

**WIN SEMICONDUCTORS CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

**Address: No.69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City,
Taiwan**

Telephone: 886-3-397-5999

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12~13
(6) Explanation of significant accounts	13~53
(7) Related-party transactions	54~55
(8) Pledged assets	56
(9) Commitments and contingencies	56
(10) Losses due to major disasters	57
(11) Subsequent events	57
(12) Other	57~58
(13) Other disclosures	
(a) Information on significant transactions	61~66
(b) Information on investments	67
(c) Information on investment in mainland China	68~69
(d) Information on major shareholders	58
(14) Segment information	59~60



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of WIN Semiconductors Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of WIN Semiconductors Corp. and subsidiaries (the "Group") as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph in the second quarter of 2020, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently, does not enable us to obtain assurance that we would become aware of any significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion in the Second Quarter of 2020

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

Unqualified and Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph in the second quarter of 2020 above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (The Republic of China)
August 6, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020

WIN Semiconductors Corp. and Subsidiaries
Consolidated Balance Sheets
June 30, 2021, December 31, and June 30, 2020
(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2021		December 31, 2020		June 30, 2020			June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
1100 Cash and cash equivalents (Note 6(a))	\$ 19,899,249	27	8,356,270	15	6,159,476	13	2120 Current financial liabilities at fair value through profit or loss (Note 6(b))	\$ 187,493	-	-	-	-	-
1110 Current financial assets at fair value through profit or loss (Note 6(b))	257,591	-	756,038	1	1,032,970	2	2130 Current contract liabilities (Note 6(y))	406,673	1	534,426	1	180,166	1
1170 Notes and accounts receivable, net (Notes 6(c) and 6(y))	2,107,320	3	2,037,502	4	2,318,476	5	2170 Notes and accounts payable (Note 7)	2,033,381	3	1,794,668	3	1,889,728	4
1310 Inventories (Note 6(e))	6,064,577	9	5,498,603	10	5,346,995	11	2200 Other payables (Note 6(v))	7,929,197	11	4,131,595	8	6,589,903	14
1400 Current biological assets (Note 6(f))	98,044	-	283,273	1	62,111	-	2280 Current lease liabilities (Notes 6(r) and 6(ae))	119,328	-	84,993	-	67,397	-
1470 Other current assets (Notes 6(d) and 6(n))	444,435	1	549,745	1	379,796	1	2399 Other current liabilities	185,736	-	157,203	-	178,606	-
Total current assets	28,871,216	40	17,481,431	32	15,299,824	32	Total current liabilities	10,861,808	15	6,702,885	12	8,905,800	19
Non-current assets:								Non-current liabilities:					
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	1,642,054	2	814,065	1	678,939	2	2530 Bonds payable (Notes 6(q) and 6(ae))	13,201,745	18	-	-	-	-
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(b))	9,357,279	13	6,719,581	12	5,937,489	13	2540 Long-term borrowings (Notes 6(p), 6(ae) and 8)	12,340,680	17	11,418,620	21	6,187,340	13
1550 Investments accounted for using equity method (Note 6(g))	767,709	1	841,825	2	534,015	1	2580 Non-current lease liabilities (Notes 6(r) and 6(ae))	980,773	1	614,891	1	312,011	1
1600 Property, plant and equipment (Notes 6(j), 7 and 8)	26,484,661	36	23,422,217	43	20,095,273	43	2600 Other non-current liabilities (Notes 6(ae) and 7)	248,508	-	235,615	1	224,057	-
1755 Right-of-use assets (Note 6(k))	1,189,380	2	787,133	1	451,913	1	Total non-current liabilities	26,771,706	36	12,269,126	23	6,723,408	14
1760 Investment property (Notes 6(l) and 8)	1,056,606	1	1,380,781	3	1,390,968	3	Total liabilities	37,633,514	51	18,972,011	35	15,629,208	33
1780 Intangible assets (Notes 6(m) and 7)	585,109	1	578,431	1	762,416	2	Equity (Notes 6(b),6(h), 6(i), 6(q), 6(v) and 6(w)):						
1830 Non-current biological assets (Note 6(f))	381,724	1	281,943	1	59,959	-	3110 Ordinary shares	4,240,414	6	4,240,564	8	4,240,564	9
1840 Deferred tax assets	290,297	-	219,844	-	222,186	-	3200 Capital surplus	9,968,475	14	9,323,098	17	9,268,354	20
1915 Prepayments for business facilities	1,570,039	2	1,833,676	3	1,571,274	3	3300 Retained earnings	15,039,034	21	17,001,021	31	13,714,438	29
1990 Other non-current assets (Notes 6(n) and 8)	379,684	1	341,536	1	164,719	-	3400 Other equity interests	3,479,410	5	3,512,903	6	3,372,698	7
Total non-current assets	43,704,542	60	37,221,032	68	31,869,151	68	Total equity attributable to owners of parent	32,727,333	46	34,077,586	62	30,596,054	65
Total assets	\$ 72,575,758	100	54,702,463	100	47,168,975	100	36XX Non-controlling interests	2,214,911	3	1,652,866	3	943,713	2
							Total equity	34,942,244	49	35,730,452	65	31,539,767	67
							Total liabilities and equity	\$ 72,575,758	100	54,702,463	100	47,168,975	100

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the three months and six months ended June 30, 2021 and 2020

