,394</u>	<u>2,118,972</u>

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.

(Continued)



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

(u) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the nine months ended September 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 nine months ended September 30, 2020 and 2019, the Company recognized the compensation cost of \$20,138 thousand, \$18,415 thousand, \$58,699 thousand and \$53,228 thousand for the aforementioned RSA, respectively.

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

For the three months and nine months ended September 30, 2020 and 2019, the PBL recognized the compensation cost of \$621 thousand, \$1,534 thousand, \$1,864 thousand and \$4,600 thousand for the aforementioned ESOPs, respectively.

(v) Earnings per share (“EPS”)

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Basic earnings per share:				
Profit belonging to common shareholders	\$ <u>1,978,942</u>	<u>1,649,955</u>	<u>5,233,206</u>	<u>2,612,583</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>4.68</u>	<u>3.90</u>	<u>12.38</u>	<u>6.18</u>
Diluted earnings per share:				
Profit belonging to common shareholders	\$ <u>1,978,942</u>	<u>1,649,955</u>	<u>5,233,206</u>	<u>2,612,583</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)	1,511	779	1,984	1,150
Restricted employee shares (in thousands shares)	<u>1,104</u>	<u>756</u>	<u>1,086</u>	<u>593</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>425,281</u>	<u>424,201</u>	<u>425,736</u>	<u>424,409</u>
Diluted earnings per share (in dollars)	\$ <u>4.65</u>	<u>3.89</u>	<u>12.29</u>	<u>6.16</u>

(Continued)

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

## (w) Revenue from contracts with customers

## (i) Disaggregation of revenue

<b>For the three months ended September 30, 2020</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 4,306,935	16,956	401	4,324,292
Americas	1,438,728	-	7,147	1,445,875
Taiwan	433,591	-	83,539	517,130
Europe	279,081	-	-	279,081
	<b>\$ 6,458,335</b>	<b>16,956</b>	<b>91,087</b>	<b>6,566,378</b>
Main product/ services lines:				
Foundry	\$ 6,456,316	-	-	6,456,316
Others	2,019	16,956	91,087	110,062
	<b>\$ 6,458,335</b>	<b>16,956</b>	<b>91,087</b>	<b>6,566,378</b>
<b>For the three months ended September 30, 2019</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 4,222,389	237,605	1,543	4,461,537
Americas	1,117,029	-	-	1,117,029
Taiwan	578,006	-	29,866	607,872
Europe	217,181	-	-	217,181
	<b>\$ 6,134,605</b>	<b>237,605</b>	<b>31,409</b>	<b>6,403,619</b>
Main product/ services lines:				
Foundry	\$ 6,134,605	-	-	6,134,605
Others	-	237,605	31,409	269,014
	<b>\$ 6,134,605</b>	<b>237,605</b>	<b>31,409</b>	<b>6,403,619</b>

(Continued)

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

<b>For the nine months ended September 30, 2020</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 12,409,912	34,143	1,264	12,445,319
Americas	4,108,631	-	21,740	4,130,371
Taiwan	1,068,074	-	145,472	1,213,546
Europe	895,889	-	-	895,889
	<b>\$ 18,482,506</b>	<b>34,143</b>	<b>168,476</b>	<b>18,685,125</b>
Main product/ services lines:				
Foundry	\$ 18,480,259	-	-	18,480,259
Others	2,247	34,143	168,476	204,866
	<b>\$ 18,482,506</b>	<b>34,143</b>	<b>168,476</b>	<b>18,685,125</b>
<b>For the nine months ended September 30, 2019</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 9,405,052	422,286	5,186	9,832,524
Americas	2,572,598	-	-	2,572,598
Taiwan	1,298,586	-	55,695	1,354,281
Europe	714,685	-	-	714,685
	<b>\$ 13,990,921</b>	<b>422,286</b>	<b>60,881</b>	<b>14,474,088</b>
Main product/ services lines:				
Foundry	\$ 13,990,100	-	-	13,990,100
Others	821	422,286	60,881	483,988
	<b>\$ 13,990,921</b>	<b>422,286</b>	<b>60,881</b>	<b>14,474,088</b>

## (ii) Balance of contracts

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Notes receivable	\$ 829	684	1,178
Accounts receivable	1,765,177	2,410,333	2,223,295
Less: loss allowance	(4,357)	(4,344)	(4,543)
	<b>\$ 1,761,649</b>	<b>2,406,673</b>	<b>2,219,930</b>
Contract liabilities	<b>\$ 264,021</b>	<b>260,426</b>	<b>185,768</b>

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

(Continued)

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

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 nine months ended September 30, 2020 and 2019, that was included in the contract liabilities balance at the beginning of the period was \$233,716 thousand and \$89,999 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:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Employees' remuneration	\$ 165,900	134,600	433,000	217,000
Directors' remuneration	48,200	39,100	125,700	63,000
	<b><u>\$ 214,100</u></b>	<b><u>173,700</u></b>	<b><u>558,700</u></b>	<b><u>280,000</u></b>

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 nine months ended September 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.

