Stock Code:3105

WIN SEMICONDUCTORS CORP.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Representation Letter

The entities that are required to be included in the combined financial statements of WIN Semiconductors Corp. as of and for the year ended December 31, 2020, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, WIN Semiconductors Corp. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: WIN Semiconductors Corp.
Chairman: CHEN, CHIN-TSAI
Date: March 18, 2021

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Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

In 2020, we conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2019, we conducted our audit in accordance with the Regulations Governing Auditing, the Ruling No. 1090360805 issued by the FSC and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

Evaluation of inventory

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the consolidated financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Group stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Group cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as a key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

Other Matter

WIN Semiconductors Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC as well as SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (The Republic of China)
March 18, 2021

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 8,356,270	15	5,926,473	14
1110	Current financial assets at fair value through profit or loss (Note 6(b))	756,038	1	506,849	1
1170	Notes and accounts receivable, net (Notes 6(c) and 6(x))	2,037,502	4	2,406,673	6
1310	Inventories (Note 6(e))	5,498,603	10	4,389,156	10
1400	Current biological assets (Note 6(f))	283,273	1	21,923	-
1470	Other current assets (Notes 6(d) and 6(n))	549,745	1	399,076	1
	Total current assets	17,481,431	32	13,650,150	32
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	814,065	1	565,804	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	6,719,581	12	4,556,205	11
1550	Investments accounted for using equity method (Note 6(g))	841,825	2	532,591	1
1600	Property, plant and equipment (Notes 6(j), 7 and 8)	23,422,217	43	17,866,310	43
1755	Right-of-use assets (Note 6(k))	787,133	1	442,348	1
1760	Investment property (Notes 6(l) and 8)	1,380,781	3	1,401,155	3
1780	Intangible assets (Notes 6(m) and 7)	578,431	1	577,454	2
1830	Non-current biological assets (Note 6(f))	281,943	1	10,066	-
1840	Deferred tax assets (Note 6(t))	219,844	-	235,826	1
1915	Prepayments for business facilities (Note 7)	1,833,676	3	2,137,914	5
1990	Other non-current assets (Notes 6(n), 7 and 8)	341,536	1	150,279	-
	Total non-current assets	37,221,032	68	28,475,952	68
	Total assets	$ 54,702,463	100	42,126,102	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Current contract liabilities (Note 6(x))	$ 534,426	1	260,426	1
2170	Notes and accounts payable	1,794,668	3	1,826,214	4
2200	Other payables (Note 6(y))	4,131,595	8	3,657,585	9
2280	Current lease liabilities (Notes 6(q) and 6(ad))	84,993	-	68,740	-
2399	Other current liabilities (Note 6(ad))	157,203	-	162,735	-
	Total current liabilities	6,702,885	12	5,975,700	14
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(p), 6(ad) and 8)	11,418,620	21	5,788,125	14
2580	Non-current lease liabilities (Notes 6(q) and 6(ad))	614,891	1	300,587	1
2600	Other non-current liabilities (Notes 6(s), 6(ad) and 7)	235,615	1	222,158	-
	Total non-current liabilities	12,269,126	23	6,310,870	15
	Total liabilities	18,972,011	35	12,286,570	29
	Equity (Notes 6(b), 6(h), 6(i), 6(u) and 6(v)):				
3110	Ordinary shares	4,240,564	8	4,240,564	10
3200	Capital surplus	9,323,098	17	9,244,308	22
3300	Retained earnings	17,001,021	31	13,399,189	32
3400	Other equity	3,512,903	6	2,773,407	7
	Total equity attributable to owners of parent	34,077,586	62	29,657,468	71
36XX	Non-controlling interests	1,652,866	3	182,064	-
	Total equity	35,730,452	65	29,839,532	71
	Total liabilities and equity	$ 54,702,463	100	42,126,102	100

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(g) and 6(x))**	$ 25,546,205	100	21,377,724	100
5000	**Operating costs (Notes 6(e), 6(f), 6(g), 6(j), 6(k), 6(m), 6(q), 6(s), 6(v), 6(y), 7 and 12)**	(14,977,704)	(59)	(13,216,850)	(62)
	Gross profit from operating	10,568,501	41	8,160,874	38
	Operating expenses (Notes 6(c), 6(j), 6(k), 6(l), 6(m), 6(q), 6(s), 6(v), 6(y), 7 and 12):				
6100	Selling expenses	(343,627)	(1)	(339,221)	(2)
6200	Administrative expenses	(1,315,126)	(5)	(1,153,012)	(5)
6300	Research and development expenses	(1,127,552)	(5)	(1,107,918)	(5)
6450	Losses on expected credit impairment	(23)	-	(2,171)	-
	Total operating expenses	(2,786,328)	(11)	(2,602,322)	(12)
	Net operating income	7,782,173	30	5,558,552	26
	Non-operating income and expenses (Notes 6(b), 6(g), 6(j), 6(m), 6(q), 6(r), 6(z) and 7):				
7100	Interest income	29,425	-	67,365	-
7010	Other income	229,275	1	206,972	1
7020	Other gains and losses	(72,982)	-	(187,524)	(1)
7050	Finance costs	(92,964)	-	(50,699)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	127,256	-	(201,238)	(1)
	Total non-operating income and expenses	220,010	1	(165,124)	(1)
7900	**Profit before tax**	8,002,183	31	5,393,428	25
7950	**Tax expense (Note 6(t))**	(1,533,572)	(6)	(992,667)	(4)
	Profit	6,468,611	25	4,400,761	21
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(s), 6(t) and 6(u))**				
8311	Remeasurements of defined benefit plans	(10,736)	-	2,492	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	742,137	3	2,114,856	10
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,147	-	(499)	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	733,548	3	2,116,849	10
8360	**Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(u))**				
8361	Exchange differences on translation of foreign financial statements	(48,290)	-	(151,023)	(1)
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	45,865	-	4,263	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(2,425)	-	(146,760)	(1)
8300	**Other comprehensive income, net**	731,123	3	1,970,089	9
8500	**Total comprehensive income**	**$ 7,199,734**	**28**	**6,370,850**	**30**
	Profit (loss) attributable to:				
8610	Profit attributable to owners of parent	$ 6,528,740	25	4,474,399	21
8620	Profit (losses) attributable to non-controlling interests	(60,129)	-	(73,638)	-
		$ 6,468,611	**25**	**4,400,761**	**21**
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 7,238,423	28	6,447,998	30
8720	Comprehensive income (loss), attributable to non-controlling interests	(38,689)	-	(77,148)	-
		$ 7,199,734	**28**	**6,370,850**	**30**
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(w))				
9750	Basic earnings per share	**$ 15.45**		**10.59**	
9850	Diluted earnings per share	**$ 15.33**		**10.53**	

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings			Other equity interests						
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total 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	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 4,238,144	9,199,357	1,755,814	9,422,510	11,178,324	(36,200)	958,390	(158,308)	763,882	25,379,707	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 year ended December 31, 2019	-	-	-	4,474,399	4,474,399	-	-	-	-	4,474,399	(73,638)	4,400,761
Other comprehensive income for the year ended December 31, 2019	-	-	-	1,993	1,993	(143,250)	2,114,856	-	1,971,606	1,973,599	(3,510)	1,970,089
Total comprehensive income for the year ended December 31, 2019	-	-	-	4,476,392	4,476,392	(143,250)	2,114,856	-	1,971,606	6,447,998	(77,148)	6,370,850
Disposal of investments accounted for using equity method	-	(1,510)	-	-	-	-	-	-	-	(1,510)	-	(1,510)
Changes in ownership interest in subsidiaries	-	(5,161)	-	(119,915)	(119,915)	-	-	-	-	(125,076)	-	(125,076)
Adjustments to share of changes in equity associates	-	875	-	-	-	-	-	-	-	875	-	875
Issuance of restricted shares of employees	2,620	47,744	-	-	-	-	-	(50,364)	(50,364)	-	-	-
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	71,643	71,643	71,643	-	71,643
Purchase and retirement of restricted shares of stock for employees	(200)	200	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	31,205	31,205
Stock option compensation cost of subsidiary	-	2,803	-	-	-	-	-	-	-	2,803	3,329	6,132
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(16,640)	(16,640)	-	16,640	-	16,640	-	-	-
Balance at December 31, 2019	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 year ended December 31, 2020	-	-	-	6,528,740	6,528,740	-	-	-	-	6,528,740	(60,129)	6,468,611
Other comprehensive income for the year ended December 31, 2020	-	-	-	(8,589)	(8,589)	(22,755)	741,027	-	718,272	709,683	21,440	731,123
Total comprehensive income for the year ended December 31, 2020	-	-	-	6,520,151	6,520,151	(22,755)	741,027	-	718,272	7,238,423	(38,689)	7,199,734
Changes in ownership interests in subsidiaries	-	69,410	-	-	-	-	-	-	-	69,410	-	69,410
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	7,917	-	-	-	-	-	(7,917)	(7,917)	-	-	-
Compensation cost arising from restricted shares of employees	-	-	-	8	8	-	-	79,208	79,208	79,216	-	79,216
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,508,470	1,508,470
Stock option compensation cost of subsidiary	-	1,463	-	-	-	-	-	-	-	1,463	1,021	2,484
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	50,067	50,067	-	(50,067)	-	(50,067)	-	-	-
Balance at December 31, 2020	**$ 4,240,564**	**9,323,098**	**2,515,700**	**14,485,321**	**17,001,021**	**(202,205)**	**3,780,846**	**(65,738)**	**3,512,903**	**34,077,586**	**1,652,866**	**35,730,452**

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 8,002,183	5,393,428
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,627,595	3,348,054
Amortization expense	108,881	66,993
Losses on expected credit impairment	23	2,171
Net gains on financial assets or liabilities at fair value through profit or loss	(156,103)	(246,768)
Interest expense	92,964	50,699
Interest income	(29,425)	(67,365)
Dividend income	(200,473)	(124,881)
Share-based payments	81,700	77,775
Shares of (profits) losses of associates and joint ventures accounted for using equity method	(126,030)	199,856
(Gains) losses on disposal of property, plant and equipment	(21,124)	375,910
Losses on disposal of investments	-	28,115
Changes in biological assets at fair value	21,326	(52)
Unrealized foreign exchange gains	(189,575)	(4,386)
Losses on lease modification	-	3,773
Impairment loss	159,382	-
Prepayments for business facilities transferred to expenses	860	-
Total adjustments to reconcile profit (loss)	3,370,001	3,709,894
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(260,952)	(240,810)
Decrease (increase) in notes and accounts receivable	369,104	(986,334)
Increase in inventories	(1,143,801)	(486,866)
(Increase) decrease in biological assets	(544,683)	88,734
Increase in other current assets	(150,175)	(73,847)
Total changes in operating assets	(1,730,507)	(1,699,123)
Changes in operating liabilities:		
Increase in contract liabilities	274,000	147,732
(Decrease) increase in notes and accounts payable	(31,546)	733,140
Increase in other payables	125,415	464,709
(Decrease) increase in other current liabilities	(3,118)	24,635
Increase in other non-current liabilities	1,186	2,987
Total changes in operating liabilities	365,937	1,373,203
Total changes in operating assets and liabilities	(1,364,570)	(325,920)
Cash inflow generated from operations	10,007,614	8,777,402
Dividends received	45,267	3,091
Income taxes paid	(1,297,860)	(696,134)
Net cash flows from operating activities	8,755,021	8,084,359
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,507,183)	(76,775)
Proceeds from disposal of financial assets at fair value through other comprehensive income	75,188	17,274
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	(396,208)	(467,525)
Proceeds from disposal of financial assets at fair value through profit or loss	318,337	768,367
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	35
Acquisition of investments accounted for using equity method	(170,913)	(248,320)
Acquisition of property, plant and equipment	(6,877,801)	(3,516,505)
Proceeds from disposal of property, plant and equipment	62,365	77,653
Acquisition of intangible assets	(286,719)	(40,360)
Net cash outflows from business combination	-	(138,256)
Acquisition of right-of-use assets	(17,866)	(41,018)
Increase in other non-current assets	(210,108)	(58,298)
Increase in prepayments for business facilities	(1,630,995)	(1,789,359)
Interest received	28,405	68,873
Dividends received	152,682	121,790
Net cash flows used in investing activities	(10,454,149)	(5,285,857)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	8,348,293	5,282,865
Repayments of long-term debt	(2,632,500)	(5,291,600)
Decrease in guarantee deposits received	(879)	(17,457)
Repayments of lease liabilities	(96,721)	(68,555)
Cash dividends paid	(2,968,394)	(2,118,972)
Interest paid	(47,327)	(30,292)
Changes in non-controlling interests	1,577,880	(38,532)
Net cash flows from (used in) financing activities	4,180,352	(2,282,543)
Effect of exchange rate changes on cash and cash equivalents	(51,427)	(51,659)
Net increase in cash and cash equivalents	2,429,797	464,300
Cash and cash equivalents at beginning of period	5,926,473	5,462,173
Cash and cash equivalents at end of period	$ **8,356,270**	**5,926,473**