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

	For the three months ended June 30				For the six months ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6(b) and 6(y))							
5000	Operating costs (Notes 6(e), 6(f), 6(g), 6(j), 6(k), 6(r), 6(t), 6(w), 6(z), 7 and 12)							
	<u>2,212,324</u>	<u>36</u>	<u>2,706,732</u>	<u>45</u>	<u>4,224,058</u>	<u>35</u>	<u>5,318,229</u>	<u>44</u>
	Gross profit from operating							
	Operating expenses (Notes 6(c), 6(j), 6(k), 6(l), 6(r), 6(t), 6(w), 6(z), 7 and 12):							
6100	(90,565)	(1)	(79,307)	(1)	(180,628)	(1)	(164,315)	(1)
6200	(358,695)	(6)	(310,033)	(5)	(760,850)	(6)	(619,122)	(5)
6300	(353,948)	(6)	(284,685)	(5)	(677,966)	(6)	(563,347)	(5)
6450	14	-	317	-	62	-	(85)	-
	<u>(803,194)</u>	<u>(13)</u>	<u>(673,708)</u>	<u>(11)</u>	<u>(1,619,382)</u>	<u>(13)</u>	<u>(1,346,869)</u>	<u>(11)</u>
	Net operating income							
	<u>1,409,130</u>	<u>23</u>	<u>2,033,024</u>	<u>34</u>	<u>2,604,676</u>	<u>22</u>	<u>3,971,360</u>	<u>33</u>
	Non-operating income and expenses (Notes 6(b), 6(g), 6(j), 6(q), 6(r), 6(aa) and 7):							
7100	12,954	-	7,612	-	20,555	-	21,501	-
7010	12,570	-	22,463	-	29,186	-	44,251	-
7020	(211,855)	(4)	(36,483)	(1)	62,518	1	(21,356)	-
7050	(74,432)	(1)	(17,478)	-	(143,014)	(1)	(36,453)	-
7060	(21,983)	-	20,917	-	(61,047)	(1)	15,251	-
	<u>(282,746)</u>	<u>(5)</u>	<u>(2,969)</u>	<u>(1)</u>	<u>(91,802)</u>	<u>(1)</u>	<u>23,194</u>	<u>-</u>
7900	Profit before tax							
	1,126,384	18	2,030,055	33	2,512,874	21	3,994,554	33
7950	Tax expense (Note 6(u))							
	<u>(196,842)</u>	<u>(3)</u>	<u>(379,524)</u>	<u>(6)</u>	<u>(488,176)</u>	<u>(4)</u>	<u>(768,889)</u>	<u>(6)</u>
	<u>929,542</u>	<u>15</u>	<u>1,650,531</u>	<u>27</u>	<u>2,024,698</u>	<u>17</u>	<u>3,225,665</u>	<u>27</u>
8300	Other comprehensive income:							
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Note 6(v))							
8316	165,479	3	681,197	11	204,343	1	703,377	6
8349	-	-	-	-	-	-	-	-
	<u>165,479</u>	<u>3</u>	<u>681,197</u>	<u>11</u>	<u>204,343</u>	<u>1</u>	<u>703,377</u>	<u>6</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(v))							
8361	(107,900)	(2)	(77,826)	(1)	(153,524)	(1)	(93,406)	(1)
8370	11,327	-	2,567	-	4,318	-	(6,820)	-
8399	-	-	-	-	-	-	-	-
	<u>(96,573)</u>	<u>(2)</u>	<u>(75,259)</u>	<u>(1)</u>	<u>(149,206)</u>	<u>(1)</u>	<u>(100,226)</u>	<u>(1)</u>
8300	Other comprehensive income, net							
	<u>68,906</u>	<u>1</u>	<u>605,938</u>	<u>10</u>	<u>55,137</u>	<u>-</u>	<u>603,151</u>	<u>5</u>
8500	Total comprehensive income							
	<u>\$ 998,448</u>	<u>16</u>	<u>2,256,469</u>	<u>37</u>	<u>2,079,835</u>	<u>17</u>	<u>3,828,816</u>	<u>32</u>
	Profit (loss) attributable to:							
8610	979,684	16	1,663,369	27	2,131,108	18	3,254,264	27
8620	(50,142)	(1)	(12,838)	-	(106,410)	(1)	(28,599)	-
	<u>\$ 929,542</u>	<u>15</u>	<u>1,650,531</u>	<u>27</u>	<u>2,024,698</u>	<u>17</u>	<u>3,225,665</u>	<u>27</u>
	Comprehensive income (loss) attributable to:							
8710	1,059,367	17	2,264,999	37	2,206,770	18	3,855,179	32
8720	(60,919)	(1)	(8,530)	-	(126,935)	(1)	(26,363)	-
	<u>\$ 998,448</u>	<u>16</u>	<u>2,256,469</u>	<u>37</u>	<u>2,079,835</u>	<u>17</u>	<u>3,828,816</u>	<u>32</u>
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(x))							
9750	<u>\$ 2.32</u>		<u>3.94</u>		<u>5.04</u>		<u>7.70</u>	
9850	<u>\$ 2.23</u>		<u>3.92</u>		<u>4.97</u>		<u>7.65</u>	

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity interests				Total equity attributable to owners of parent	Non-controlling interests	Total equity
	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 interests			
Balance at January 1, 2020	\$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	(137,029)	2,773,407	29,657,468	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)
Profit (losses) for the six months ended June 30, 2020	-	-	-	3,254,264	3,254,264	-	-	-	-	3,254,264	(28,599)	3,225,665
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	(102,462)	703,377	-	600,915	600,915	2,236	603,151
Total comprehensive income for the six months ended June 30, 2020	-	-	-	3,254,264	3,254,264	(102,462)	703,377	-	600,915	3,855,179	(26,363)	3,828,816
Changes in ownership interest in subsidiaries	-	12,509	-	-	-	-	-	-	-	12,509	-	12,509
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	10,806	-	-	-	-	-	(10,806)	(10,806)	-	-	-
Compensation cost arising from restricted shares of employees	-	-	-	8	8	-	-	38,553	38,553	38,561	-	38,561
Stock option compensation cost of subsidiary	-	731	-	-	-	-	-	-	-	731	512	1,243
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	29,371	29,371	-	(29,371)	-	(29,371)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	787,500	787,500
Balance at June 30, 2020	\$ 4,240,564	9,268,354	2,515,700	11,198,738	13,714,438	(281,912)	3,763,892	(109,282)	3,372,698	30,596,054	943,713	31,539,767
Balance at January 1, 2021	\$ 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
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	657,022	(657,022)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(4,240,414)	(4,240,414)	-	-	-	-	(4,240,414)	-	(4,240,414)
Profit (losses) for the six months ended June 30, 2021	-	-	-	2,131,108	2,131,108	-	-	-	-	2,131,108	(106,410)	2,024,698
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	(128,681)	204,343	-	75,662	75,662	(20,525)	55,137
Total comprehensive income for the six months ended June 30, 2021	-	-	-	2,131,108	2,131,108	(128,681)	204,343	-	75,662	2,206,770	(126,935)	2,079,835
Changes in ownership interest in subsidiaries	-	5,314	-	-	-	-	-	-	-	5,314	-	5,314
Compensation cost arising from restricted shares of employees	-	-	-	39	39	-	-	38,125	38,125	38,164	-	38,164
Purchase and retirement of restricted shares of stock for employees	(150)	150	-	-	-	-	-	-	-	-	-	-
Recognition of equity component of convertible bonds issued	-	639,583	-	-	-	-	-	-	-	639,583	-	639,583
Stock option compensation cost of subsidiary	-	330	-	-	-	-	-	-	-	330	231	561
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	147,280	147,280	-	(147,280)	-	(147,280)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	688,749	688,749
Balance at June 30, 2021	\$ 4,240,414	9,968,475	3,172,722	11,866,312	15,039,034	(330,886)	3,837,909	(27,613)	3,479,410	32,727,333	2,214,911	34,942,244