(Continued)

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

## (y) Non-operating income and expenses

## (i) Interest income

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest income from bank deposits	\$ 4,161	13,911	25,630	49,309
Interest income from financial assets measured at amortized cost	-	-	-	205
Other interest income	<u>3</u>	<u>5</u>	<u>35</u>	<u>42</u>
Total	<u>\$ 4,164</u>	<u>13,916</u>	<u>25,665</u>	<u>49,556</u>

## (ii) Other income

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Dividend income	\$ 146,480	86,213	152,976	112,681
Rent income	<u>18,509</u>	<u>20,662</u>	<u>56,264</u>	<u>65,607</u>
Total	<u>\$ 164,989</u>	<u>106,875</u>	<u>209,240</u>	<u>178,288</u>

## (iii) Other gains and losses

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Losses on disposals of property, plant and equipment	\$ (2,541)	(288,446)	(3,607)	(289,249)
Gains (losses) on disposals of investments	-	(31,696)	-	47,970
Foreign exchange gains (losses)	(30,731)	19,296	(32,511)	62,953
Gains (losses) on financial assets or liabilities at fair value through profit or loss	48,291	145,983	(19,068)	67,827
Others	<u>8,733</u>	<u>27,704</u>	<u>57,582</u>	<u>52,439</u>
Total	<u>\$ 23,752</u>	<u>(127,159)</u>	<u>2,396</u>	<u>(58,060)</u>

(Continued)

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

## (iv) Finance costs

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest expenses	\$ 24,898	16,451	61,224	29,213
Other finance costs	61	62	188	190
<b>Total</b>	<b>\$ 24,959</b>	<b>16,513</b>	<b>61,412</b>	<b>29,403</b>

## (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:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>As of September 30, 2020</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 3,463,575	3,572,571	24,832	2,785,364	762,375	-
Unsecured bank loans	6,969,100	7,092,071	44,797	1,521,288	5,525,986	-
Notes and accounts payable	1,821,083	1,821,083	1,821,083	-	-	-
Other payables	2,745,175	2,745,175	2,745,175	-	-	-
Guarantee deposits received	124,520	124,520	6,174	8,346	110,000	-
Lease liabilities	440,895	579,738	84,844	62,999	140,223	291,672
	<b>\$ 15,564,348</b>	<b>15,935,158</b>	<b>4,726,905</b>	<b>4,377,997</b>	<b>6,538,584</b>	<b>291,672</b>
<b>As of December 31, 2019</b>						
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
	<b>\$ 9,398,094</b>	<b>9,777,738</b>	<b>3,273,518</b>	<b>1,150,085</b>	<b>4,390,689</b>	<b>963,446</b>

(Continued)



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

As of September 30, 2019	<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>
Non-derivative financial liabilities						
Secured bank loans	\$ 2,300,520	2,411,848	32,230	238,608	1,748,503	392,507
Unsecured bank loans	4,220,000	4,347,046	46,406	1,221,056	2,752,347	327,237
Notes and accounts payable	1,753,748	1,753,748	1,753,748	-	-	-
Other payables	949,685	949,685	949,685	-	-	-
Guarantee deposits received	128,339	128,339	12,334	26	115,979	-
Lease liabilities	381,700	514,667	77,083	53,640	105,257	278,687
	<u>\$ 9,733,992</u>	<u>10,105,333</u>	<u>2,871,486</u>	<u>1,513,330</u>	<u>4,722,086</u>	<u>998,431</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>September 30, 2020</u>			<u>December 31, 2019</u>			<u>September 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>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 151,580	29.10	4,410,986	206,117	29.98	6,179,373	159,980	31.04	4,965,776
EUR	433	34.15	14,802	75	33.59	2,531	199	33.95	6,759
JPY	3,891,199	0.2756	1,072,415	1,321,385	0.2760	364,702	130,360	0.2878	37,518
GBP	11	37.30	411	11	39.36	433	11	38.20	420
HKD	60	3.754	226	51,537	3.85	198,365	121,089	3.96	479,271
RMB	1,171	4.27	5,000	-	-	-	954	4.35	4,149
			<u>\$ 5,503,840</u>			<u>\$ 6,745,404</u>			<u>\$ 5,493,893</u>
<u>Non-monetary items</u>									
USD	\$ 13,097	29.10	381,108	10,570	29.98	318,268	9,170	31.04	287,706
RMB	131,787	4.27	561,123	110,112	4.31	472,528	111,330	4.35	482,571
			<u>\$ 942,231</u>			<u>\$ 790,796</u>			<u>\$ 770,277</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 116,333	29.10	3,385,276	57,240	29.98	1,716,041	36,575	31.04	1,135,303
EUR	190	34.15	6,504	866	33.59	29,075	443	33.95	15,029
JPY	729,481	0.2756	201,045	595,366	0.2760	164,321	356,938	0.2878	102,727
RMB	2	4.27	6	-	-	-	37	4.35	163
			<u>\$ 3,592,831</u>			<u>\$ 1,909,437</u>			<u>\$ 1,253,222</u>