See accompanying notes to consolidated financial statements.

(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 operations of 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 March 18, 2021.

(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 Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020.

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

The Group assesses that the adoption of the new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements.

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of Amendment	Effective date per IASB
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.	January 1, 2023

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.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies:

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 consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(Continued)

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Biological assets are measured at fair value less costs to sell;

4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, and the effect of the plan assets ceiling disclosure in Note 4(r) less plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. When the Company is exposed to the variable remuneration from investing on other individual or sharing the rights of the remuneration, also, is able to influence the rewards, the Company controls the individual.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions, balances and any other unrealized profit or loss between the Company and other subsidiaries are all eliminated while preparing the consolidated financial reports. Comprehensive income (loss) of subsidiaries belongs to owner of the Company and the non-controlling interest respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Financial reports of subsidiaries had been adjusted properly and the accounting policies used in subsidiaries are same to the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Differences between the amount paid or received from fair value and the adjustment of the non-controlling interest are directly realized to the equity and belong to the owners of the Company.

(Continued)

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(ii) Losing control of subsidiaries

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

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2020**	**December 31, 2019**	**Remark**
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Investment activities	100.00 %	100.00 %	(Note 1)
The Company	WIN Venture Capital Corp. (abbrev. WVC)	Investment activities	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 %	
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 %	
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.69 %	96.30 %	(Note 2)
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd. (abbrev. Jiangsu Win Chance)	Developing hog farming technology and trading	100.00 %	100.00 %	(Note 3)
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed development and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	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 %	-	
Chainwin Cayman	i-Chainwin Technology Co., Ltd.	Information software services	100.00 %	-	
Chainwin Cayman	Win Lux Biotech Co., Ltd.	Biotechnology service and pharmaceutical testing	100.00 %	-	
Chainwin Cayman	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	
Chainwin Cayman	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	-	
Jiangsu Win Chance	Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	
PBL	PhalanxBio, Inc.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	
PBL	Phalanx Biotech Limited. (abbrev. PBL (HK))	Investment activities	100.00 %	100.00 %	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	

(Continued)

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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).

Note 3: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.

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

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate of the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the consolidated financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to the reporting currency of the consolidated financial statements at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

(i) It expects to be realized, or intends to be sold or consumed, in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It expects to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

(i) It expects to be settled in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above criteria and for the purpose of fulfilling short term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Regular way purchase or sales of financial assets shall be recognized and derecognized, as applicable, using trade day.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Group's right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

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- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due**.**

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from its carrying amount. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition, with any change therein recognized in profit or loss at the end of each reporting period. Costs to sell include all costs that would be necessary to sell the assets, excluding finance costs and tax expenses. Biological asset does not have a quoted market price in an active market and for which alternative fair value measurements are determined to be clearly unreliable. In such case, the asset is measured at cost less accumulated depreciation and impairment losses.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, or joint control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

(Continued)

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings and structures: 2 to 40 years

2) Machinery and equipment: 1 to 10 years

3) Factory and equipment: 2 to 20 years

4) Other equipment: 1 to 13 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date at lease and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset:

- The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

  — the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including substantively fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment on whether it will have the option to exercise a purchase; or

4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or

5) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rent income'.

(n) Intangible assets

(i) Goodwill

1) Initial Recognition

Goodwill arising from the acquisition has been recognized as intangible assets.

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

(ii) Other intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Except goodwill, amortizable amount is the cost of an asset less its residual values. Intangible assets are amortized from the date that they are available for use by using straight-line method, the estimated useful lives for the current and comparative periods are as follows:

1) Technical know-how: 3 to 17 years

2) Computer software and information systems: 1 to 10 years

3) Others: 1 to 5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end, and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and biological assets measured at fair value less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

(q) 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.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expense as the related services is provided.

(ii) Defined benefit plans

The Group' s net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date of the share-based payment is the date the Group inform their employees about the exercise price and shares.

(t) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Business combinations

The Group treats the business combination as acquisition. Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group re-assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess.

All transaction cost relating to a business combination are recognized immediately as expense when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is remeasured, and the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquire in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had directly disposed the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

(v) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration and new restricted shares of employee.

(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(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 the IFRSs 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is 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.

(b) Judgment of whether the Group has significant influence on its investee

The Group’s 32.88% shares in NCF Fund II L.P. is deemed as a mutual fund. The Group does not act as the director and is not designed as the representative of those charged with the governance of NCF Fund II L.P. As a result, it is determined that the Group does not have significant influence on NCF Fund II L.P.

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(c) Classification of lease

The factory lease agreements entered into by the Group many years ago were combined leases of land and buildings, recognized as operating leases. The proprietary of land was not transferred and the rental fee is increased to market rent at regular intervals. Also, the lessee does not participate in the residual value of the land and buildings. As a result, it was determined that the Group is responsible for all the risks and rewards of the land and buildings. Please refer to Note 6(r).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

  As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to Note 6(e).

The accounting policy and disclosure of the Group include that measuring the financial assets and financial liabilities at fair value. The Group uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The Group regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results is reasonable. The Group regularly evaluates investment property using the evaluation methods and parametric assumptions announced by FSC.

When measuring the fair value of an asset or a liability, the Group usually uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

(a) Note 6(l)-Investment property.

(b) Note 6(aa)-Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 348	500
Cash in bank	8,211,545	5,681,365
Time deposits	144,377	244,608
	$ **8,356,270**	**5,926,473**

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

(b) Financial instruments

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

	December 31, 2020	December 31, 2019
Mandatorily measured at FVTPL:		
Stock listed on domestic markets	$ 10,239	206,359
Money market funds	745,799	300,490
Private fund (Note)	814,065	565,804
Total	$ **1,570,103**	**1,072,653**
Current	$ 756,038	506,849
Non-current	814,065	565,804
	$ **1,570,103**	**1,072,653**

Note: As of December 31, 2020 and 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. For the years ended December 31, 2020 and 2019, the gains on settlement, amounting to $4,259 thousand and $3,548 thousand respectively, were recognized as other gains and losses.

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

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

	December 31, 2020	December 31, 2019
Stocks listed on domestic markets	$ 4,821,035	3,145,387
Stocks listed on US markets	935,248	710,571
Non-public stocks	963,298	700,247
	$ **6,719,581**	**4,556,205**

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

For the year ended December 31, 2020, due to the redemption of preferred shares and the proportion of investment portfolio, the Group disposed the equity investments at fair value through other comprehensive income, with a fair value of $75,188 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to $50,067 thousand was transferred to retained earnings.

For the year ended December 31, 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 $17,274 thousand; upon derecognition, the loss of disposal, accumulated in other equity, amounting to $16,640 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:

	2020		2019	
Prices of securities at the reporting date	**After-tax other comprehensive income**	**After-tax profit (loss)**	**After-tax other comprehensive income**	**After-tax profit (loss)**
Increasing 3%	$ 201,587	307	136,686	6,191
Decreasing 3%	$ (201,587)	(307)	(136,686)	(6,191)

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

(c) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable	$ 632	684
Accounts receivable	2,037,018	2,410,333
Less: loss allowance	(148)	(4,344)
	$ 2,037,502	2,406,673

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.

(Continued)

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	December 31, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 1,936,837	0%	-
Past due 1~60 days	97,116	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	1.67%~5.43%	-
Past due more than 181 days	-	100%	-
	$ 2,033,953		**-**

	December 31, 2019		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
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%	-
	$ 2,401,924		**-**

(ii) The segment of gene chip testing service:

	December 31, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 2,363	0.52%~9.40%	25
Past due 1~60 days	1,152	4.26%~48.02%	50
Past due 61~120 days	100	8.58%~60.93%	9
Past due 121~180 days	82	40.61%~77.78%	64
Past due more than 181 days	-	100%	-
	$ 3,697		**148**

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

The movements of loss allowance were as follows:

	2020	2019
Beginning balance	$ 4,344	2,317
Impairment loss recognized, net	23	2,171
Amount written off	(4,263)	-
Effect of changes in foreign exchange rates	44	(144)
Ending balance	**$ 148**	**4,344**

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

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

	December 31, 2020	December 31, 2019
Other receivables	$ 72,308	50,517
Less: loss allowance	-	-
	$ 72,308	**50,517**

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

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

(e) Inventories

	December 31, 2020	December 31, 2019
Raw materials, supplies and spare parts	$ 3,429,039	2,881,948
Work in process	1,288,669	1,130,127
Finished goods	780,895	377,081
	$ 5,498,603	**4,389,156**

WIN Semiconductors Corp. and Subsidiaries
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Except for 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:

		2020	2019
Losses on valuation of inventories and obsolescence	$	57,010	45,137
Revenue from sale of scraps	$	(27,405)	(27,290)
Losses (gains) on physical inventory count	$	(40)	68

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

(f) Biological assets

(i) List of biological assets:

		December 31, 2020	December 31, 2019
Consumable biological assets	$	283,273	21,923
Bearer biological assets	$	281,943	10,066

(ii) Change in biological assets:

		2020	2019
Beginning balance	$	31,989	134,348
Increase due to purchase		578,395	-
Input costs		378,314	318,953
Depreciation expenses		(6,495)	(9,556)
Decrease due to sales and disposals		(412,026)	(407,687)
Changes in fair value less costs to sell due to price changes		(21,326)	52
Effect of changes in foreign exchange rates		16,365	(4,121)
Ending balance	$	565,216	31,989
Current	$	283,273	21,923
Non-current		281,943	10,066
	$	565,216	31,989

For the years ended December 31, 2020 and 2019, the gains and losses of $(21,326) 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:

Unit: head

	December 31, 2020	December 31, 2019
Farrows, hogs and breeders	28,753	4,029

(iv) Fair value

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

Costs of the biological assets include all of the costs within the growth cycle, such as the cost of new-born farrows, the feed and the raising farm. The cost of the productive biological assets shall be depreciated on a straight-line basis over the producible term. The amortized term is within 36 months. For the years ended December 31, 2020 and 2019, the depreciation expenses of biological assets (which will be converted into its breeding biological assets) were $6,495 thousand and $9,556 thousand, respectively.