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the six months ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,512,874	3,994,554
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,027,197	1,709,479
Amortization expense	65,654	45,850
(Reversal of) losses on expected credit impairment	(62)	85
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(267,819)	26,513
Interest expense	143,014	36,453
Interest income	(20,555)	(21,501)
Dividend income	(26,865)	(21,089)
Share-based payments	38,725	39,804
Shares of losses (profit) of associates and joint ventures accounted for using equity method	61,612	(14,647)
Losses on disposal of property, plant and equipment	4,717	1,066
Gains on disposal of investments	-	(742)
Prepayments for business facilities transferred to expenses	890	266
Changes in biological assets at fair value	(21,172)	-
Unrealized foreign exchange (gains) losses	(17,814)	17,461
Total adjustments to reconcile profit (loss)	<u>1,987,522</u>	<u>1,818,998</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	511,261	(384,078)
(Increase) decrease in notes and accounts receivable	(69,755)	88,206
Increase in inventories	(661,835)	(956,413)
Decrease (increase) in biological assets	79,551	(93,457)
Decrease in other current assets	80,381	20,142
Total changes in operating assets	<u>(60,397)</u>	<u>(1,325,600)</u>
Changes in operating liabilities:		
Decrease in contract liabilities	(127,753)	(80,260)
Increase in notes and accounts payable	238,713	63,514
Increase (decrease) in other payables	69,209	(151,756)
Increase in other current liabilities	28,533	18,285
Increase in other non-current liabilities	786	312
Total changes in operating liabilities	<u>209,488</u>	<u>(149,905)</u>
Total changes in operating assets and liabilities	<u>149,091</u>	<u>(1,475,505)</u>
Cash inflow generated from operations	4,649,487	4,338,047
Dividends received	15,160	14,593
Income taxes paid	(995,702)	(737,322)
Net cash flows from operating activities	<u>3,668,945</u>	<u>3,615,318</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(2,732,229)	(715,872)
Proceeds from disposal of financial assets at fair value through other comprehensive income	297,557	30,285
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	901	6,667
Acquisition of financial assets at fair value through profit or loss	(526,182)	(278,425)
Acquisition of property, plant and equipment	(3,791,483)	(2,251,837)
Proceeds from disposal of property, plant and equipment	2,773	1,070
Acquisition of intangible assets	(43,843)	(255,733)
Acquisition of right-of-use assets	(260)	-
Increase in other non-current assets	(39,339)	(31,083)
Increase in prepayments for business facilities	(744,575)	(1,008,342)
Interest received	19,657	20,780
Dividends received	11,705	3,972
Net cash flows used in investing activities	<u>(7,545,318)</u>	<u>(4,478,518)</u>
Cash flows from (used in) financing activities:		
Issuance of convertible bonds payable	13,902,774	-
Proceeds from long-term debt	2,885,150	3,034,503
Repayments of long-term debt	(1,881,000)	(2,632,500)
Repayments of lease liabilities	(71,468)	(44,743)
Increase (decrease) in other non-current liabilities	12,107	(827)
Interest paid	(42,652)	(17,123)
Changes in non-controlling interests	694,063	800,009
Net cash flows from financing activities	<u>15,498,974</u>	<u>1,139,319</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(79,622)</u>	<u>(43,116)</u>
Net increase in cash and cash equivalents	11,542,979	233,003
Cash and cash equivalents at beginning of period	8,356,270	5,926,473
Cash and cash equivalents at end of period	<u>\$ 19,899,249</u>	<u>6,159,476</u>

See accompanying notes to consolidated financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

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

The main 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 for issuance by the Board of Directors as of August 6, 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 following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”
- Amendments to IFRS 16 “A one-year extension to the practical expedient for COVID-19 related rent concessions”

(Continued)

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	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.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2020.

(a) Statement of compliance

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

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	100.00 %	
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	WIN Venture Capital Corp. (abbrev. WVC)	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Phalanx Biotech Group, Inc. (abbrev. PBL)	Researching, manufacturing and selling of high-density gene chips and testing service	54.48 %	54.48 %	54.48 %	
The Company	WIN Earn Investment Corp.	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	WIN Chance Investment Corp.	Investment activities	100.00 %	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 %	4.39 %	
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.23 %	81.69 %	86.78 %	(Note 1)(Note 2)
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd. (abbrev. Jiangsu Win Chance)	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2021	December 31, 2020	June 30, 2020	
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed development and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Win Lux Biotech (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	100.00 %	100.00 %	-	
Chainwin Cayman	i-Chainwin Technology Co., Ltd.	Information software services	100.00 %	100.00 %	-	
Chainwin Cayman	Win Lux Biotech Co., Ltd.	Biotechnology service and pharmaceutical testing	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	-	
Chainwin Cayman	Chainwin (Huaian) AIoT Co., Ltd.	Information software services	100.00 %	-	-	
Jiangsu Win Chance	Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	
PBL	PhalanxBio, Inc.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	100.00 %	
PBL	Phalanx Biotech Limited. (abbrev. PBL (HK))	Investment activities	100.00 %	100.00 %	100.00 %	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	100.00 %	

Note 1: For the related information of the shareholding percentage change, please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2020.

Note 2: For the related information of the shareholding percentage change for the six months ended June 30, 2021 and 2020, please refer to Note 6(h) for the further information.

Note 3: The aforementioned subsidiaries were recognized based on the reviewed financial statements by the certified public accountant.

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

(c) Financial instruments

(i) Financial liabilities

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

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

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(d) Income taxes

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

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

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

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

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

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

(Continued)

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

Except for the following, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

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.

(6) Explanation of significant accounts:

Except for the following disclosure, the significant account disclosure in the consolidated financial statements for the six months ended June 30, 2021, which compare with the consolidated financial statements for the year ended December 31, 2020, was not changed significantly. For the related information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2020.

- (a) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 316	348	493
Cash in bank	13,604,345	8,211,545	5,915,993
Time deposits	6,294,588	144,377	242,990
	<u>\$ 19,899,249</u>	<u>8,356,270</u>	<u>6,159,476</u>

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

(Continued)

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

(b) Financial instruments

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

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Mandatorily measured at financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stock listed on domestic markets	\$ 22,397	10,239	544,516
Non-public stocks (Note)	306,442	-	-
Equity funds and money market funds	235,194	745,799	488,454
Private fund (Note)	<u>1,335,612</u>	<u>814,065</u>	<u>678,939</u>
Total	<u>\$ 1,899,645</u>	<u>1,570,103</u>	<u>1,711,909</u>
Current	\$ 257,591	756,038	1,032,970
Non-current	<u>1,642,054</u>	<u>814,065</u>	<u>678,939</u>
	<u>\$ 1,899,645</u>	<u>1,570,103</u>	<u>1,711,909</u>

Note: As of June 30, 2021, December 31 and June 30, 2020, part of the private fund and non-public stocks are during the lock-up period.

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Mandatorily measured at current financial liabilities at fair value through profit or loss			
Convertible bonds with embedded derivatives	<u>\$ 187,493</u>	<u>-</u>	<u>-</u>

The derivative financial instruments arose from the issuance of overseas convertible bonds of the Group disclosed in Note 6(q).

For the three months and six months ended June 30, 2020, the gains on derivative settlement, amounting to \$1,369 thousand and \$4,259 thousand, respectively, were recognized as other gains and losses. There was no transaction for the six months ended June 30, 2021.

Refer to Note 6(aa) for the amount of re-measurement at fair value recognized in profit or loss.

(Continued)

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
Stocks listed on domestic markets	\$ 7,480,720	4,821,035	4,498,132
Stocks listed on US markets	996,357	935,248	701,364
Non-public stocks	<u>880,202</u>	<u>963,298</u>	<u>737,993</u>
	<u><u>\$ 9,357,279</u></u>	<u><u>6,719,581</u></u>	<u><u>5,937,489</u></u>

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

For the three months and six months ended June 30, 2021 and 2020, the group receives dividend income \$11,388 thousand, \$11,214 thousand, \$26,314 thousand and \$18,566 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

For the six months ended June 30, 2021, due to the proportion of investment portfolio, the Group disposed the equity investments designated at fair value through other comprehensive income, with a fair value of \$297,557 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$147,280 thousand was transferred to retained earnings.