(Continued)

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

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 nine months ended September 30, 2020 and 2019 would have increased (decreased) the net profit after tax by \$91,685 thousand and \$178,567 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 nine months ended September 30, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(32,511) thousand and \$62,953 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 \$19,930 thousand and \$14,428 thousand for the nine months ended September 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.

(Continued)

## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

September 30, 2020					
	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	\$ 241,438	241,438	-	-	241,438
Funds and investment	856,600	856,600	-	-	856,600
Private fund	709,218	-	-	709,218	709,218
Subtotal	<u>\$ 1,807,256</u>	<u>1,098,038</u>	<u>-</u>	<u>709,218</u>	<u>1,807,256</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 4,964,657	4,964,657	-	-	4,964,657
Non-public stocks	1,066,652	-	-	1,066,652	1,066,652
Subtotal	<u>\$ 6,031,309</u>	<u>4,964,657</u>	<u>-</u>	<u>1,066,652</u>	<u>6,031,309</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 6,708,999	-	-	-	-
Notes and accounts receivable (Note)	1,761,649	-	-	-	-
Other receivables (Note)	32,508	-	-	-	-
Other non-current assets (Note)	108,349	-	-	-	-
Subtotal	<u>\$ 8,611,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 10,432,675	-	-	-	-
Notes and accounts payable (Note)	1,821,083	-	-	-	-
Other payables (Note)	2,745,175	-	-	-	-
Guarantee deposits received (Note)	124,520	-	-	-	-
Lease liabilities (Note)	440,895	-	-	-	-
Subtotal	<u>\$ 15,564,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 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	\$ 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**  
**Notes to the Consolidated Financial Statements**

	September 30, 2019				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 299	-	299	-	299
Stocks listed on domestic markets	424,143	424,143	-	-	424,143
Funds and investment	296,034	296,034	-	-	296,034
Private fund	695,840	-	-	695,840	695,840
Subtotal	<u>\$ 1,416,316</u>	<u>720,177</u>	<u>299</u>	<u>695,840</u>	<u>1,416,316</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic and foreign markets	\$ 4,291,712	4,291,712	-	-	4,291,712
Non-public stocks	620,161	-	-	620,161	620,161
Subtotal	<u>\$ 4,911,873</u>	<u>4,291,712</u>	<u>-</u>	<u>620,161</u>	<u>4,911,873</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents (Note)	\$ 4,993,252	-	-	-	-
Notes and accounts receivable (Note)	2,219,930	-	-	-	-
Other receivables (Note)	56,912	-	-	-	-
Other non-current assets (Note)	40,151	-	-	-	-
Subtotal	<u>\$ 7,310,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities measured at amortized cost</b>					
Bank loan (Note)	\$ 6,520,520	-	-	-	-
Notes and accounts payable (Note)	1,753,748	-	-	-	-
Other payables (Note)	949,685	-	-	-	-
Guarantee deposits received (Note)	128,339	-	-	-	-
Lease liabilities (Note)	381,700	-	-	-	-
Subtotal	<u>\$ 9,733,992</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.

(Continued)

## **WIN Semiconductors Corp. and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

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.