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

1) Regulations and environmental risks

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

2) Supply and demand risks

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

3) Climate and other risks

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

(Continued)

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

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

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

(g) Investments accounted for using equity method

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

	December 31, 2020	December 31, 2019
Associates	$ 841,825	532,591

(i) Associates

In the fourth quarter of 2020 and the third quarter of 2019, the Group subscribed the new shares contributed by Jiangsu CM/Chainwin Agriculture Development Co., Ltd. for $170,913 thousand and $248,320 thousand in cash, respectively.

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 December 31, 2020	Proportion of Shareholding and Voting Rights December 31, 2019
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	China	49 %	49 %

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

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

	December 31, 2020	December 31, 2019
Current assets	$ 327,458	455,271
Non-current assets	1,532,346	1,274,357
Current liabilities	(222,515)	(475,061)
Non-current liabilities	(30,367)	(287,127)
Net assets	$ 1,606,922	967,440

	2020	2019
Operating revenue	$ 553,184	85,259
Profit (losses) from continuing operations	$ 259,706	(408,074)
Other comprehensive income	-	-
Total comprehensive income	$ 259,706	(408,074)

	2020	2019
Shares of net assets of associates at the beginning	$ 472,528	433,761
Profits (losses) attributable to the Group	127,256	(199,956)
Exchange differences on translation of foreign financial statements attributable to the Group	45,865	4,263
Shares of net assets of associates at the end	645,649	238,068
Add: Cash subscription	170,913	248,320
Effect of changes in foreign exchange rates	(30,613)	(13,860)
Carrying amount of equity of associates attributable to the Group	$ 785,949	472,528

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:

	December 31, 2020	December 31, 2019
Total equity of the individually insignificant investments in associates	$ 55,876	60,063

	2020	2019
Attributable to the Group:		
Profit (losses)	$ (1,226)	100
Other comprehensive income	-	-
Total comprehensive income	$ (1,226)	100

(ii) Pledge to secure

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

(Continued)

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(h) Acquisition of non-controlling interests

(i) Chainwin CaymanOn June 16 and November 10, 2020, January 11 and August 19, 2019, the Group subscribed the new shares contributed by Chainwin Cayman for $1,481,500 thousand, $1,440,500 thousand, $1,352,560 thousand and $282,510 thousand in cash, respectively. Therefore, for the years ended December 31, 2020 and 2019, the Group increased its ownership from 96.30% to 81.69% and from 94.71% to 96.30%, respectively.

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

		2020	2019
Carrying amount of interest on acquisition	$	2,991,410	1,622,872
Consideration paid		(2,922,000)	(1,635,070)
Retained earnings changes in ownership interests in subsidiaries	**$**	**69,410**	**(12,198)**

(ii) Jiangsu Win Chance Agriculture Development Co., Ltd.

On December 6, 2019, the Group subscribed the new shares contributed by Jiangsu Win Chance Agriculture Development Co., Ltd. for $40,932 thousand in cash, increasing its ownership from 90.79% to 100%. For the year ended December 31, 2020, there was no such transaction.

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

		2019
Carrying amount of interest on acquisition	$	40,847
Consideration paid		(40,932)
Retained earnings changes in ownership interests in subsidiaries	**$**	**(85)**

(iii) Phalanx Biotech Group, Inc.

On December 24, 2019, the Group subscribed the new shares contributed by Phalanx Biotech Group, Inc., for $300,000 thousand in cash, increasing its ownership from 45.71% to 58.87%. For the year ended December 31, 2020, there was no such transaction.

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

		2019
Carrying amount of interest on acquisition	$	187,207
Consideration paid		(300,000)
Aforementioned changes in ownership interests in subsidiaries	**$**	**(112,793)**

(Continued)

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Aforementioned changes in ownership interests in subsidiaries included separately:

		2019
Capital surplus	$	(5,161)
Retained earnings		(107,632)
	$	**(112,793)**

(i) Material non-controlling interests of subsidiaries

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

		Percentage of non-controlling interests	
Subsidiaries	**Registration**	**December 31, 2020**	**December 31, 2019**
Chainwin Cayman (Note)	Cayman Islands	18.31 %	3.70 %

Note: For the year end December 31, 2020, the Group subscribed the new shares unproportionally contributed by Chainwin Cayman, resulting in a change in percentage of ownership changed. For the year end December 31, 2019, Chainwin Cayman was not a material non-controlling interests of the Company's subsidiary.

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

		December 31, 2020
Current assets	$	4,175,192
Non-current assets		8,558,461
Current liabilities		(213,678)
Non-current liabilities		(4,064,329)
Net assets	**$**	**8,455,646**
Non-controlling interests	**$**	**1,548,228**

		2020
Operating revenue	**$**	**382,239**
Profit (loss)	$	(171,602)
Other comprehensive income (loss)		26,999
Total comprehensive income (loss)	**$**	**(144,603)**
Loss, attributable to non-controlling interests	**$**	**(10,625)**
Comprehensive income (loss), attributable to non-controlling interests	**$**	**10,781**

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		2020
Net cash flows used in operating activities	$	(709,599)
Net cash flows used in investing activities		(4,612,387)
Net cash flows from financing activities		7,401,569
Effect of changes in foreign exchange rate		(81,144)
Increase in cash and cash equivalents	$	**1,998,439**

(j) Property, plant and equipment

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

		Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress and inspection-awaited devices	Total
Cost:								
Balance as of January 1, 2020	$	2,546,534	2,440,170	21,000,682	5,717,323	537,768	2,224,358	34,466,835
Additions		-	2,656	1,923,501	269,630	198,966	4,543,421	6,938,174
Reclassification (Note)		-	6,299	1,965,548	242,740	20,740	(175,080)	2,060,247
Disposals		-	(4,304)	(2,792,630)	(50,432)	(115,931)	-	(2,963,297)
Effect of changes in foreign exchange rates		-	937	117	786	1,017	114,097	116,954
Balance as of December 31, 2020	$	**2,546,534**	**2,445,758**	**22,097,218**	**6,180,047**	**642,560**	**6,706,796**	**40,618,913**
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		-	69,039	1,384,618	562,275	103,295	1,565,392	3,684,619
Reclassification (Note)		-	185,684	2,203,617	1,010,076	11,589	(1,005,156)	2,405,810
Disposals		-	(858)	(2,729,332)	(95,206)	(83,085)	(2,865)	(2,911,346)
Effect of changes in foreign exchange rates		-	(2,130)	(219)	(1,787)	(1,841)	(78,708)	(84,685)
Balance as of December 31, 2019	$	**2,546,534**	**2,440,170**	**21,000,682**	**5,717,323**	**537,768**	**2,224,358**	**34,466,835**
Accumulated depreciation:								
Balance as of January 1, 2020	$	-	799,279	12,925,067	2,576,431	299,748	-	16,600,525
Depreciation		-	125,723	2,720,749	493,134	177,453	-	3,517,059
Disposals		-	(4,268)	(2,751,463)	(50,394)	(115,931)	-	(2,922,056)
Effect of changes in foreign exchange rates		-	281	71	382	434	-	1,168
Balance as of December 31, 2020	$	**-**	**921,015**	**12,894,424**	**3,019,553**	**361,704**	**-**	**17,196,696**
Balance as of January 1, 2019	$	-	689,336	12,637,886	2,240,384	236,579	-	15,804,185
Depreciation		-	111,228	2,573,484	428,655	146,380	-	3,259,747
Disposals		-	(858)	(2,286,215)	(91,973)	(82,575)	-	(2,461,621)
Effect of changes in foreign exchange rates		-	(427)	(88)	(635)	(636)	-	(1,786)
Balance as of December 31, 2019	$	**-**	**799,279**	**12,925,067**	**2,576,431**	**299,748**	**-**	**16,600,525**
Carrying value:								
Balance as of December 31, 2020	$	**2,546,534**	**1,524,743**	**9,202,794**	**3,160,494**	**280,856**	**6,706,796**	**23,422,217**
Balance as of January 1, 2019	$	**2,546,534**	**1,499,099**	**7,504,112**	**2,001,581**	**271,231**	**1,745,695**	**15,568,252**
Balance as of December 31, 2019	$	**2,546,534**	**1,640,891**	**8,075,615**	**3,140,892**	**238,020**	**2,224,358**	**17,866,310**

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

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(i) Pledge to secure

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

(ii) Property, plant and equipment under construction

The Group rented some pieces of land and entered into different agreements for the construction of its new factories on the said lands. For the years ended December 31, 2020, the Group has constructed factories amounting to $4,120,808 thousand, and has recognized as construction in progress. As of December 31, 2020, the total amount of the construction is $6,009,971 thousand, and is recognized as construction in progress.

(iii) For the years ended December 31, 2020 and 2019, capitalized interest expenses amounted to $32,221 thousand and $36,299 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.60%~2.28% and 1.08%~1.34%, respectively.

(k) Right-of-use assets

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

		Land	Buildings and structures	Other equipment	Total
Cost:					
Balance at January 1, 2020	$	391,749	103,892	11,025	506,666
Additions		129,593	288,290	5,127	423,010
Disposals		(45)	(520)	(2,522)	(3,087)
Effect of change in foreign exchange rates		9,122	1,897	-	11,019
Balance at December 31, 2020	$	**530,419**	**393,559**	**13,630**	**937,608**
Balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application for IFRS 16		243,163	86,773	7,880	337,816
Additions		241,412	22,350	3,795	267,557
Disposals		(77,127)	(5,231)	(650)	(83,008)
Effect of change in foreign exchange rates		(15,699)	-	-	(15,699)
Balance at December 31, 2019	$	**391,749**	**103,892**	**11,025**	**506,666**
Accumulated depreciation:					
Balance at January 1, 2020	$	24,602	35,729	3,987	64,318
Depreciation (Note 1)		35,162	47,656	5,451	88,269
Disposals		-	(520)	(2,522)	(3,042)
Effect of change in foreign exchange rates		832	98	-	930
Balance at December 31, 2020	$	**60,596**	**82,963**	**6,916**	**150,475**
Balance at January 1, 2019	$	-	-	-	-
Depreciation (Note 2)		26,443	35,858	4,637	66,938
Disposals		(1,349)	(129)	(650)	(2,128)
Effect of change in foreign exchange rates		(492)	-	-	(492)
Balance at December 31, 2019	$	**24,602**	**35,729**	**3,987**	**64,318**

(Continued)

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	Land	Buildings and structures	Other equipment	Total
Carrying amount:				
Balance at December 31, 2020	$ 469,823	310,596	6,714	787,133
Balance at January 1, 2019	$ -	-	-	-
Balance at December 31, 2019	$ 367,147	68,163	7,038	442,348

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to $4,602 thousand.

Note 2: Including capitalized depreciation expenses transferred to construction in progress, which amounted to $8,560 thousand.