For the six months ended June 30, 2020, due to the redemption of preferred shares, the Group disposed the equity investments designated at fair value through other comprehensive income, with a fair value of \$30,285 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$29,371 thousand was transferred to retained earnings.

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

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

Prices of securities at the reporting date	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	\$ <u>280,718</u>	<u>9,865</u>	<u>178,125</u>	<u>16,335</u>
Decreasing 3%	\$ <u>(280,718)</u>	<u>(9,865)</u>	<u>(178,125)</u>	<u>(16,335)</u>

- (iv) As of June 30, 2021, December 31 and June 30, 2020, the financial assets were not pledged. For information on the Group's credit risk and market risk was disclosed in Note 6(ab).

(Continued)

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

(c) Notes and accounts receivable, net

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 944	632	1,085
Accounts receivable	2,106,461	2,037,018	2,321,708
Less: loss allowance	(85)	(148)	(4,317)
	<u><u>\$ 2,107,320</u></u>	<u><u>2,037,502</u></u>	<u><u>2,318,476</u></u>

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

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	June 30, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 2,047,680	0%	-
Past due 1~60 days	53,568	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	1.67%~5.00%	-
Past due more than 181 days	-	100%	-
	<u><u>\$ 2,101,248</u></u>		<u><u>-</u></u>
	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%	-
	<u><u>\$ 2,033,953</u></u>		<u><u>-</u></u>

(Continued)

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

	June 30, 2020		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,986,997	0%	-
Past due 1~60 days	327,129	0%	-
Past due 61~120 days	285	0%	-
Past due 121~180 days	-	21.28%~36.46%	-
Past due more than 181 days	-	100%	-
	\$ 2,314,411		-

(ii) The segment of gene chip testing service:

	June 30, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 4,971	0.09%~9.40%	17
Past due 1~60 days	1,144	0.40%~48.02%	30
Past due 61~120 days	5	1.32%~60.93%	1
Past due 121~180 days	37	64.14%~100%	37
Past due more than 181 days	-	100%	-
	\$ 6,157		85

	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

(Continued)

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

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

The movements of loss allowance were as follows:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Beginning balance	\$ 148	4,344
Impairment loss recognized (reversed), net	(62)	85
Amount written off	-	(18)
Effect of changes in foreign exchange rates	(1)	(94)
Ending balance	\$ 85	4,317

As of June 30, 2021, December 31 and June 30, 2020, the notes and accounts receivable were not discounted and pledged.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Other receivables	\$ 42,727	72,308	32,554
Less: loss allowance	-	-	-
	\$ 42,727	72,308	32,554

As of June 30, 2021, December 31 and June 30, 2020, other receivables were not past due nor impaired.

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

(Continued)

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

(e) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials, supplies and spare parts	\$ 3,803,875	3,429,039	3,219,281
Work in process	1,300,763	1,288,669	1,336,522
Finished goods	959,939	780,895	791,192
	<u>\$ 6,064,577</u>	<u>5,498,603</u>	<u>5,346,995</u>

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:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Losses on valuation of inventories and obsolescence (reversal of inventories write-downs)	\$ <u>30,477</u>	<u>(15,077)</u>	<u>64,895</u>	<u>75,044</u>
Revenue from sale of scraps	\$ <u>(12,201)</u>	<u>(6,091)</u>	<u>(21,174)</u>	<u>(12,875)</u>
Losses (gains) on physical inventory count	\$ <u>(36)</u>	<u>66</u>	<u>(36)</u>	<u>63</u>

As of June 30, 2021, December 31 and June 30, 2020, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

	June 30, 2021	December 31, 2020	June 30, 2020
Consumable biological assets	\$ <u>98,044</u>	<u>283,273</u>	<u>62,111</u>
Bearer biological assets	\$ <u>381,724</u>	<u>281,943</u>	<u>59,959</u>

(Continued)

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

(ii) Change in biological assets:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Beginning balance	\$ 565,216	31,989
Increase due to purchase	145,987	53,143
Input costs	280,434	62,354
Depreciation expenses	(20,722)	(2,045)
Decrease due to sales and disposals	(505,972)	(22,040)
Changes in fair value less costs to sell due to price changes	21,172	-
Effect of changes in foreign exchange rates	(6,347)	(1,331)
Ending balance	<u>\$ 479,768</u>	<u>122,070</u>
Current	\$ 98,044	62,111
Non-current	<u>381,724</u>	<u>59,959</u>
	<u>\$ 479,768</u>	<u>122,070</u>

For the six months ended June 30, 2021 and 2020, the gains of \$21,172 thousand and \$0 thousand, respectively, were recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Farrows, hogs and breeders	<u>39,003</u>	<u>28,753</u>	<u>12,395</u>

Unit: head

(iv) Fair value

There were no significant addition regarding the fair value of the Group's biological assets. For the related information, please refer to Note 6(f) of the consolidated financial statements for the year ended December 31, 2020.

(v) As of June 30, 2021, December 31 and June 30, 2020, the biological assets were not pledged.

(g) Investments accounted for using equity method

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

	June 30, 2021	December 31, 2020	June 30, 2020
Associates	<u>\$ 767,709</u>	<u>841,825</u>	<u>534,015</u>

(Continued)

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

(i) Associates

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		
			June 30, 2021	December 31, 2020	June 30, 2020
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	China	49 %	49 %	49 %

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

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

	June 30, 2021	December 31, 2020	June 30, 2020	
Current assets	\$ 270,443	327,458	293,379	
Non-current assets	1,319,706	1,532,346	1,414,377	
Current liabilities	(100,295)	(222,515)	(457,627)	
Non-current liabilities	(30,631)	(30,367)	(277,169)	
Net assets	<u>\$ 1,459,223</u>	<u>1,606,922</u>	<u>972,960</u>	
	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating revenue	<u>\$ 21,283</u>	<u>73,864</u>	<u>342,305</u>	<u>74,425</u>
(Losses) profit from continuing operations	\$ (44,864)	42,688	(124,586)	31,124
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ (44,864)</u>	<u>42,688</u>	<u>(124,586)</u>	<u>31,124</u>

(Continued)

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

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Shares of net assets of associates at the beginning	\$ 785,949	472,528
(Losses) profit attributable to the Group	(61,047)	15,251
Exchange differences on translation of foreign financial statements attributable to the Group	<u>4,318</u>	<u>(6,820)</u>
Shares of net assets of associates at the end	729,220	480,959
Add: Effect of changes in foreign exchange rates	<u>(15,611)</u>	<u>(5,709)</u>
Carrying amount of equity of associates attributable to the Group	<u><u>\$ 713,609</u></u>	<u><u>475,250</u></u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total equity of the individually insignificant investments in associates	<u>\$ 54,100</u>	<u>55,876</u>	<u>58,765</u>
	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>
Attributable to the Group:			
Losses	\$ (283)	(314)	(565)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>\$ (283)</u></u>	<u><u>(314)</u></u>	<u><u>(565)</u></u>

(ii) Pledge to secure

As of June 30, 2021, December 31 and June 30, 2020, the investments accounted for using equity method were not pledged.