(Continued)

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

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 nine months ended September 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

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
	<u>Private fund</u>	<u>Unquoted equity instruments</u>
Balance as of January 1, 2020	\$ 565,804	700,247
Total gains or losses:		
Recognized in profit and loss	(36,434)	-
Recognized in other comprehensive income	-	23,977
Purchased	179,848	380,937
Disposals	-	(30,285)
Capital reduction	-	(6,667)
Effect of changes in foreign exchange rates	-	(1,557)
Balance as of September 30, 2020	<u>\$ 709,218</u>	<u>1,066,652</u>
Balance as of January 1, 2019	\$ 722,405	564,486
Total gains or losses:		
Recognized in profit and loss	(33,012)	-
Recognized in other comprehensive income	-	79,048
Purchased	98,431	-
Disposals	(91,984)	(17,273)
Capital reduction and redemption	-	(6,667)
Effect of changes in foreign exchange rates	-	567
Balance as of September 30, 2019	<u>\$ 695,840</u>	<u>620,161</u>

(Continued)

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

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 September 30, 2020 and 2019, the related information of the assets which were still held by the Group were as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Total gains or losses				
Profit or loss (recognized as other gains and losses)	\$ 25,191	43,235	(36,434)	(33,012)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	23,660	161,472	(5,394)	79,048

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.

(Continued)

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

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"> <li>• Comparable listed companies approach</li> </ul>	<ul style="list-style-type: none"> <li>• Price-book ratio (as of September 30, 2020, December 31 and September 30, 2019 were 1.68~7.98, 1.65~6.14 and 1.22~7.14, respectively)</li> <li>• Market liquidity discount rate (as of September 30, 2020, December 31 and September 30, 2019 were all 80% of market value)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
	<ul style="list-style-type: none"> <li>• Net asset value method</li> </ul>	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	Not applicable
Financial assets at fair value through profit or loss – private fund	<ul style="list-style-type: none"> <li>• Net asset value method</li> </ul>	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	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>
<b>September 30, 2020</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	\$ 35,461	(35,461)	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Equity investments without an active market	Price-book ratio	5%	-	-	34,699	(34,699)
"	Market liquidity discount rate	5%	-	-	34,699	(34,699)
"	Net asset value	5%	-	-	18,633	(18,633)
<b>December 31, 2019</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	\$ 28,290	(28,290)	-	-

(Continued)



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

	<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>
<b>Financial assets at fair value through other comprehensive income</b>						
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)
<b>September 30, 2019</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	\$ 34,792	(34,792)	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Equity investments without an active market	Price-book ratio	5%	-	-	22,281	(22,281)
"	Market liquidity discount rate	5%	-	-	22,281	(22,281)
"	Net asset value	5%	-	-	8,727	(8,727)

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 nine months ended September 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 nine months ended September 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 data 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.

(Continued)

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

## (ac) Financing activity

Reconciliation of liabilities arising from financing activities were as follows:

	Cash flows				Non-cash changes			September 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	7,301,803	(2,632,500)	-	-	(47,115)	22,362	10,432,675
Guarantee deposit received	125,611	-	-	(1,091)	-	-	-	124,520
Lease liabilities (Note 1)	369,327	-	(72,439)	(1,782)	11,187	134,602	-	440,895
Total liabilities from financing activity	<u>\$ 6,283,063</u>	<u>7,301,803</u>	<u>(2,704,939)</u>	<u>(2,873)</u>	<u>11,187</u>	<u>87,487</u>	<u>22,362</u>	<u>10,998,090</u>

  

	Cash flows				Non-cash changes			September 30, 2019
	January 1, 2019	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	\$ 5,802,600	4,272,765	(3,556,800)	-	-	(1,945)	3,900	6,520,520
Guarantee deposit received	143,068	-	-	(14,729)	-	-	-	128,339
Lease liabilities (Note 2)	290,061	-	(56,420)	(1,196)	8,494	140,761	-	381,700
Total liabilities from financing activity	<u>\$ 6,235,729</u>	<u>4,272,765</u>	<u>(3,613,220)</u>	<u>(15,925)</u>	<u>8,494</u>	<u>138,816</u>	<u>3,900</u>	<u>7,030,559</u>

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$3,215 thousand.

Note 2: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$4,269 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:

Name of related party	Relationship with the Group
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.

(Continued)

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

(b) Significant transactions with related parties

(i) Purchases

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

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Other related parties	<u>\$ 135</u>	<u>896</u>	<u>368</u>	<u>3,637</u>

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:

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

(iii) Guarantee

As of September 30, 2020, December 31, and September 30, 2019, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (NT\$213,885 thousand, \$220,353 thousand and NT\$228,144 thousand, respectively) to its associate, Jianguo CM/Chainwin Agriculture Development Co., Ltd.