(l) Investment property

The movements in investment property were as follows:

	Land	Buildings and structures	Total
Cost:			
Balance as of January 1, 2020	$ 963,127	529,952	1,493,079
Additions	-	-	-
Balance as of December 31, 2020	$ 963,127	529,952	1,493,079
Balance as of January 1, 2019	$ 963,127	529,952	1,493,079
Additions	-	-	-
Balance as of December 31, 2019	$ 963,127	529,952	1,493,079
Accumulated depreciation:			
Balance as of January 1, 2020	$ -	91,924	91,924
Depreciation	-	20,374	20,374
Balance as of December 31, 2020	$ -	112,298	112,298
Balance as of January 1, 2019	$ -	71,551	71,551
Depreciation	-	20,373	20,373
Balance as of December 31, 2019	$ -	91,924	91,924
Carrying amount:			
Balance as of December 31, 2020	$ 963,127	417,654	1,380,781
Balance as of January 1, 2019	$ 963,127	458,401	1,421,528
Balance as of December 31, 2019	$ 963,127	438,028	1,401,155
Fair value:			
Balance as of December 31, 2020			$ 1,533,631
Balance as of December 31, 2019			$ 1,578,738

When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value. As of December 31, 2020 and 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:

Location	December 31, 2020	December 31, 2019
Hsinchu	0.36%	0.31%
Taoyuan	0.53%	0.34%

As of December 31, 2020 and 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.

(m) Intangible assets

(i) The movements in intangible assets were as follows:

	Technical know-how	Computer software and information systems	Goodwill	Land use rights	Others	Total
Cost:						
Balance as of January 1, 2020	$ 49,280	188,418	443,002	-	22,628	703,328
Additions	-	260,577	-	-	5,786	266,363
Reclassification (Note 1)	-	17,988	-	-	-	17,988
Disposals	(125)	(67,734)	-	-	(1,696)	(69,555)
Effect of changes in foreign exchange rates	-	(9,185)	(6,216)	-	(1,032)	(16,433)
Balance as of December 31, 2020	**$ 49,155**	**390,064**	**436,786**	**-**	**25,686**	**901,691**
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	3,275	73,337	-	-	358	76,970
Reclassification (Note 2)	-	15,671	-	-	-	15,671
Disposals	-	(51,259)	-	-	(2,850)	(54,109)
Effect of changes in foreign exchange rates	-	(202)	(3,066)	-	(508)	(3,776)
Balance as of December 31, 2019	**$ 49,280**	**188,418**	**443,002**	**-**	**22,628**	**703,328**
Amortization:						
Balance as of January 1, 2020	$ 35,844	74,587	-	-	15,443	125,874
Amortization	4,661	97,918	-	-	6,302	108,881
Impairment loss	-	-	159,382	-	-	159,382
Disposals	(125)	(67,734)	-	-	(1,696)	(69,555)
Effect of changes in foreign exchange rates	-	(470)	-	-	(852)	(1,322)
Balance as of December 31, 2020	**$ 40,380**	**104,301**	**159,382**	**-**	**19,197**	**323,260**
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	4,535	56,134	-	-	6,324	66,993
Disposals	-	(51,259)	-	-	(2,850)	(54,109)
Effect of changes in foreign exchange rates	-	(170)	-	-	(373)	(543)
Balance as of December 31, 2019	**$ 35,844**	**74,587**	**-**	**-**	**15,443**	**125,874**

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		Technical know-how	Computer software and information systems	Goodwill	Land use rights	Others	Total
Carrying value:							
Balance as of December 31, 2020	$	8,775	285,763	277,404	-	6,489	578,431
Balance as of January 1, 2019	$	14,696	80,989	446,068	31,914	13,286	586,953
Balance as of December 31, 2019	$	13,436	113,831	443,002	-	7,185	577,454

Note 1: Prepayments for business facilities, other current assets and other non-current assets were reclassified as intangible assets.

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

(ii) Amortization expense recognized in profit or loss

For the years ended December 31, 2020 and 2019, the amortization expenses of intangible assets were as follows:

		2020	2019
Operating costs	$	25,151	18,578
Operating expenses		83,730	48,415
	$	**108,881**	**66,993**

(iii) Impairment testing for goodwill

1) Chainwin Cayman

The goodwill of $132,278 thousand was derived from the acquisition of and the control over Chainwin Cayman by the Group on August 19, 2016. The goodwill was mainly attributed to the profitability of the hog farming in mainland China. Chainwin Cayman is regarded as a cash-generating units (the “CGU”) to generate cash inflows that are independent of those from others. Therefore, the amount on impairment loss of goodwill, which was evaluated by using the value in use, exceeds the carrying amount of the net asset.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2016 to 2021. The construction of certain factory farms of Chainwin Cayman had been delayed, resulting in failure to increase the scale on farm raising. Therefore, the actual operating revenue for the years of 2020 and 2019 decreased by 90% and 89%, respectively, which were lower than the original forecast.

On December 31, 2020 and 2019, the recoverable amount determined by the value-in-use for the cash-generating unit is higher than the carrying amount. Therefore, there is no impairment loss should be recognized.

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

The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumption used in the estimation of the value-in-use of the CGU were as follows:

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

b) The assumption on before-tax discount rate is based on the weighted average cost of capital. As of December 31, 2020 and 2019, the applied before-tax discount rate of the recoverable amount of the units were 7.49% and 11.49%, respectively.

2) PBL

The goodwill of $318,763 thousand was derived from the Group became the largest shareholder of and obtained control over PBL on July 12, 2018. The goodwill was mainly attributed to the profitability in microarray services market and the know-how of PBL work force. PBL is regarded as a CGU to generate cash inflows that are independent of those from others. Therefore, the amount on impairment loss of goodwill, which was evaluated by using the value in use, exceeds the carrying amount of the net asset.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2018 to 2025. The market share of PBL's services was not unproductive and the technology transfer cases of PBL did not finished on time; therefore the actual operating revenue for the years of 2020 and 2019 only reached by 18% and 76%, respectively, which was lower than the original forecast.

The carrying amount of PBL was determined to be higher than its recoverable amount of $309,152 thousand, and an impairment loss of $159,382 thousand was recognized in 2020.

On December 31, 2019, the recoverable amount determined by the value-in-use for the cash-generating unit is higher than the carrying amount. Therefore, there is no impairment loss should be recognized.

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

The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumption used in the estimation of the value-in-use of the CGU were as follows:

a) The future cash flow was based on expectations of future operations, taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past year, and the estimated sales volume and price growth for the next 19 years.

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b) The assumption on before-tax discount rate is based on the weighted average cost of capital. As of December 31, 2020 and 2019, the applied before-tax discount rate of the recoverable amount of the units were 8.16% and 10.38%, respectively.

(iv) As of December 31, 2020 and 2019, the intangible assets were not pledged.

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

	December 31, 2020	December 31, 2019
Other receivables from metal recycling	$ -	16,489
Tax refund receivables	134,541	148,896
Prepayments to suppliers	32,181	-
Prepaid expenses	137,367	110,080
Restricted assets	165,982	41,580
Refundable deposits	115,344	51,358
Other receivables	72,308	34,028
Long-term prepaid intangible assets	54,682	51,813
Offset against business tax payable	148,672	80,273
Others	30,204	14,838
	$ 891,281	**549,355**

(o) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured short-term borrowings	**$ -**	**-**
Unused bank credit lines for short-term borrowings	**$ 802,430**	**1,153,882**
Unused bank credit lines for short-term and long-term borrowings	**$ 3,450,712**	**3,276,609**

(p) Long-term borrowings

	December 31, 2020	December 31, 2019
Secured long-term borrowings (in NTD)	$ 750,000	1,620,000
Secured long-term syndicated borrowings (in USD)	3,659,680	562,125
Unsecured long-term borrowings (in NTD)	7,008,940	3,606,000
Less: long-term liabilities, current portion	-	-
Total	**$ 11,418,620**	**5,788,125**
Unused bank credit lines for long-term borrowings	**$ 9,814,928**	**9,221,400**
Annual interest rate	**0.25%~1.00%**	**0.98%~2.88%**
Expiry date	**2022/3/15~2025/8/16**	**2021/6/15~2015/8/16**

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As of December 31, 2020, the remaining balances of the borrowing due were as follows:

Year due	Amount
January 1, 2022~December 31, 2022	$ 5,840,680
January 1, 2023~December 31, 2023	1,943,290
January 1, 2024 and after	3,634,650
	$ 11,418,620

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

(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 years ended December 31, 2020 and 2019, the Group was in compliance with the above financial covenants and restrictions.

(q) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	**$ 84,993**	**68,740**
Non-current	**$ 614,891**	**300,587**

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	$ 12,973	6,040
Expenses relating to short-term leases	$ 13,729	9,666
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,309	1,303

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

	2020	2019
Total cash outflow for leases	$ 133,435	122,004

(i) Real estate and buildings leases

The Group leases land and buildings and structures 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 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.

(r) Operating lease

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

For the years ended December 31, 2020 and 2019, the rental income arising from investment property recognized in other income amounting to $73,849 thousand and $75,425 thousand, respectively.

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(s) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 158,573	144,155
Fair value of plan assets	(47,690)	(45,194)
Net defined benefit liabilities (Note)	**$ 110,883**	**98,961**

Note: Recognized liabilities for defined benefit obligations were recognized as other non-current liabilities.

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $47,690 thousand as of December 31, 2020. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

2) The movements in present value of the defined benefit obligations

For the years ended December 31, 2020 and 2019, movements in the present value of the defined benefit obligations for the Group were as follows:

	2020	2019
Defined benefit obligations at the beginning	$ 144,155	141,119
Current service costs and interest cost	2,367	4,190
Remeasurements of the net defined benefit liability (asset):		
—Actuarial (gains) losses arising from financial assumption	6,498	4,175
—Experience adjustments	5,553	(5,329)
Defined benefit obligations at the end	**$ 158,573**	**144,155**

(Continued)

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3) The movements in fair value of the defined benefit plan assets

For the years ended December 31, 2020 and 2019, movements in the fair value of the plan assets were as follows:

	2020	2019
Fair value of plan assets at the beginning	$ 45,194	42,653
Interest revenue	501	579
Remeasurements of the net defined benefit liability:		
—Return on plan assets (excluding the interest revenue)	1,315	1,338
Amounts contributed to plan	680	624
Fair value of plan assets at the end	**$ 47,690**	**45,194**

4) The movement in effect of plan asset ceiling

For the years ended December 31, 2020 and 2019, there were no changes in the effect of plan asset ceiling.

5) The expenses recognized in profit or losses

For the years ended December 31, 2020 and 2019, the expenses recognized in profit or losses for the Group were as follows:

	2020	2019
Current service costs	$ 793	2,296
Net interest expense of net defined benefit liabilities (assets)	1,073	1,315
	$ 1,866	**3,611**

	2020	2019
Administrative expenses	**$ 1,866**	**3,611**

6) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2020 and 2019, the remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	2020	2019
Balance at the beginning	$ 62,225	64,717
Recognized in the current period	10,736	(2,492)
Balance at the end	**$ 72,961**	**62,225**

7) Actuarial assumptions

At the end of the reporting date, the principal actuarial assumptions were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.75 %	1.125 %
Future salary rate increases	4.500 %	4.500 %

The Group expects to make contributions of $142 thousand to the defined benefit plans in the next year starting from December 31, 2020.

For 2020, the weighted average duration of the defined benefit plans is 15.65 years.