(h) Acquisition of non-controlling interests

(i) Chainwin Cayman

On May 6, 2021 and June 16, 2020, the Group subscribed the new shares contributed by Chainwin Cayman for \$2,764,000 thousand and \$1,481,500 thousand in cash, respectively. Therefore, in the second quarter of 2021 and 2020, the Group decreased its ownership from 81.69% to 81.23% and 96.30% to 86.78%, respectively.

(Continued)

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

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

	<u>2021</u>	<u>2020</u>
Carrying amount of interest on acquisition	\$ 2,769,314	1,494,009
Consideration paid	<u>(2,764,000)</u>	<u>(1,481,500)</u>
Capital surplus changes in ownership interests in subsidiaries	<u>\$ 5,314</u>	<u>12,509</u>

(i) Material non-controlling interests of subsidiaries

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

<u>Subsidiaries</u>	<u>Registration</u>	<u>Percentage of non-controlling interests</u>		
		<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Chainwin Cayman (Note)	Cayman Islands	18.77 %	18.31 %	13.22 %

Note: For the fourth quarter of 2020, the Group subscribed the new shares unproportionally contributed by Chainwin Cayman, resulting in a change in percentage of ownership changed. For the second quarter of 2020, 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.

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 6,249,115	4,175,192
Non-current assets	11,207,614	8,558,461
Current liabilities	(212,397)	(213,678)
Non-current liabilities	<u>(5,946,398)</u>	<u>(4,064,329)</u>
Net assets	<u>\$ 11,297,934</u>	<u>8,455,646</u>
Non-controlling interests	<u>\$ 2,131,754</u>	<u>1,548,228</u>
	<u>For the three months ended June 30, 2021</u>	<u>For the six months ended June 30, 2021</u>
Operating revenue	<u>\$ 52,719</u>	<u>280,493</u>
Losses	\$ (205,477)	(441,629)
Other comprehensive income (loss)	(60,818)	(113,964)
Total comprehensive income (loss)	<u>\$ (266,295)</u>	<u>(555,593)</u>
Loss, attributable to non-controlling interests	<u>\$ (38,422)</u>	<u>(81,661)</u>
Comprehensive income (loss), attributable to non-controlling interests	<u>\$ (49,191)</u>	<u>(102,161)</u>

(Continued)

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

	For the six months ended June 30, 2021
Net cash flows used in operating activities	\$ (256,685)
Net cash flows used in investing activities	(2,733,185)
Net cash flows from financing activities	5,349,944
Effect of changes in foreign exchange rate	<u>(2,077)</u>
Increase in cash and cash equivalents	<u>\$ 2,357,997</u>

(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, 2021	\$ 2,546,534	2,445,758	22,097,218	6,180,047	642,560	6,706,796	40,618,913
Additions	-	15,459	206,650	136,462	61,460	3,432,173	3,852,204
Reclassification (Note 1)	-	468,209	658,025	235,684	(14,297)	9,455	1,357,076
Disposals	-	(68,236)	(1,669,921)	(129,267)	(150,741)	-	(2,018,165)
Effect of changes in foreign exchange rates	-	(1,077)	(134)	(725)	(855)	(120,401)	(123,192)
Balance as of June 30, 2021	<u>\$ 2,546,534</u>	<u>2,860,113</u>	<u>21,291,838</u>	<u>6,422,201</u>	<u>538,127</u>	<u>10,028,023</u>	<u>43,686,836</u>
Balance as of January 1, 2020	\$ 2,546,534	2,440,170	21,000,682	5,717,323	537,768	2,224,358	34,466,835
Additions	-	1,714	626,205	169,067	139,621	1,546,057	2,482,664
Reclassification (Note 2)	-	5,918	1,146,067	238,983	20,740	70,840	1,482,548
Disposals	-	(645)	(1,341,635)	(38,249)	(90,732)	-	(1,471,261)
Effect of changes in foreign exchange rates	-	(1,473)	(170)	(1,196)	(1,383)	(69,585)	(73,807)
Balance as of June 30, 2020	<u>\$ 2,546,534</u>	<u>2,445,684</u>	<u>21,431,149</u>	<u>6,085,928</u>	<u>606,014</u>	<u>3,771,670</u>	<u>36,886,979</u>
Accumulated depreciation:							
Balance as of January 1, 2021	\$ -	921,015	12,894,424	3,019,553	361,704	-	17,196,696
Depreciation	-	73,030	1,515,920	267,015	91,144	-	1,947,109
Reclassification (Note 3)	-	73,108	(1)	-	(2,897)	-	70,210
Disposals	-	(68,236)	(1,668,520)	(123,178)	(150,741)	-	(2,010,675)
Effect of changes in foreign exchange rates	-	(299)	(88)	(357)	(421)	-	(1,165)
Balance as of June 30, 2021	<u>\$ -</u>	<u>998,618</u>	<u>12,741,735</u>	<u>3,163,033</u>	<u>298,789</u>	<u>-</u>	<u>17,202,175</u>
Balance as of January 1, 2020	\$ -	799,279	12,925,067	2,576,431	299,748	-	16,600,525
Depreciation	-	62,952	1,279,250	238,421	81,088	-	1,661,711
Disposals	-	(609)	(1,339,535)	(38,249)	(90,732)	-	(1,469,125)
Effect of changes in foreign exchange rates	-	(330)	(80)	(481)	(514)	-	(1,405)
Balance as of June 30, 2020	<u>\$ -</u>	<u>861,292</u>	<u>12,864,702</u>	<u>2,776,122</u>	<u>289,590</u>	<u>-</u>	<u>16,791,706</u>
Carrying value:							
Balance as of January 1, 2021	\$ 2,546,534	1,524,743	9,202,794	3,160,494	280,856	6,706,796	23,422,217
Balance as of June 30, 2021	<u>\$ 2,546,534</u>	<u>1,861,495</u>	<u>8,550,103</u>	<u>3,259,168</u>	<u>239,338</u>	<u>10,028,023</u>	<u>26,484,661</u>
Balance as of January 1, 2020	\$ 2,546,534	1,640,891	8,075,615	3,140,892	238,020	2,224,358	17,866,310
Balance as of June 30, 2020	<u>\$ 2,546,534</u>	<u>1,584,392</u>	<u>8,566,447</u>	<u>3,309,806</u>	<u>316,424</u>	<u>3,771,670</u>	<u>20,095,273</u>

(Continued)

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

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

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

Note 3: Investment property was reclassified as property, plant and equipment.

(i) Pledge to secure

As of June 30, 2021, December 31 and June 30, 2020, property, plant and equipment were subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

(ii) Property, plant and equipment under construction

The Group rented some pieces of land and entered into different agreements for the construction of its new factories on the said lands. For the six months ended June 30, 2021, the Group has constructed factories amounting to \$2,642,964 thousand, and has recognized as construction in progress. As of June 30, 2021, the total amount of the construction is \$8,560,773 thousand, and is recognized as construction in progress.

(iii) For the three months and six months ended June 30, 2021 and 2020, capitalized interest expenses amounted to \$10,254 thousand, \$7,432 thousand, \$19,871 thousand and \$18,086 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.58%~0.63%, 0.72%~1.32%, 0.57%~0.72% and 0.72%~2.88%, respectively.