(iv) Property transactions

<b>Account</b>	<b>Category</b>	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Intangible assets	Other related parties — Chainwin i-Management Co., Ltd.	<u>\$ -</u>	<u>-</u>	<u>162,965</u>	<u>16,335</u>
Property, plant and equipment	Other related parties	<u>\$ -</u>	<u>9,322</u>	<u>-</u>	<u>15,684</u>

(Continued)

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

(v) Prepayment to related parties

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

<u>Account</u>	<u>Category</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Prepayments for business facilities	Associates	\$ -	-	<u>21,842</u>
Other non-current assets	Other related parties – Chainwin i-Management Co., Ltd.	\$ -	<u>15,777</u>	<u>16,335</u>

(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 \$7,252 thousand, \$7,211 thousand and \$21,757 thousand for the three months ended September 30, 2020 and 2019, and the nine months ended September 30, 2020. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of September 30, 2020, December 31, and September 30, 2019.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<u>For the three months ended September 30, 2020</u>	<u>For the three months ended September 30, 2019</u>	<u>For the nine months ended September 30, 2020</u>	<u>For the nine months ended September 30, 2019</u>
Short-term employee benefits	\$ 178,351	147,359	491,206	331,435
Post-employment benefits	<u>206</u>	<u>206</u>	<u>619</u>	<u>616</u>
	<u>\$ 178,557</u>	<u>147,565</u>	<u>491,825</u>	<u>332,051</u>

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other non-current assets	Bank deposits—reserve accounts	\$ 5,965	4,197	2,328
Other non-current assets	Gas deposits	4,700	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,430	20,242	20,242
Other non-current assets	Plant deposits	12,077	12,441	12,881
Property, plant and equipment	Long-term borrowings	2,022,006	2,382,554	2,707,493
Investment property	Long-term borrowings	<u>325,281</u>	<u>336,574</u>	<u>344,103</u>
Total		<u>\$ 2,390,459</u>	<u>2,760,708</u>	<u>3,091,747</u>

(Continued)

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

**(9) Commitments and contingencies:**

(a) Contingencies: None.

(b) Commitment:

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
The unrecognized amount	<b>\$ 3,806,238</b>	<b>3,353,094</b>	<b>4,530,766</b>
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
(ii) The unused letters of credit	<b>\$ 48,853</b>	<b>206,008</b>	<b>3,398</b>

**(10) Losses due to major disasters: None.**

**(11) Subsequent events:**

- (a) The Company's subsidiary, Win Semiconductors Cayman Islands Co., Ltd., resolved to issue 50,000 thousand shares at US\$1 per share, as proposed in the Board of Director's meeting held on October 8, 2020.
- (b) The Company resolved to subscribe the new shares contributed by its subsidiary, Win Semiconductors Cayman Islands Co., Ltd., for 50,000 thousand shares, with par value US\$1 per share, as proposed in the Board of Director's meeting held on October 8, 2020.
- (c) The Company's subsidiary, Win Semiconductors Cayman Islands Co., Ltd., resolved to subscribe the new shares contributed by its subsidiary, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., for 25,000 thousand shares, with par value US\$2 per share, as proposed in the Board of Director's meeting held on October 8, 2020.

(Continued)

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

**(12) Other:**

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

	For the three months ended September 30, 2020			For the three months ended September 30, 2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	681,298	299,946	981,244	656,501	289,570	946,071
Labor and health insurance	52,723	16,252	68,975	47,245	13,722	60,967
Pension	22,726	6,968	29,694	20,796	7,220	28,016
Director remuneration	-	48,200	48,200	-	39,140	39,140
Others	35,658	14,955	50,613	33,192	12,827	46,019
Depreciation	862,802	72,579	935,381	730,110	78,578	808,688
Amortization	6,670	24,039	30,709	4,189	11,487	15,676

	For the nine months ended September 30, 2020			For the nine months ended September 30, 2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	2,115,616	860,965	2,976,581	1,754,106	773,785	2,527,891
Labor and health insurance	156,715	48,404	205,119	133,303	43,058	176,361
Pension	67,147	19,542	86,689	57,967	21,339	79,306
Director remuneration	-	125,796	125,796	-	63,136	63,136
Others	105,621	42,166	147,787	94,525	38,230	132,755
Depreciation	2,401,200	243,660	2,644,860	2,238,422	238,706	2,477,128
Amortization	19,108	57,451	76,559	13,460	35,445	48,905

- (b) Seasonality of operations:

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

- (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.

(Continued)

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

**(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 nine months ended September 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 September 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.