8) Sensitivity analysis

As of December 31, 2020 and 2019, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
Balance as of December 31, 2020		
Discount rate	$ (4,372)	4,541
Future salary rate increases	4,300	(4,170)
Balance as of December 31, 2019		
Discount rate	$ (4,175)	4,333
Future salary rate increases	4,121	(3,990)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Group set aside $113,987 thousand and $99,527 thousand, respectively, of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2020 and 2019.

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(iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2020 and 2019, the Group recognized the pension costs in accordance with the pension regulations and amounted to $599 thousand and $5,090 thousand, respectively.

(t) Income tax

(i) Income tax expense

The amounts of income tax expense for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current tax expense (benefit)			
Current period	$	1,561,285	1,101,622
Adjustment for prior periods		(45,842)	(8,432)
Subtotal		1,515,443	1,093,190
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		18,129	(100,523)
Income tax expense	**$**	**1,533,572**	**992,667**

The amount of income tax benefit (expense) recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Components of other comprehensive income that will not be classified to profit or loss:			
The remeasurements of defined benefit plans	**$**	**2,147**	**(499)**

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

	2020	2019
Profit before tax	$ 8,002,183	5,393,428
Estimated income tax calculated using the Company's domestic tax rate	$ 1,600,436	1,078,685
Tax-exempt income	(80,563)	(77,433)
Investment tax credits	(94,701)	(75,519)
Change in unrecognized deductible temporary differences	28,160	1,933
Change in provision in prior periods	(45,842)	(8,432)
Surtax on unappropriated earnings	53,608	37,906
Others	72,474	35,527
	$ 1,533,572	992,667

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	$ 40,302	40,442
The carry forward of unused tax losses	199,984	171,684
	$ 240,286	212,126

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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As of December 31, 2020, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2011	$ 74,383	2021
2012	44,302	2022
2013	49,138	2023
2014	53,221	2024
2015	50,740	2025
2016	77,244	2026
2017	142,749	2027
2018	146,068	2028
2019	165,100	2029
2020	196,977	2030
	$ 999,922	

As of December 31, 2020 and 2019, there were no deferred tax liabilities have not been recognized.

2) Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Unrealized investment loss recognized under equity method	Others	Total
Deferred tax assets:					
Balance as of January 1, 2020	$ 38,636	60,543	79,868	56,779	235,826
Recognized in profit or loss	7,534	(57,573)	39,288	(7,378)	(18,129)
Recognized in other comprehensive income	-	-	-	2,147	2,147
Balance as of December 31, 2020	**$ 46,170**	**2,970**	**119,156**	**51,548**	**219,844**
Balance as of January 1, 2019	$ 32,474	58,961	3,102	41,265	135,802
Recognized in profit or loss	6,162	1,582	76,766	16,013	100,523
Recognized in other comprehensive income	-	-	-	(499)	(499)
Balance as of December 31, 2019	**$ 38,636**	**60,543**	**79,868**	**56,779**	**235,826**

(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.

(u) Capital and other equity

(i) Ordinary share issuance

As of December 31, 2020 and 2019, the Company' s authorized share capital consisted of 1,000,000 thousand shares of ordinary shares, with $10 dollars par value per share, of which 424,056 thousand shares, were issued and outstanding. The Company has reserved $1,000,000 thousand for employee stock options.

Reconciliations of shares outstanding were as follows:

	Ordinary share (in thousands)	
	2020	**2019**
Balance as of beginning	$ 424,056	423,814
Restricted shares of stock issued for employees	-	262
Redeem restricted shares of stock issued for employees	-	(20)
Balance as of ending	**$ 424,056**	**424,056**

On March 21, 2019, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 20 thousand shares, at $10 dollars par value per share, amounting to $200 thousand. The recognition date for capital reduction was March 31, 2019. Accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares, at $10 dollars par value per share, amounting to $2,620 thousand. All related registration procedures had been completed.

On December 22, 2017, the Company issued $20,000 thousand ordinary shares, with subscription price of $277 per share, under private placement. The private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. As of December 31, 2020, the Company has not applied for a public offering with the Financial Supervisory Commission.

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(ii) Capital surplus

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

		December 31, 2020	December 31, 2019
Additional paid-in capital	$	9,031,035	9,031,035
Changes in ownership interests in subsidiaries		69,410	-
Employee stock options		2,915	1,452
Restricted shares of stock issued for employees		219,738	211,821
	$	**9,323,098**	**9,244,308**

In accordance with amended Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the 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.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

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2) Special reverse

In accordance with Permit No. 1010012865 issued by the FSC on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

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:

	2019	2018
Cash dividends	$ 2,968,394	2,118,972

The above-mentioned appropriations of earning for 2018 was consistent with the resolutions of the meeting of the Board of Directors.

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

On March 18, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. The earnings were appropriated as follows:

	2020	
	Amount per share (in dollars)	Total amount
Cash dividends	$ 10	$ 4,240,564

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(iv) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2020	$ (179,450)	3,089,886	(137,029)
Foreign currency differences (net of tax):			
The Group	(60,347)	-	-
Associates	37,592	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	741,027	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(50,067)	-
Changes in turnover of restricted shares of stock issued to employees	-	-	(7,917)
Compensation cost arising from restricted shares of employees	-	-	79,208
Balance as of December 31, 2020	**$ (202,205)**	**3,780,846**	**(65,738)**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2019	$ (36,200)	958,390	(158,308)
Foreign currency differences (net of tax):			
The Group	(147,365)	-	-
Associates	4,115	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	2,114,856	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	16,640	-
Issuance of restricted shares of employees	-	-	(50,364)
Compensation cost arising from restricted shares of employees	-	-	71,643
Balance as of December 31, 2019	**$ (179,450)**	**3,089,886**	**(137,029)**

(Continued)

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(v) Share-based payment

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

On June 15, 2018, the shareholders' meeting approved a resolution to issue 1,700 thousand new restricted employee shares to full-time regular employees who meet specific requirements. The above transaction had been approved by the Financial Supervisory Commission. The Company decided that the grant date was set on August 22, 2018 and in accordance with the resolution of Board of Directors meeting held on September 14, 2018, the Company issued 1,148 thousand shares (the date of capital increase was set on September 14, 2018), with the fair-value on grant date amounting to $175,357 thousand. On March 21, 2019, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 20 thousand shares. The Company decided that the second grant date was set on May 10, 2019. And in accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares (the date of capital increase was set on May 14, 2019), with the fair-value on grant date amounting to $50,364 thousand. The remaining amount of 290 thousand shares will not be processed during the remaining period.

As of December 31, 2020 and 2019, there were 1,390 thousand shares outstanding.

Those employees with the restricted stock awards (RSA) are entitled to purchase shares without cost under the conditions that these employees will continue to provide service to the Company for at least 3 years (from the grant date), and meet certain requirement. Based on the Company's requirements, the restricted employee shares should be fully vested in the third year after the grant date. These shares shall not be sold, pledged, transferred, gifted, or disposed by any other means to third parties during the custody period. During the vesting period, the RSA can participate in stock and cash dividends and subscription to cash rights issues and subscription is not required to be deposited in trust. The cash and stock dividends distributed during the custody period will be granted to the employees. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares, and cancel the shares thereafter.

For the years ended December 31, 2020 and 2019, the Company recognized the compensation cost of $79,216 thousand and $71,643 thousand for the aforementioned RSA, respectively.

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

	2018 ESOPs
Grant date	2018.4.20
Number of options granted (unit)	5,560
Number of common shares eligible (share)	1,000
Contract period	2018.4.20~2026.4.19
Vesting period	2018.4.20~2021.4.19
Recipients	Employees of PBL

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PBL used the Black-Scholes Model in measuring the fair value of its employee stock option at the date of grant. The main inputs to the valuation model were as follows:

	2018 employee stock options exercise in the 1st year	2018 employee stock options exercise in the 2nd year	2018 employee stock options exercise in the 3rd year
Fair value at grant date (dollars)	$ 3.93	$ 4.13	$ 4.32
Share price at grant date (dollars)	$ 11.29	$ 11.29	$ 11.29
Exercise price (dollars)	$ 11	$ 11	$ 11
Expected volatility	40%	40%	40%
Expected life	4.5 years	5 years	5.5 years
Risk-free interest rate	0.70%	0.74%	0.77%

Details of the employee stock options were as follows:

	2020		2019	
	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)
Outstanding at January 1	$ 11	5,560	11	5,560
Granted during the period	-	-	-	-
Outstanding at December 31	11	**5,560**	11	**5,560**
Exercisable at December 31	-	**5,560**	-	**2,224**

For the years ended December 31, 2020 and 2019, the PBL recognized the compensation cost of $2,484 thousand and $6,132 thousand for the aforementioned ESOPs, respectively.

(w) Earnings per share (“EPS”)

	2020	2019
Basic earnings per share:		
Profit belonging to common shareholders	$ **6,528,740**	**4,474,399**
Weighted average number of outstanding shares of common stock (in thousands shares)	**422,666**	**422,666**
Basic earnings per share (in dollars)	$ **15.45**	**10.59**
Diluted earnings per share:		
Profit belonging to common shareholders	$ **6,528,740**	**4,474,399**
Weighted average number of outstanding shares of common stock (in thousands shares)	422,666	422,666
Effect of potentially dilutive common stock		
Employee remuneration (in thousands shares)	1,924	1,531
Restricted employee shares (in thousands shares)	1,163	752
Weighted-average number of common stock (diluted) (in thousands shares)	**425,753**	**424,949**
Diluted earnings per share (in dollars)	$ **15.33**	**10.53**

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(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020			
	Segment-Foundry	Segment-Agriculture technology	Segment-Others	Total
Primary geographical markets:				
Asia	$ 16,634,605	382,239	1,984	17,018,828
Americas	5,795,821	-	29,438	5,825,259
Taiwan	1,394,746	-	192,039	1,586,785
Europe	1,115,333	-	-	1,115,333
	$ 24,940,505	**382,239**	**223,461**	**25,546,205**
Main product/ services lines:				
Foundry	$ 24,938,258	-	-	24,938,258
Others	2,247	382,239	223,461	607,947
	$ 24,940,505	**382,239**	**223,461**	**25,546,205**

	2019			
	Segment-Foundry	Segment-Agriculture technology	Segment-Others	Total
Primary geographical markets:				
Asia	$ 14,088,651	428,403	7,989	14,525,043
Americas	3,998,159	-	-	3,998,159
Taiwan	1,862,898	-	65,622	1,928,520
Europe	925,986	-	16	926,002
	$ 20,875,694	**428,403**	**73,627**	**21,377,724**
Main product/ services lines:				
Foundry	$ 20,874,280	-	-	20,874,280
Others	1,414	428,403	73,627	503,444
	$ 20,875,694	**428,403**	**73,627**	**21,377,724**

(ii) Balance of contracts

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$ 632	684	459
Accounts receivable	2,037,018	2,410,333	1,424,223
Less: loss allowance	(148)	(4,344)	(2,317)
	$ 2,037,502	**2,406,673**	**1,422,365**
Contract liabilities	**$ 534,426**	**260,426**	**112,694**

(Continued)

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

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 years ended December 31, 2020 and 2019, that was included in the contract liabilities balance at the beginning of the period was $235,944 thousand and $91,383 thousand, respectively.