(k) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 530,419	393,559	13,630	937,608
Additions	451,709	19,012	70	470,791
Disposals	(383)	(1,666)	(993)	(3,042)
Effect of change in foreign exchange rates	(8,160)	(685)	-	(8,845)
Balance as of June 30, 2021	<u>\$ 973,585</u>	<u>410,220</u>	<u>12,707</u>	<u>1,396,512</u>
Balance as of January 1, 2020	\$ 391,749	103,892	11,025	506,666
Additions	22,984	31,428	2,284	56,696
Disposals	(45)	-	-	(45)
Effect of change in foreign exchange rates	(9,835)	(24)	-	(9,859)
Balance as of June 30, 2020	<u>\$ 404,853</u>	<u>135,296</u>	<u>13,309</u>	<u>553,458</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance as of January 1, 2021	\$ 60,596	82,963	6,916	150,475
Depreciation (Note 1)	26,421	31,856	2,362	60,639
Disposals	(383)	(1,666)	(993)	(3,042)
Effect of change in foreign exchange rates	(820)	(120)	-	(940)
Balance as of June 30, 2021	<u>\$ 85,814</u>	<u>113,033</u>	<u>8,285</u>	<u>207,132</u>
Balance as of January 1, 2020	\$ 24,602	35,729	3,987	64,318
Depreciation (Note 2)	15,602	19,556	2,672	37,830
Effect of change in foreign exchange rates	(603)	-	-	(603)
Balance as of June 30, 2020	<u>\$ 39,601</u>	<u>55,285</u>	<u>6,659</u>	<u>101,545</u>
Carrying amount:				
Balance as of January 1, 2021	<u>\$ 469,823</u>	<u>310,596</u>	<u>6,714</u>	<u>787,133</u>
Balance as of June 30, 2021	<u>\$ 887,771</u>	<u>297,187</u>	<u>4,422</u>	<u>1,189,380</u>
Balance as of January 1, 2020	<u>\$ 367,147</u>	<u>68,163</u>	<u>7,038</u>	<u>442,348</u>
Balance as of June 30, 2020	<u>\$ 365,252</u>	<u>80,011</u>	<u>6,650</u>	<u>451,913</u>

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$3,931 thousand.

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

(1) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 963,127	529,952	1,493,079
Additions	-	-	-
Reclassification as property, plant and equipment	-	(391,727)	(391,727)
Balance as of June 30, 2021	<u>\$ 963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Balance as of January 1, 2020	\$ 963,127	529,952	1,493,079
Additions	-	-	-
Balance as of June 30, 2020	<u>\$ 963,127</u>	<u>529,952</u>	<u>1,493,079</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Accumulated depreciation:			
Balance as of January 1, 2021	\$ -	112,298	112,298
Depreciation	-	2,658	2,658
Reclassification as property, plant and equipment	-	(70,210)	(70,210)
Balance as of June 30, 2021	<u>\$ -</u>	<u>44,746</u>	<u>44,746</u>
Balance as of January 1, 2020	\$ -	91,924	91,924
Depreciation	-	10,187	10,187
Balance as of June 30, 2020	<u>\$ -</u>	<u>102,111</u>	<u>102,111</u>
Carrying amount:			
Balance as of January 1, 2021	<u>\$ 963,127</u>	<u>417,654</u>	<u>1,380,781</u>
Balance as of June 30, 2021	<u>\$ 963,127</u>	<u>93,479</u>	<u>1,056,606</u>
Balance as of January 1, 2020	<u>\$ 963,127</u>	<u>438,028</u>	<u>1,401,155</u>
Balance as of June 30, 2020	<u>\$ 963,127</u>	<u>427,841</u>	<u>1,390,968</u>
Fair value:			
Balance as of January 1, 2021			<u>\$ 1,533,631</u>
Balance as of June 30, 2021			<u>\$ 1,198,661</u>
Balance as of June 30, 2020			<u>\$ 1,556,621</u>

When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value. As of June 30, 2021, December 31 and June 30, 2020, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

<u>Location</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Hsinchu	0.40%	0.36%	0.31%
Taoyuan	-%	0.53%	0.46%

As of June 30, 2021, December 31 and June 30, 2020, 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.

(Continued)

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

(m) Intangible assets

	Technical know-how	Computer software and information systems	Goodwill	Others	Total
Carrying value:					
Balance as of January 1, 2021	\$ 8,775	285,763	277,404	6,489	578,431
Balance as of June 30, 2021	\$ 7,456	300,123	274,835	2,695	585,109
Balance as of January 1, 2020	\$ 13,436	113,831	443,002	7,185	577,454
Balance as of June 30, 2020	\$ 11,079	303,812	441,551	5,974	762,416

There was no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2021 and 2020. As of June 30, 2021, amortization of intangible assets was disclosed in Note 12(a). Other information was disclosed in Note 6(m) of the consolidated financial statements for the year ended December 31, 2020.

As of June 30, 2021, December 31 and June 30, 2020, the intangible assets were not pledged.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Tax refund receivables	\$ 119,387	134,541	93,648
Prepayments to suppliers	25,662	32,181	54,255
Prepaid expenses	59,828	137,367	69,111
Restricted assets	147,188	165,982	43,500
Refundable deposits	167,841	115,344	58,801
Other receivables	42,727	72,308	32,554
Long-term prepaid intangible assets	53,491	54,682	56,890
Offset against business tax payable	179,156	148,672	114,740
Others	28,839	30,204	21,016
	\$ 824,119	891,281	544,515

(o) Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured short-term borrowings	\$ -	-	-
Unused bank credit lines for short-term borrowings	\$ 1,010,000	802,430	1,220,723
Unused bank credit lines for short-term and long-term borrowings	\$ 4,450,000	3,450,712	3,249,241

(Continued)

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

(p) Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Secured long-term borrowings (in NTD)	\$ 750,000	750,000	750,000
Secured long-term syndicated borrowings (in USD)	5,544,140	3,659,680	1,422,240
Unsecured long-term borrowings (in NTD)	6,046,540	7,008,940	4,015,100
Less: long-term liabilities, current portion	-	-	-
Total	\$ 12,340,680	11,418,620	6,187,340
Unused bank credit lines for long-term borrowings	\$ 10,162,728	9,814,928	16,082,900
Annual interest rate	0.25%~1.18%	0.25%~1.00%	0.25%~1.18%
Expiry date	2022/7/8~2025/8/16	2022/3/15~2025/8/16	2022/4/11~2025/8/16

As of June 30, 2021, the remaining balances of the borrowing due were as follows:

Year due	Amount
July 1, 2022~June 30, 2023	\$ 6,329,520
July 1, 2023~June 30, 2024	3,317,520
July 1, 2024 and after	2,693,640
	\$ 12,340,680

- (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.

(Continued)

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

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

For the six months ended June 30, 2021, for the year ended December 31 and for the six months ended June 30, 2020, the Group were in compliance with the above financial covenants and restrictions.