(Continued)

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

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 nine months ended September 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:

<b>For the three months ended September 30, 2020</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 6,458,335	16,956	91,087	-	6,566,378
Interest expenses	\$ 9,047	15,900	12	-	24,959
Depreciation and amortization	\$ 935,573	24,688	4,817	1,012	966,090
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ -	76,553	(327)	-	76,226
<b>Reportable segment profit or loss</b>	<b>\$ 2,199,565</b>	<b>(89,470)</b>	<b>37,232</b>	<b>(1,012)</b>	<b>2,146,315</b>
Assets:					
Capital expenditures in noncurrent assets	\$ 1,296,836	1,015,668	3,922	-	2,316,426
<b>For the three months ended September 30, 2019</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 6,134,605	237,605	31,409	-	6,403,619
Interest expenses	\$ 8,835	7,574	104	-	16,513
Depreciation and amortization	\$ 805,129	14,369	3,906	960	824,364
Shares of losses of associates and joint ventures accounted for using equity method	\$ (303)	(6,136)	(1,400)	-	(7,839)
<b>Reportable segment profit or loss</b>	<b>\$ 2,026,954</b>	<b>(7,604)</b>	<b>(6,336)</b>	<b>(960)</b>	<b>2,012,054</b>
Assets:					
Capital expenditures in noncurrent assets	\$ 691,711	447,693	1,121	-	1,140,525
<b>For the nine months ended September 30, 2020</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue :					
Revenue from external customers	\$ 18,482,506	34,143	168,476	-	18,685,125
Interest expenses	\$ 18,663	42,730	19	-	61,412
Depreciation and amortization	\$ 2,650,038	53,726	14,582	3,073	2,721,419
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ -	91,804	(931)	-	90,873
<b>Reportable segment profit or loss</b>	<b>\$ 6,311,658</b>	<b>(196,583)</b>	<b>5,673</b>	<b>(3,073)</b>	<b>6,117,675</b>
Assets:					
Capital expenditures in noncurrent assets	\$ 3,299,184	2,548,674	6,199	-	5,854,057

(Continued)



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

<b>For the nine months ended September 30, 2019</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue :					
Revenue from external customers	\$ <u>13,990,921</u>	<u>422,286</u>	<u>60,881</u>	<u>-</u>	<u>14,474,088</u>
Interest expenses	\$ <u>19,853</u>	<u>9,154</u>	<u>396</u>	<u>-</u>	<u>29,403</u>
Depreciation and amortization	\$ <u>2,471,445</u>	<u>40,526</u>	<u>11,637</u>	<u>2,425</u>	<u>2,526,033</u>
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ <u>(935)</u>	<u>(194,669)</u>	<u>2,051</u>	<u>-</u>	<u>(193,553)</u>
<b>Reportable segment profit or loss</b>	<b>\$ <u>3,359,771</u></b>	<b><u>(75,138)</u></b>	<b><u>(52,442)</u></b>	<b><u>(2,425)</u></b>	<b><u>3,229,766</u></b>
Assets:					
Capital expenditures in noncurrent assets	\$ <u>2,366,156</u>	<u>1,350,299</u>	<u>3,992</u>	<u>-</u>	<u>3,720,447</u>

For the three months and nine months ended September 30, 2020 and 2019, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$244,499 thousand, \$(29,320) thousand, \$267,693 thousand and \$(55,223) thousand, respectively.

## WIN Semiconductors Corp. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Schedule A Guarantees and endorsements for other parties:

(In thousands of Dollars)

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	16,000,245	480,550	480,550	-	-	1.50%	Net equity 50% 16,000,245	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,000,245	1,067,890	1,067,890	1,164,000	-	3.34%	Net equity 50% 16,000,245	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,000,245	1,601,835	1,601,835	1,018,500	-	5.01%	Net equity 50% 16,000,245	Y	-	Y
0	"	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	16,000,245	533,945	533,945	-	-	1.67%	Net equity 50% 16,000,245	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,000,245	1,067,890	1,067,890	582,000	-	3.34%	Net equity 50% 16,000,245	Y	-	Y
0	"	Jiangsu Win Chance Agriculture Development Co., Ltd. (Note 6)	2	16,000,245	1,067,890	1,067,890	-	-	3.34%	Net equity 50% 16,000,245	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	1,856,909 ( USD 63,811 )	213,885 ( USD 7,350 )	213,885 ( USD 7,350 )	198,721 ( USD 6,829 )	-	3.46%	Net equity 50% 3,094,849	-	-	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., Jiangsu Win Yield Agriculture 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\$30,000 thousand, US\$60,000 thousand, and 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.