(y) 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:

		2020	2019
Employees' remuneration	$	543,300	368,400
Directors' remuneration		157,700	106,900
	$	**701,000**	**475,300**

The amount of employees' 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 years ended December 31, 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. There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements for the years ended December 31, 2020 and 2019.

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

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(z) Non-operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	$ 29,379	67,107
Interest income from financial assets at amortized cost	-	205
Interest income from financial assets at fair value through profit or loss	1	-
Other interest income	45	53
Interest income	**$ 29,425**	**67,365**

(ii) Other income

	2020	2019
Dividend income	$ 155,206	121,790
Rent income	74,069	85,182
Other income	**$ 229,275**	**206,972**

(iii) Other gains and losses

	2020	2019
Gains (losses) on disposals of property, plant and equipment	21,124	(375,910)
Losses on disposals of investments	-	(25,666)
Foreign exchange losses	(43,933)	(74,602)
Gains on financial assets or liabilities at fair value through profit or loss	23,184	221,437
Impairment loss	(139,071)	-
Others	65,714	67,217
Other gains and losses	**$ (72,982)**	**(187,524)**

(iv) Finance costs

	2020	2019
Interest expenses	$ 92,716	50,446
Other finance costs	248	253
Finance costs	**$ 92,964**	**50,699**

(aa) Financial instruments

(i) Credit risk

1) Exposure of credit risk

As at reporting, the Group's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Group providing financial guarantees was $209,328 thousand and $220,353 thousand as of December 31, 2020 and 2019.

2) Disclosures about concentrations of risk

As of December 31, 2020 and 2019, the Group's accounts receivable were both concentrated on 5 customers, whose accounts represented 64% and 56% of the total accounts receivable, respectively. In order to reduce the credit risk on these accounts receivable, the Group continues to evaluate the financial status of these customers and request for collaterals when necessary. The Group evaluates the possible collectability of accounts receivable periodically and accrues allowance for doubtful accounts, if necessary.

3) Receivables and debt securities

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

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

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

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	$ 4,409,680	4,513,312	30,831	3,721,793	760,688	-
Unsecured bank loans	7,008,940	7,121,530	45,052	2,216,672	4,859,806	-
Notes and accounts payable	1,794,668	1,794,668	1,794,668	-	-	-
Other payables	3,132,855	3,132,855	3,132,855	-	-	-
Guarantee deposits received	124,732	124,732	6,174	8,558	110,000	-
Lease liabilities	699,884	940,240	92,885	81,864	196,046	569,445
	$ 17,170,759	**17,627,337**	**5,102,465**	**6,028,887**	**5,926,540**	**569,445**

(Continued)

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		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	$	2,182,125	2,329,782	33,800	33,800	1,900,796	361,386
Unsecured bank loans		3,606,000	3,712,122	39,312	1,068,695	2,277,837	326,278
Notes and accounts payable		1,826,214	1,826,214	1,826,214	-	-	-
Other payables		1,288,817	1,288,817	1,288,817	-	-	-
Guarantee deposits received		125,611	125,611	15,611	-	110,000	-
Lease liabilities		369,327	495,192	69,764	47,590	102,056	275,782
	$	9,398,094	9,777,738	3,273,518	1,150,085	4,390,689	963,446

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:

		December 31, 2020			December 31, 2019		
		Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets							
Monetary items							
USD	$	242,839	28.48	6,916,049	206,117	29.98	6,179,373
EUR		7	35.02	246	75	33.95	2,531
JPY		2,391,001	0.2763	660,634	1,321,385	0.2760	364,702
GBP		11	38.90	428	11	39.36	433
HKD		60	3.673	221	51,537	3.850	198,365
RMB		1,232	4.38	5,398	-	-	-
				$ 7,582,976			$ 6,745,404
Non-monetary items							
USD	$	15,703	28.48	448,558	10,570	29.98	318,268
RMB		179,878	4.38	785,950	110,112	4.31	472,528
				$ 1,234,508			$ 790,796
Financial liabilities							
Monetary items							
USD	$	172,495	28.48	4,912,645	57,240	29.98	1,716,041
EUR		1,233	35.02	43,180	866	33.59	29,075
JPY		911,604	0.2763	251,876	595,366	0.2760	164,321
				$ 5,207,701			$ 1,909,437

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through profit or loss, notes and accounts payable, other payables and long-term borrowings that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR, GBP, JPY, HKD, RMB, etc. for the years ended December 31, 2020 and 2019 would have increased (decreased) the net profit after tax by $111,825 thousand and $204,998 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 years ended December 31, 2020 and 2019, foreign exchange losses (including realized and unrealized portions) amounted to $43,933 thousand and $74,602 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 $31,655 thousand and $16,686 thousand for the years ended December 31, 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) Financial instrument classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required.

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	December 31, 2020				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 10,239	10,239	-	-	10,239
Funds and investment	745,799	745,799	-	-	745,799
Private fund	814,065	-	-	814,065	814,065
Subtotal	**$ 1,570,103**	**756,038**	**-**	**814,065**	**1,570,103**
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	$ 5,756,283	5,756,283	-	-	5,756,283
Non-public stocks	963,298	-	-	963,298	963,298
Subtotal	**$ 6,719,581**	**5,756,283**	**-**	**963,298**	**6,719,581**
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 8,356,270	-	-	-	-
Notes and accounts receivable (Note)	2,037,502	-	-	-	-
Other receivables (Note)	72,308	-	-	-	-
Other non-current assets (Note)	281,326	-	-	-	-
Subtotal	**$ 10,747,406**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 11,418,620	-	-	-	-
Notes and accounts payable (Note)	1,794,668	-	-	-	-
Other payables (Note)	3,132,855	-	-	-	-
Guarantee deposits received (Note)	124,732	-	-	-	-
Lease liabilities (Note)	699,884	-	-	-	-
Subtotal	**$ 17,170,759**	**-**	**-**	**-**	**-**

	December 31, 2019				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 206,359	206,359	-	-	206,359
Funds and investment	300,490	300,490	-	-	300,490
Private fund	565,804	-	-	565,804	565,804
Subtotal	**$ 1,072,653**	**506,849**	**-**	**565,804**	**1,072,653**
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	**$ 4,556,205**	**3,855,958**	**-**	**700,247**	**4,556,205**
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	**$ 8,476,601**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Bank loan (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	**$ 9,398,094**	**-**	**-**	**-**	**-**

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.

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

Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

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

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

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

(Continued)

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.

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 years ended December 31, 2020 and 2019, there was no transfer between level 2 and level 1 financial asset of the fair value hierarchy.

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5) Movement of level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Private fund	**Unquoted equity instruments**
Balance as of January 1, 2020	$ 565,804	700,247
Total gains or losses:		
Recognized in profit and loss	(34,282)	-
Recognized in other comprehensive income	-	(109,739)
Purchased	282,543	455,937
Disposals	-	(75,188)
Capital reduction	-	(6,667)
Effect of changes in foreign exchange rates	-	(1,292)
Balance as of December 31, 2020	**$ 814,065**	**963,298**
Balance as of January 1, 2019	$ 722,405	564,486
Total gains or losses:		
Recognized in profit and loss	67,261	-
Recognized in other comprehensive income	-	126,486
Purchased	142,794	-
Reclassify	-	34,525
Disposals	(366,621)	(17,274)
Capital reduction	(35)	(6,667)
Effect of changes in foreign exchange rates	-	(1,309)
Balance as of December 31, 2019	**$ 565,804**	**700,247**

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 December 31, 2020 and 2019, the related information of the assets which were still held by the Group were as follows:

	2020	2019
Total gains or losses		
Profit or loss (recognized as other gains and losses)	$ (34,282)	(89)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(159,806)	121,738

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	● Comparable listed companies approach	● Price-book ratio (as of December 31, 2020 and 2019 were 1.62~7.33, and 1.65~6.14, respectively) ● Market liquidity discount rate (as of December 31, 2020 and 2019 were all 80% of market value)	● The higher the price-book ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value
	● Net asset value method	● Net asset value	● The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	● Net asset value method	● Net asset value	● The higher the net assets value, the higher the fair value

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:

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	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2020						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	$ 40,703	(40,703)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	26,510	(26,510)
〃	Market liquidity discount rate	5%	-	-	26,510	(26,510)
〃	Net asset value	5%	-	-	21,655	(21,655)
December 31, 2019						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	$ 28,290	(28,290)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	18,939	(18,939)
〃	Market liquidity discount rate	5%	-	-	18,939	(18,939)
〃	Net asset value	5%	-	-	16,074	(16,074)

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.

(ab) Management of financial risk

(i) The Group is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Group's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

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(ii) Risk management framework

The Board of Directors is responsible for overseeing the Group's risk management framework. The Group's internal auditor is responsible to identify and analyze the risks faced by the Group. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Group's accounts receivable, investments in securities and investments in bond.

1) Notes and accounts receivable

According to the credit policy, the Group analyze each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Group's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's policy, the Group can only provide guarantees which are listed under the regulation. The Group did not provide any guarantee not listed under the regulation as of December 31, 2020 and 2019.

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group’s financial department monitors cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Group also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020, the Group has unused bank credit lines for short-term borrowings, the unused bank credit lines for short-term borrowings and long-term borrowings and long-term bank borrowings amounted to $802,430 thousand, $3,450,712 thousand and $9,814,928 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the New Taiwan Dollars (NTD), US Dollars (USD) and Japanese Yen (JPY).

The policy of response to currency risk:

1) The Group reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

2) The Group uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

3) The Group manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also stays in contact with the foreign currency department to control the foreign currency trend and market information.

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(ac) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Group monitors the expansion plan as well as the level of dividends to ordinary shareholders.

For the years ended December 31, 2020 and 2019, the Group's return on common equity was 20.49% and 16.26%, respectively. The Group's debt ratio at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Debt ratio	**34.68 %**	**29.17 %**

As of December 31, 2020, there were no changes in the Group's approach to capital management.

(ad) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

		Cash flows			Non-cash changes			
	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**	**December 31, 2020**
Long-term borrowings	$ 5,788,125	8,348,293	(2,632,500)	-	-	(114,846)	29,548	11,418,620
Guarantee deposit received	125,611	-	-	(879)	-	-	-	124,732
Lease liabilities (Note 1)	369,327	-	(96,721)	(3,810)	17,277	413,811	-	699,884
Total liabilities from financing activity	**$ 6,283,063**	**8,348,293**	**(2,729,221)**	**(4,689)**	**17,277**	**298,965**	**29,548**	**12,243,236**

		Cash flows			Non-cash changes			
	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**	**December 31, 2019**
Long-term borrowings	$ 5,802,600	5,282,865	(5,291,600)	-	-	(13,450)	7,710	5,788,125
Guarantee deposit received	143,068	-	-	(17,457)	-	-	-	125,611
Lease liabilities (Note 2)	290,061	-	(68,555)	(1,462)	12,044	137,239	-	369,327
Total liabilities from financing activity	**$ 6,235,729**	**5,282,865**	**(5,360,155)**	**(18,919)**	**12,044**	**123,789**	**7,710**	**6,283,063**

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to $4,304 thousand.

Note 2: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to $6,004 thousand.

(Continued)

(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.

(b) Significant transactions with related parties

(i) Purchases

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

	2020	2019
Other related parties	$ 602	3,637

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:

	2020	2019
Other related parties	$ 2,000	1,000

(iii) Guarantee

As of December 31, 2020, and 2019, Chainwin Cayman had provided a guarantee for loans amounting to US$7,350 thousand ($209,328 thousand and $220,353 thousand, respectively) to its associate, Jiangsu CM/Chainwin Agriculture Development Co., Ltd.