(q) Bonds payable

The details of bonds payable were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Overseas convertible bonds	\$ 13,992,000	-	-
Less: Unamortized discounted bonds payable	(790,255)	-	-
Current portion	-	-	-
Total	<u>\$ 13,201,745</u>	<u>-</u>	<u>-</u>
Proceeds from issuance (less transaction cost amounted to \$89,226 thousand)			\$ 13,902,774
Equity components (less transaction cost amortized to equity component of \$4,147 thousand)			(639,583)
Embedded derivatives instruments— put/ call options			<u>(139,920)</u>
Liability components at the issuance date (less transaction cost allocated to liability component of \$85,079 thousand)			13,123,271
Interest expense at an effective interest rate of 1.28%			<u>78,474</u>
Liability components at June 30, 2021			<u>\$ 13,201,745</u>

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Director's meeting held on November 27, 2020, which had been approved by the Financial Supervisory Commission with approval No.1090377907 on December 25, 2020 and been issued on the Singapore Exchange Securities Trading Limited on January 14, 2021. The Company issued the 5 years unsecured convertible bond, amounting to US\$500,000 thousand without coupon rate, with the maturity dates on January 14, 2026.

(Continued)

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

Unless previously redeemed, repurchased, and cancelled or converted, regulations and except during the closed period, the bonds may be converted into the Company's common shares pursuant to the applicable laws and regulations and the indenture at any time starting from the next day immediately after three months from the issue date to (1) the 10 day prior to the maturity date or (2) the 5 business day prior to the applicable redemption date on which a bondholder exercises its put right or the applicable date (other than the maturity date) on which the Company exercises its redemption right.

The conversion price was 140% of the closing price of the Company's common share on the Taipei Exchange on the pricing date, which was NT\$497. The number of common share to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT\$27.984 to US\$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of June 30, 2021, the conversion price was not adjusted.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was accounted under the capital surplus-stock option. The effective interest rate originally recognized for the liability component was 1.28%.

(r) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	June 30, 2021	December 31, 2020	June 30, 2020
Current	<u>\$ 119,328</u>	<u>84,993</u>	<u>67,397</u>
Non-current	<u>\$ 980,773</u>	<u>614,891</u>	<u>312,011</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest expenses on lease liabilities	<u>\$ 5,650</u>	<u>2,402</u>	<u>10,647</u>	<u>4,716</u>
Expenses relating to short-term leases	<u>\$ 2,462</u>	<u>4,250</u>	<u>6,112</u>	<u>6,642</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 357</u>	<u>327</u>	<u>707</u>	<u>650</u>

(Continued)

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

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

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Total cash outflow for leases	<u>\$ 84,377</u>	<u>52,992</u>

(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, machinery and 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.

(s) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2021 and 2020. Please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

(t) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2020 and 2019.

(Continued)

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

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

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating costs	\$ -	-	-	-
Operating expenses	435	466	870	933
	<u>\$ 435</u>	<u>466</u>	<u>870</u>	<u>933</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months and six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating costs	\$ 24,638	22,492	48,248	44,263
Operating expenses	6,911	5,789	13,956	11,294
	<u>\$ 31,549</u>	<u>28,281</u>	<u>62,204</u>	<u>55,557</u>

(iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the three months and six months ended June 30, 2021 and 2020, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$3,018 thousand, \$10 thousand, \$5,608 thousand and \$505 thousand, respectively.

(u) Income tax

(i) Income tax expense

The amount of income tax expense was as follows:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Income tax expense	\$ <u>196,842</u>	<u>379,524</u>	<u>488,176</u>	<u>768,889</u>

(ii) There was no income tax expense recognized in other comprehensive income for the six months ended June 30, 2021 and 2020.

(iii) Assessment

The Company's corporate income tax returns for all the years through 2019 were assessed and approved by the tax authorities National Taxation Bureau of the Northern Area, Ministry of Finance.

(Continued)

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

(v) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2021 and 2020. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

(i) Ordinary share issuance

On March 18, 2021, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock 15 thousand shares, at \$10 dollars par value per share, amounting to \$150 thousand. The recognition date for capital reduction was March 31, 2021. 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. The application of the aforementioned privately placed shares for public offering had been approved by the Competent Authorities. Therefore, the above shares took effect on June 23, 2021.

(ii) Capital surplus

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

	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	\$ 9,031,035	9,031,035	9,031,035
Equity component of convertible bonds	639,583	-	-
Changes in ownership interests in subsidiaries	74,724	69,410	12,509
Employee stock options	3,245	2,915	2,183
Restricted shares of stock issued for employees	<u>219,888</u>	<u>219,738</u>	<u>222,627</u>
	<u>\$ 9,968,475</u>	<u>9,323,098</u>	<u>9,268,354</u>

(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, but the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. 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.

(Continued)

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

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

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

The appropriations of earning for 2020 and 2019 had been approved in the meeting of Board of Directors held on March 18, 2021 and March 18, 2020, respectively. The appropriations and dividends were as follows:

	2020	2019
Cash dividends	\$ 4,240,414	2,968,394

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

(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, 2021	\$ (202,205)	3,780,846	(65,738)
Foreign currency differences (net of tax):			
The Group	(132,285)	-	-
Associates	3,604	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	204,343	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(147,280)	-
Compensation cost arising from restricted shares of employees	-	-	38,125
Balance as of June 30, 2021	\$ (330,886)	3,837,909	(27,613)

(Continued)

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

	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	(95,317)	-	-
Associates	(7,145)	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	703,377	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(29,371)	-
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	-	(10,806)
Compensation cost arising from restricted shares of employees	-	-	38,553
Balance as of June 30, 2020	<u>\$ (281,912)</u>	<u>3,763,892</u>	<u>(109,282)</u>

(w) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the six months ended June 30, 2021 and 2020. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

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

On March 18, 2021, the Company resolved to redeem the unvested restricted employee share of stock amounting to 15 thousand shares. As of June 30, 2021 and 2020, there were 1,375 thousand and 1,390 thousand shares outstanding, respectively.

For the three months and six months ended June 30, 2021 and 2020, the Company recognized the compensation cost of \$19,102 thousand, \$19,371 thousand, \$38,164 thousand and \$38,561 thousand for the aforementioned RSA, respectively.

(Continued)

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

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

For the three months and six months ended June 30, 2021 and 2020, the PBL recognized the compensation cost of \$140 thousand, \$622 thousand, \$561 thousand and \$1,243 thousand for the aforementioned ESOPs, respectively.