Note 4: 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 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD and RMB to USD for NTD 29.10 and USD 0.1467, respectively.

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

Note 7: The tariff guarantees provided by the Group amounted to NTD\$20,050 thousand, which exceeds 0.07% of its equity based on the most recent financial statements.

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

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

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Advanced Wireless Semiconductor Company/Stock	None	Current financial assets at fair value through profit or loss	1,340	135,961	0.67	135,961	
"	Lin BioScience, Inc./Stock	"	"	100	8,449	0.15	8,449	
"	Yuanta Taiwan High-Yield Leading Company Fund (B)	"	"	10,000	111,400	-	111,400	
WIN Venture Capital Corp.	Advanced Wireless Semiconductor Company/Stock	"	"	956	97,028	0.48	97,028	
"	Allianz Global Investors Taiwan Money Market Fund	"	"	1,151	14,533	-	14,533	
"	Capital Money Market Fund	"	"	20,903	339,724	-	339,724	
WIN Chance Investment Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	5,604	70,742	-	70,742	
"	Capital Money Market Fund	"	"	1,834	29,815	-	29,815	
WIN Earn Investment Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	11,098	140,082	-	140,082	
"	Capital Money Market Fund	"	"	9,248	150,304	-	150,304	
					<b>1,098,038</b>		<b>1,098,038</b>	
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	270,523	5.81	270,523	
"	CDIB Capital Growth Partners L.P.	"	"	-	90,086	3.30	90,086	
"	Fuh Hwa Oriental Fund	"	"	15,000	12,480	-	12,480	
"	Fuh Hwa Smart Energy Fund	"	"	12,000	85,344	-	85,344	
"	LeaSun Winion L.P.	"	"	-	28,200	12.47	28,200	
"	NFC Fund II L.P.	"	"	-	110,585	32.88	110,585	
"	Foryou Venture Capital L.P.	"	"	-	12,000	5.77	12,000	
"	Renaissance Capital Limited Partnership	"	"	-	100,000	12.82	100,000	
					<b>709,218</b>		<b>709,218</b>	
"	ITEQ Corporation/Stock	Other related parties	Non-current financial assets at fair value through other comprehensive income	30,393	3,738,340	9.13	3,738,340	
"	Sino-American Silicon Products Inc./Stock	None	"	2,076	200,957	0.35	200,957	
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	21,428	10.51	21,428	
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	817	89,899	18.28	89,899	
"	CDIB Capital Creative Industries Limited/Stock	"	"	3,667	34,063	3.33	34,063	
"	New Future Capital Co., Ltd./Stock	"	"	10,000	115,400	15.87	115,400	
"	Grand Fortune Venture Corp./Stock	"	"	5,000	58,600	6.87	58,600	
"	NFC I Renewable Power Co., Ltd./Stock	"	"	7,500	74,700	15.00	74,700	
"	Gogolook Co., Ltd./Stock	"	"	2,013	296,601	11.83	296,601	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	795,128	0.02	795,128	
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	306,859	7.93	306,859	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.29	-	(Note 1)
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-	(Note 2)
"	Winresp INC./Stock	"	"	2,740	46,695	18.16	46,695	
WIN Chance Investment Corp.	ITEQ Corporation/Stock	Other related parties	"	1,872	230,232	0.56	230,232	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Formosa Fortune Group Cayman Islands Co., Ltd./Stock	None	"	12	22,407	4.78	22,407	
					<b>6,031,309</b>		<b>6,031,309</b>	

Note 1: MOAI Electronics Corporation renamed to MOAI Green Power Corporation in September 2020.

Note 2: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of September 30, 2020, the company is still within the period of liquidation.

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

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:

(In thousands of New Taiwan Dollars)

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	5,723	643,683	-	-	-	-	30,393	3,738,340
"	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	6,686,244
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	5,494,673
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	"	-	"	-	155,300	-	453,450	-	-	-	-	-	603,476
"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	"	-	"	-	1,363,751	-	326,320	-	-	-	-	-	1,473,863
WIN Venture Capital Corp.	Capital Money Market Fund	Current financial assets at fair value through profit or loss	-	None	10,066	162,753	20,592	334,400	9,755	158,095	157,721	374	20,903	339,724

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:

(In thousands of New Taiwan Dollars)