(iv) Property transactions－acquire assets

Account	Category	December 31, 2020	December 31, 2019
Intangible assets	Other related parties－		
	Chainwin i-Management Co., Ltd.	$ 162,965	15,777
Property, plant and equipment	Other related parties	$ 162	15,684

(v) Prepayment to related parties

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

Account	Category	December 31, 2020	December 31, 2019
Other non-current assets	Other related parties－		
	Chainwin i-Management Co., Ltd.	$ -	15,777

(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 $29,009 thousand and $14,423 thousand for the years ended December 31, 2020 and for the period from July 1 to December 31, 2019. The preceding rent payment has been received. The guarantee deposits received amounted to $110,000 thousand as of December 31, 2020, and 2019.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	2020	2019
Short-term employee benefits	$ 636,013	492,963
Post-employment benefits	1,256	821
	$ 637,269	493,784

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2020	December 31, 2019
Other non-current assets	Bank deposits－reserve accounts	$ 6,693	4,197
Other non-current assets	Gas deposits	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,430	20,242
Other non-current assets	Guarantee deposits of letters of credit	97,258	-
Other non-current assets	Plant deposits	11,819	12,441
Other non-current assets	Seizure deposits	25,082	-
Property, plant and equipment	Long-term borrowings	2,003,867	2,382,554
Investment property	Long-term borrowings	321,517	336,574
Total		$ 2,491,366	2,760,708

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

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

	December 31, 2020	December 31, 2019
The unrecognized amount	$ 5,521,073	3,353,094

(ii) The unused letters of credit was as follows:

	December 31, 2020	December 31, 2019
The unused letters of credit	$ 82,674	206,008

(10) Losses due to major disasters: None.

(11) Subsequent events:

(a) For the purpose of procurement of raw materials and capital expenditure in foreign currencies of the Company, a resolution was passed by the Board of Directors' meeting held on November 27, 2020 for the issuance of the 1st unsecured overseas zero coupon convertible bonds, which had been approved by the Financial Supervisory Commission with approval No.1090377907. The 1st issued of overseas unsecured convertible bonds have announced on January 7, 2021. The issuance of the 5-year unsecured convertible bond amounting to US$500,000 thousand with 100% of par value. The bond was issued at par value without coupon rate, with the issuance and maturity dates on January 14, 2021 and January 14, 2026, respectively.

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(b) The Company's subsidiary, Jiangsu Win Yield Agriculture Development Co., Ltd. entered into an new and added supplements contract with Jiangsu Huaitian Construction Ltd. for construction, with amount of RMB 125,000 thousand on February 8, 2021.

(c) On March 5, 2021, the Company's subsidiary, Win Semiconductors Cayman Islands Co., Ltd., signed the equity interest transfer agreement to acquire 0.5% of the current shares of Vanchip (Tianjin) Technology Co., Ltd. for RMB 60,000 thousand in cash.

(d) The Company's subsidiary, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., resolved to issue 62,500 thousand shares at US$2 per share, as proposed in the Board of Director's meeting held on March 17, 2021.

(e) The Company's subsidiary, Win Semiconductors Cayman Islands Co., Ltd., resolved to issue 109,600 thousand shares, with par value US$1 per share, as proposed in the Board of Director's meeting held on March 18, 2021.

(f) 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 50,000 thousand shares, with par value US$2 per share, as proposed in the Board of Director's meeting held on March 18, 2021.

(g) The Company resolved to subscribe the new shares contributed by its subsidiary, Win Semiconductors Cayman Islands Co., Ltd., for 109,600 thousand shares, with par value US$1 per share, as proposed in the Board of Director's meeting held on March 18, 2021.

(12) Other:

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

	2020			2019		
	Classified as operating costs	**Classified as operating expenses**	**Total**	**Classified as operating costs**	**Classified as operating expenses**	**Total**
Employee benefits						
Salaries	2,746,116	1,155,011	3,901,127	2,424,222	1,082,537	3,506,759
Labor and health insurance	205,134	61,878	267,012	179,353	55,141	234,494
Pension	89,857	26,595	116,452	79,483	28,745	108,228
Director remuneration	-	158,071	158,071	-	107,176	107,176
Others	142,091	56,707	198,798	127,652	51,197	178,849
Depreciation	3,304,794	322,801	3,627,595	3,012,526	335,528	3,348,054
Amortization	25,151	83,730	108,881	18,578	48,415	66,993

(b) 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)

(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 year ended December 31, 2020:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to schedule A.

(iii) Securities held as of December 31, 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: Please refer to schedule E.

(b) Information on investments: Please refer to schedule F.

(c) Information on investment in mainland China: Please refer to schedule G.

(d) Information on major shareholders: Please refer to schedule H.

(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.

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

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(b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the years ended December 31, 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:

2020	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue：					
Revenue from external customers	$ 24,940,505	382,239	223,461	-	25,546,205
Interest expenses	$ 28,769	62,412	1,783	-	92,964
Depreciation and amortization	$ 3,629,361	80,808	22,247	4,060	3,736,476
Shares of profits (losses) of associates and joint ventures accounted for using equity method	$ -	127,256	(1,226)	-	126,030
Reportable segment profit or loss	$ 8,131,263	(324,992)	(20,038)	(4,060)	7,782,173
Assets:					
Capital expenditures in noncurrent assets	$ 4,330,657	4,468,799	35,644	-	8,835,100

2019	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue：					
Revenue from external customers	$ 20,875,694	428,403	73,627	-	21,377,724
Interest expenses	$ 31,579	18,667	453	-	50,699
Depreciation and amortization	$ 3,342,607	53,287	15,681	3,472	3,415,047
Shares of profits (losses) of associates and joint ventures accounted for using equity method	$ (1,282)	(199,956)	1,382	-	(199,856)
Reportable segment profit or loss	$ 5,805,224	(155,872)	(87,328)	(3,472)	5,558,552
Assets:					
Capital expenditures in noncurrent assets	$ 3,776,853	1,634,368	27,834	-	5,439,055

For the years ended December 31, 2020 and 2019, reportable segment profit or loss excludes non-operating income and expenses, amounting to $220,010 thousand and $(165,124) thousand, respectively.

(c) Segment information by products and services

The information from the product and the service segment coincides with the administrative segment, and its revenue from external customers was disclosed in Note 14(b).

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(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenue from external customers for the years ended December 31, 2020 and 2019 were as follows:

Area	2020	2019
External Customers:		
Asia	$ 17,018,828	14,525,043
America	5,825,259	3,998,159
Taiwan	1,586,785	1,928,520
Europe	1,115,333	926,002
Total	**$ 25,546,205**	**21,377,724**

Area	December 31, 2020	December 31, 2019
Non-current Assets:		
Taiwan	$ 20,695,647	19,487,236
Asia	7,016,486	2,494,631
America	12,701	312
Total	**$ 27,724,834**	**21,982,179**

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and prepayments for business facilities; not including financial instruments, goodwill and deferred tax assets.

(e) Major customers

For the years ended December 31, 2020 and 2019, sales to customers greater than 10% of net revenue were as follows:

	2020		2019	
	Net revenue amount	Percentage of net revenue (%)	Net revenue amount	Percentage of net revenue (%)
Operating revenue of the Group-A company	$ 3,079,799	12	3,032,337	14
Operating revenue of the Group-B company	3,013,864	12	420,464	2
Operating revenue of the Group-C company	2,635,908	10	2,698,003	13
Operating revenue of the Group-D company	2,463,778	10	532,100	2
Operating revenue of the Group-E company	1,645,102	6	2,011,520	10
	$ 12,838,451	**50**	**8,694,424**	**41**

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Schedule A Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	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
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	17,038,793	470,312	470,312	-	-	1.38%	Net equity 50% 17,038,793	Y	-	-
0	〃	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd. (Note 7)	2	17,038,793	1,045,138	1,045,138	1,566,400	-	3.07%	Net equity 50% 17,038,793	Y	-	Y
0	〃	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	17,038,793	1,567,705	1,567,705	1,281,600	-	4.60%	Net equity 50% 17,038,793	Y	-	Y
0	〃	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	17,038,793	522,569	522,569	-	-	1.53%	Net equity 50% 17,038,793	Y	-	Y
0	〃	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	17,038,793	1,045,138	1,045,138	854,400	-	3.07%	Net equity 50% 17,038,793	Y	-	Y
0	〃	Jiangsu Win Chance Agriculture Development Co., Ltd. (Note 6)	2	17,038,793	1,045,138	1,045,138	-	-	3.07%	Net equity 50% 17,038,793	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	2,536,008 (USD 89,045)	209,328 (USD 7,350)	209,328 (USD 7,350)	42,898 (USD 1,506)	-	2.48%	Net equity 50% 4,226,681	-	-	Y

Note 1: Company numbering as follows:
Issuer－0
Investee starts from 1

Note 2: Relationship with the Company
1. Ordinary business relationship.
2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.
3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.
4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

Note 3: WIN Semiconductors Corp.'s operating procedures of guarantee were as follows:
1. The guarantees and endorsements limit provided by WIN Semiconductors Corp. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by WIN Semiconductors Corp. and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., 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: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of guarantee were as follows:
1. The individual guarantee amount should not exceed 30% 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 Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 50% 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 28.48 and USD 0.1537, respectively.

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

Note 7: As of December 31, 2020, Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.'s actual usage amount was US$55,000 thousand (the amounts are equivalent to NT$1,566,400 thousand) which did not exceed the maximum loans limit of US$60,000 thousand (the amounts are equivalent to NT$1,708,800 thousand).

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Schedule B Securities held as of December 31, 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				Highest percentage of ownership (%)	Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	100	10,239	0.15	10,239	0.15	
WIN Venture Capital Corp.	Allianz Global Investors Taiwan Money Market Fund	〃	〃	1,151	14,545	-	14,545	-	
〃	Capital Money Market Fund	〃	〃	20,903	339,997	-	339,997	-	
WIN Chance Investment Corp.	Allianz Global Investors Taiwan Money Market Fund	〃	〃	5,604	70,799	-	70,799	-	
〃	Capital Money Market Fund	〃	〃	1,834	29,839	-	29,839	-	
WIN Earn Investment Corp.	Allianz Global Investors Taiwan Money Market Fund	〃	〃	11,098	140,194	-	140,194	-	
〃	Capital Money Market Fund	〃	〃	9,248	150,425	-	150,425	-	
					756,038		**756,038**		
The Company	MagiCapital Fund II L.P.	〃	Non-current financial assets at fair value through profit or loss	-	292,544	5.81	292,544	5.81	
〃	CDIB Capital Growth Partners L.P.	〃	〃	-	102,768	3.30	102,768	3.30	
〃	CDIB Capital Healthcare Ventures II L.P.	〃	〃	-	8,279	1.61	8,279	1.61	
〃	Fuh Hwa Oriental Fund	〃	〃	15,000	24,120	-	24,120	-	
〃	Fuh Hwa Smart Energy Fund	〃	〃	12,000	83,040	-	83,040	-	
〃	LeaSun Winion L.P.	〃	〃	-	27,300	12.47	27,300	12.47	
〃	NFC Fund II L.P.	〃	〃	-	156,014	32.88	156,014	32.88	
〃	Foryou Venture Capital L.P.	〃	〃	-	21,000	5.77	21,000	5.77	
〃	Renaissance Capital Limited Partnership	〃	〃	-	99,000	12.82	99,000	12.82	
					814,065		**814,065**		
〃	ITEQ Corporation/Stock	Other related parties	Non-current financial assets at fair value through other comprehensive income	30,393	4,194,236	9.13	4,194,236	9.13	
〃	Sino-American Silicon Products Inc./Stock	None	〃	2,076	368,490	0.35	368,490	0.35	
〃	Inventec Solar Energy Corporation/Stock	〃	〃	34,000	-	10.51	-	10.51	
〃	CDIB Capital Creative Industries Limited/Stock	〃	〃	3,667	32,596	3.33	32,596	3.33	
〃	MagiCap Venture Capital Co., Ltd./Preferred Stock A	〃	〃	726	91,753	18.28	91,753	18.28	
〃	New Future Capital Co., Ltd./Stock	〃	〃	10,000	104,600	15.87	104,600	15.87	
〃	Grand Fortune Venture Corp./Stock	〃	〃	5,000	54,900	6.87	54,900	6.87	
〃	NFC I Renewable Power Co., Ltd./Stock	〃	〃	15,000	149,250	15.00	149,250	15.00	
〃	Gogolook Co., Ltd./Stock	〃	〃	2,013	209,336	11.83	209,336	11.83	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	〃	75	935,248	0.02	935,248	0.02	
〃	Anokiwave Inc./Series B Preferred Stock	〃	〃	1,264	285,353	7.93	285,353	7.93	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	〃	90	-	0.29	-	0.32	(Note 1)
〃	Merit Biotech INC./Stock	〃	〃	1,320	-	2.93	-	2.93	(Note 2)
〃	Winresp INC./Stock	〃	〃	2,740	35,510	18.16	35,510	18.26	
WIN Chance Investment Corp.	ITEQ Corporation/Stock	Other related parties	〃	1,872	258,309	0.56	258,309	0.56	
					6,719,581		**6,719,581**		

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 December 31, 2020, the company is still within the period of liquidation.

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	4,194,236 (Note 1)
〃	Win Semiconductors Cayman Islands Co., Ltd./Stock	Investments accounted for using equity method	-	Subsidiary	167,000	5,135,146	100,000	2,931,500	-	-	-	-	267,000	8,326,706 (Note 2)
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd./Stock	〃	-	Investment through subsidiary	85,054	5,219,959	50,000	2,922,000	-	-	-	-	135,054	7,025,440 (Note 2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	〃	-	〃	-	155,300	-	1,331,345	-	-	-	-	-	1,526,517 (Note 2)
〃	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	〃	-	〃	-	1,363,751	-	798,291	-	-	-	-	-	1,969,938 (Note 2)
〃	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	〃	-	〃	-	676,169	-	409,070	-	-	-	-	-	1,058,842 (Note 2)
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	339,997 (Note 1)
〃	Advanced Wireless Semiconductor Company/Stock	〃	-	〃	-	-	3,606	290,504	3,606	409,919	290,504	119,415	-	-

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 December 31, 2020, the price paid $576,265 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
〃	Factory buildings	2020/12/23	1,464,524 (RMB 335,900)	As of December 31, 2020, the price paid $437,738 thousand (RMB 100,000 thousand).	Jiangsu Huaitian Construction 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 December 31, 2020, the price paid $662,567 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 December 31, 2020, the price paid $1,431,402 thousand (RMB 327,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2020/12/8	1,174,319 (RMB 268,600)	As of December 31, 2020, the price paid $481,511 thousand (RMB 110,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

Schedule E Business relationships and significant inter company transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of Company	Name of Counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	i-Chainwin Technology (Cayman Islands) Co., Ltd.	i-Chainwin Technology Co., Ltd.	3	Other receivables due from related parties	148,808	Note 3	0.27%
2	i-Chainwin Technology Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	3	Other receivables due from related parties	148,808	〃	0.27%

Note 1: Company numbering as follows:
Parent company－0
Subsidiary starts from 1
Note 2: The numbering of the relationship between transaction parties as follows:
Parent company to subsidiary－1
Subsidiary to parent company－2
Subsidiary to subsidiary－3
Note 3: There is no significant difference from transaction terms with non-related parties.

Schedule F Information on investments:

The following is the information on investees for the years ended December 31, 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			Highest percentage of ownership (%)	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%	(12,755)	100.00%	(13,161)	(13,161)	(Note 1)
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	8,066,646	5,135,146	267,000	100.00%	8,326,706	100.00%	(183,280)	(183,280)	(Note 1)
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	500,000	500,000	50,000	100.00%	553,604	100.00%	101,844	101,844	(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%	277,667	54.48%	(120,357)	(65,568)	(Note 1)
〃	WIN Chance Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	358,850	100.00%	16,474	16,474	(Note 1)
〃	WIN Earn Investment Corp.	Taiwan	Investment activities	290,000	10,000	29,000	100.00%	290,559	100.00%	593	593	(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%	31,485	4.39%	(120,357)	(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%	55,876	49.30%	(2,488)	(Note 2)	
〃	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	8,141,959	5,219,959	135,054	81.69%	7,025,440	96.30%	(167,542)	(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%	147,667	100.00%	(38,683)	(Note 2)	(Note 1)
〃	Win Lux Biotech (Cayman Islands) Co., Ltd.	〃	Investment activities	15,010	-	500	100.00%	14,171	100.00%	(541)	(Note 2)	(Note 1)
〃	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	-	22,000	100.00%	217,794	100.00%	(2,206)	(Note 2)	(Note 1)
〃	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	30,000	-	3,000	100.00%	29,791	100.00%	(209)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	8,784	8,784	-	100.00%	4,431	100.00%	(3,460)	(Note 2)	(Note 1)
〃	PhalanxBio, Inc.	USA	Selling of high-density gene chip and test service	208,110	208,110	2,550	100.00%	48	100.00%	1,601	(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 G Information on investment in mainland China:

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

(In thousands of Dollars)

Name of investee	Main businesses and products	Total amount of paid in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Highest percentage of ownership (%)	Percentage of ownership	Investment income (losses) (Note 4)(Note 6)	Carrying value at the end of this year (Note 5)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow								
Jiangsu Chainwin Kang Yuan	Developing hog farming technology	2,162,042	(Note 1)	1,309,536	798,291	-	2,107,827	(97,425)	96.30%	81.69%	(97,425)	1,969,938	-	(Note 10)
Agricultural Development Co., Ltd.	and trading	(RMB 488,632)		(USD 42,471)	(USD 27,572)		(USD 70,043)	(USD (3,277))			(USD (3,277))	(USD 69,169)		
Jiangsu Chainwin Agriculture and	Farm feed developing and trading	1,085,239	(Note 1)	653,305	409,070	-	1,062,375	2,434	96.30%	81.69%	2,434	1,058,842	-	(Note 10)
Animal Technology Co., Ltd.		(USD 35,790)		(USD 21,046)	(USD 14,000)		(USD 35,046)	(USD 106)			(USD 106)	(USD 37,178)		
Jiangsu CM/Chainwin Agriculture	Developing hog farming technology	2,059,210	(Note 1)	951,961	170,913	-	1,122,874	259,706	47.19%	40.03%	127,256	785,949	-	
Development Co., Ltd.	and trading	(USD 67,581)		(USD 30,905)	(USD 5,916)		(USD 36,821)	(USD 8,868)			(USD 4,345)	(USD 27,597)		
Jiangsu Win Chance Agriculture	Developing hog farming technology	466,944	(Note 1)	507,913	79	-	507,992	(28,242)	96.30%	81.69%	(28,242)	422,176	-	(Note 9)
Development Co., Ltd.	and trading	(USD 15,200)		(USD 16,567)	(USD 2)		(USD 16,569)	(USD (971))			(USD (971))	(USD 14,824)		(Note 10)
Jiangsu Merit/Cofcojoycome	Developing hog farming technology	-	(Note 1)	149,664	-	-	149,664	-	-	-	-	-	-	(Note 8)
Agriculture Development Co., Ltd.	and trading			(USD 4,872)			(USD 4,872)							
Jiangsu Merit Runfu Agriculture	Developing hog farming technology	72,313	(Note 1)	41,009	-	-	41,009	(789)	96.30%	81.69%	(789)	55,314	-	(Note 10)
Development Co., Ltd.	and trading	(RMB 16,177)		(USD 1,335)			(USD 1,335)	(USD (27))			(USD (27))	(USD 1,942)		
Jiangsu Win Yield Agriculture	Developing hog farming technology	1,486,645	(Note 1)	155,300	1,331,345	-	1,486,645	18,821	96.30%	81.69%	18,821	1,526,517	-	(Note 10)
Development Co., Ltd.	and trading	(USD 50,500)		(USD 5,000)	(USD 45,500)		(USD 50,500)	(USD 650)			(USD 650)	(USD 53,600)		
Jiangsu Win Shine Agriculture	Logistics management service	259,960	(Note 1)	-	-	-	-	(5,340)	86.78%	81.69%	(5,340)	256,740	-	(Note 10)
Development Co., Ltd.		(USD 9,000)						(USD (186))			(USD (186))	(USD 9,015)		
Jiangsu Win Boutique Agriculture	Developing hog farming technology	288,100	(Note 1)	-	-	-	-	(2,469)	81.69%	81.69%	(2,469)	284,839	-	(Note 10)
Development Co., Ltd.	and trading	(USD 10,000)						(USD (87))			(USD (87))	(USD 10,001)		
Jiangsu Win Sunlight Agriculture	Developing hog farming technology	288,100	(Note 1)	-	86,430	-	86,430	(2,507)	81.69%	81.69%	(2,507)	284,823	-	(Note 10)
Development Co., Ltd.	and trading	(USD 10,000)			(USD 3,000)		(USD 3,000)	(USD (88))			(USD (88))	(USD 10,001)		
Jiangsu Win Honor Management	Logistics management service	288,100	(Note 1)	-	-	-	-	(2,438)	81.69%	81.69%	(2,438)	284,848	-	(Note 10)
Technology Co., Ltd.		(USD 10,000)						(USD (86))			(USD (86))	(USD 10,002)		
Jiangsu Win Wonder Agriculture	Developing hog farming technology	43,774	(Note 3)	-	-	-	-	-	81.69%	81.69%	-	43,774	-	(Note 10)
Development Co., Ltd.	and trading	(RMB 10,000)										(RMB 10,000)		
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip	8,784	(Note 2)	8,784	-	-	8,784	(3,460)	58.87%	58.87%	(3,460)	4,431	-	(Note 10)
	and test service	(RMB 1,898)		(USD 300)			(USD 300)	(RMB (810))			(RMB (810))	(RMB 1,012)		

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in Mainland China at the end (Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
The Company and subsidiaries	6,573,600 (USD 218,486)	7,136,817 (USD 250,590)	21,438,271

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 Company invested in mainland China companies through Jiansu Win Chance Agriculture Development Co., Ltd.
Note 4: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.
Note 5: Carrying value as of December 31, 2020 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.
Note 6: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to December 31, 2020.
Note 7: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.
Note 8: 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 9: Jiangsu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agriculture Development Co., Ltd. in April 2020.
Note 10: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: None

Schedule H Information on major shareholders:

(In shares)

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