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	Purpose of acquisition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Factory buildings	2018/10/25	617,213 (RMB 138,575)	As of September 30, 2020, the price paid \$561,994 thousand (RMB 131,646 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	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	772,168 (RMB 173,365)	As of September 30, 2020, the price paid \$646,159 thousand (RMB 151,362 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	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	1,482,045 (RMB 342,511)	As of September 30, 2020, the price paid \$973,325 thousand (RMB 228,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	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 nine months ended September 30, 2020 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		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%	(1,703)	(2,110)	(2,110)	(Note 1)
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	6,622,146	5,135,146	217,000	100.00%	6,686,244	(143,768)	(143,768)	(Note 1)
"	WIN Venture Capital Corp.	Taiwan	Investment activities	500,000	500,000	50,000	100.00%	552,445	89,533	89,533	(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%	434,790	(86,480)	(47,112)	(Note 1)
"	WIN Chance Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	330,715	16,416	16,416	(Note 1)
"	WIN Earn Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	290,348	382	382	(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%	53,251	(86,480)	(Note 2)	(Note 1)
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	57,391	(1,890)	(Note 2)	
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	6,701,459	5,219,959	110,054	86.78%	5,494,673	(130,039)	(Note 2)	(Note 1)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	"	Investment activities	194,670	-	6,500	100.00%	166,857	(22,828)	(Note 2)	(Note 1)
"	Win Lux Biotech (Cayman Islands) Co., Ltd.	"	Investment activities	15,010	-	500	100.00%	14,563	(248)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	8,784	8,784	-	100.00%	4,330	(3,457)	(Note 2)	(Note 1)
"	PhalanxBio, Inc.	USA	Selling of high density gene chip and test service	208,110	208,110	2,550	100.00%	(842)	729	(Note 2)	(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:

(In thousands of Dollars)

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 380,074 )	(Note 1)	1,309,536 ( USD 42,471 )	326,320 ( USD 11,000 )	-	1,635,856 ( USD 53,471 )	(81,191) (USD (2,715) )	86.78%	(81,191) (USD (2,715) )	1,473,863 ( USD 50,648 )	-	(Note 9)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	942,839 ( USD 30,790 )	(Note 1)	653,305 ( USD 21,046 )	266,670 ( USD 9,000 )	-	919,975 ( USD 30,046 )	(11,401) (USD (374) )	86.78%	(11,401) (USD (374) )	879,529 ( USD 30,224 )	-	(Note 9)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,710,498 ( USD 55,510 )	(Note 1)	951,961 ( USD 30,905 )	-	-	951,961 ( USD 30,905 )	187,355 ( USD 6,356 )	42.52%	91,804 ( USD 3,115 )	561,123 ( USD 19,283 )	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	466,944 ( USD 15,200 )	(Note 1)	507,913 ( USD 16,567 )	-	-	507,913 ( USD 16,567 )	(14,446) (USD (491) )	86.78%	(14,446) (USD (491) )	425,267 ( USD 14,614 )	-	(Note 8) (Note 9)
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664 ( USD 4,872 )	-	-	149,664 ( USD 4,872 )	-	-	-	-	-	(Note 7)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 ( RMB 16,177 )	(Note 1)	41,009 ( USD 1,335 )	-	-	41,009 ( USD 1,335 )	(592) (USD (20) )	86.78%	(592) (USD (20) )	54,137 ( USD 1,860 )	-	(Note 9)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	608,750 ( USD 20,000 )	(Note 1)	155,300 ( USD 5,000 )	453,450 ( USD 15,000 )	-	608,750 ( USD 20,000 )	2,959 ( USD 99 )	86.78%	2,959 ( USD 99 )	603,476 ( USD 20,738 )	-	(Note 9)
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	29,480 ( USD 1,000 )	(Note 1)	-	-	-	-	(763) (USD (26) )	86.78%	(763) (USD (26) )	29,127 ( USD 1,001 )	-	(Note 9)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	8,784 ( RMB 1,898 )	(Note 2)	8,784 ( USD 300 )	-	-	8,784 ( USD 300 )	(3,457) ( RMB (808) )	58.87%	(3,457) ( RMB (808) )	4,330 ( RMB 1,014 )	-	(Note 9)

(ii) Limitation on investment in Mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in Mainland China at the end (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
The Company and subsidiaries	4,823,912 ( USD 157,496 )	5,841,102 ( USD 200,725 )	19,762,623

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 September 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 September 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: Jiansu Merit/Cofcojoycome 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:

(In shares)

Shareholding Shareholder's Name	Shares	Percentage
Tien Ho Industrial Co., Ltd.	22,706,330	5.35%