(x) Earnings per share (“EPS”)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Basic earnings per share:				
Profit belonging to common shareholders	\$ <u>979,684</u>	<u>1,663,369</u>	<u>2,131,108</u>	<u>3,254,264</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	<u>422,666</u>	<u>422,666</u>	<u>422,666</u>	<u>422,666</u>
Basic earnings per share (in dollars)	\$ <u>2.32</u>	<u>3.94</u>	<u>5.04</u>	<u>7.70</u>
Diluted earnings per share:				
Profit belonging to common shareholders	\$ 979,684	1,663,369	2,131,108	3,254,264
Interest expense and other gains and losses on convertible bonds, net of tax	<u>30,996</u>	<u>-</u>	<u>110,353</u>	<u>-</u>
Profit belonging to common shareholders (diluted)	\$ <u>1,010,680</u>	<u>1,663,369</u>	<u>2,241,461</u>	<u>3,254,264</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	422,666	422,666	422,666	422,666
Effect of potentially dilutive common stock				
Employee remuneration (in thousands shares)	467	893	1,053	1,605
Restricted employee shares (in thousands shares)	1,295	1,002	1,301	1,004
Effect of conversion of convertible bonds (in thousands shares)	<u>28,153</u>	<u>-</u>	<u>26,131</u>	<u>-</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>452,581</u>	<u>424,561</u>	<u>451,151</u>	<u>425,275</u>
Diluted earnings per share (in dollars)	\$ <u>2.23</u>	<u>3.92</u>	<u>4.97</u>	<u>7.65</u>

(Continued)

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

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 2021				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 4,246,639	52,719	47,479	4,346,837
Americas	1,332,979	-	7,500	1,340,479
Taiwan	254,949	-	15,687	270,636
Europe	236,677	-	-	236,677
	\$ 6,071,244	52,719	70,666	6,194,629
Main product/ services lines:				
Foundry	\$ 6,071,244	-	-	6,071,244
Others	-	52,719	70,666	123,385
	\$ 6,071,244	52,719	70,666	6,194,629
For the three months ended June 30, 2020				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 4,001,413	6,712	374	4,008,499
Americas	1,263,366	-	7,242	1,270,608
Taiwan	389,085	-	49,965	439,050
Europe	329,568	-	-	329,568
	\$ 5,983,432	6,712	57,581	6,047,725
Main product/ services lines:				
Foundry	\$ 5,983,432	-	-	5,983,432
Others	-	6,712	57,581	64,293
	\$ 5,983,432	6,712	57,581	6,047,725

(Continued)

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

For the six months ended June 30, 2021				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 8,077,619	280,493	48,516	8,406,628
Americas	2,788,062	-	15,160	2,803,222
Taiwan	496,782	-	27,949	524,731
Europe	469,431	-	-	469,431
	\$ 11,831,894	280,493	91,625	12,204,012
Main product/ services lines:				
Foundry	\$ 11,831,894	-	-	11,831,894
Others	-	280,493	91,625	372,118
	\$ 11,831,894	280,493	91,625	12,204,012
For the six months ended June 30, 2020				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 8,102,977	17,187	863	8,121,027
Americas	2,669,903	-	14,593	2,684,496
Taiwan	634,483	-	61,933	696,416
Europe	616,808	-	-	616,808
	\$ 12,024,171	17,187	77,389	12,118,747
Main product/ services lines:				
Foundry	\$ 12,023,943	-	-	12,023,943
Others	228	17,187	77,389	94,804
	\$ 12,024,171	17,187	77,389	12,118,747

(Continued)

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

(ii) Balance of contracts

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 944	632	1,085
Accounts receivable	2,106,461	2,037,018	2,321,708
Less: loss allowance	<u>(85)</u>	<u>(148)</u>	<u>(4,317)</u>
	<u>\$ 2,107,320</u>	<u>2,037,502</u>	<u>2,318,476</u>
Contract liabilities	<u>\$ 406,673</u>	<u>534,426</u>	<u>180,166</u>

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 six months ended June 30, 2021 and 2020, that was included in the contract liabilities balance at the beginning of the period was \$493,518 thousand and \$223,321 thousand, respectively.

(z) Employees' and directors' remuneration

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

- (i) Employees' remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit-sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.
- (ii) Remuneration of Directors: no more than 3%.

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

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

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Employees' remuneration	\$ 72,500	136,100	175,200	267,100
Directors' remuneration	<u>22,500</u>	<u>39,600</u>	<u>50,800</u>	<u>77,500</u>
	<u>\$ 95,000</u>	<u>175,700</u>	<u>226,000</u>	<u>344,600</u>

(Continued)

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

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 three months and six months ended June 30, 2021 and 2020. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the years ended December 31, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$543,300 thousand and \$368,400 thousand, and directors' remuneration amounting to \$157,700 thousand and \$106,900 thousand, respectively. There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements. The related information mentioned above can be found on websites such as the Market Observation Post System.

(aa) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest income from bank deposits	\$ 12,949	7,609	20,518	21,469
Other interest income	<u>5</u>	<u>3</u>	<u>37</u>	<u>32</u>
Interest income	<u>\$ 12,954</u>	<u>7,612</u>	<u>20,555</u>	<u>21,501</u>

(ii) Other income

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Dividend income	\$ 3,887	3,972	11,705	6,496
Rent income	<u>8,683</u>	<u>18,491</u>	<u>17,481</u>	<u>37,755</u>
Other income	<u>\$ 12,570</u>	<u>22,463</u>	<u>29,186</u>	<u>44,251</u>

(Continued)

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

(iii) Other gains and losses

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Gains (losses) on disposals of property, plant and equipment	\$ 711	339	(4,717)	(1,066)
Foreign exchange losses	(348,483)	(65,334)	(157,210)	(1,780)
Gains (losses) on financial assets or liabilities at fair value through profit or loss	144,276	(10,608)	222,268	(67,359)
Others	(8,359)	39,120	2,177	48,849
Other gains and losses	<u>\$ (211,855)</u>	<u>(36,483)</u>	<u>62,518</u>	<u>(21,356)</u>

(iv) Finance costs

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest expenses				
Bank borrowings	\$ 34,949	21,383	70,363	47,546
Bonds payable	42,243	-	78,474	-
Lease liabilities	7,457	3,465	13,973	6,866
Less: capitalized interest	(10,254)	(7,432)	(19,871)	(18,086)
Subtotal	74,395	17,416	142,939	36,326
Other finance costs	37	62	75	127
Finance costs	<u>\$ 74,432</u>	<u>17,478</u>	<u>143,014</u>	<u>36,453</u>

(ab) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk of receivables and debt securities

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

(Continued)

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

Other financial assets measured at amortized cost include other receivables, etc. 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:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
As of June 30, 2021						
Non-derivative financial liabilities						
Secured bank loans	\$ 6,294,140	6,375,967	39,193	5,579,461	757,313	-
Unsecured bank loans	6,046,540	6,138,208	33,518	817,880	5,286,810	-
Bonds payable	13,201,745	13,577,452	-	-	13,577,452	-
Notes and accounts payable (including related parties)	2,033,381	2,033,381	2,033,381	-	-	-
Other payables	7,367,450	7,367,450	7,367,450	-	-	-
Guarantee deposits received	136,839	136,839	11,517	15,322	110,000	-
Lease liabilities	1,100,101	1,397,481	131,266	101,237	253,736	911,242
	<u>\$ 36,180,196</u>	<u>37,026,778</u>	<u>9,616,325</u>	<u>6,513,900</u>	<u>19,985,311</u>	<u>911,242</u>
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
	<u>\$ 17,170,759</u>	<u>17,627,337</u>	<u>5,102,465</u>	<u>6,028,887</u>	<u>5,926,540</u>	<u>569,445</u>
As of June 30, 2020						
Non-derivative financial liabilities						
Secured bank loans	\$ 2,172,240	2,279,333	16,774	16,774	2,095,673	150,112
Unsecured bank loans	4,015,100	4,101,006	30,377	887,093	3,020,914	162,622
Notes and accounts payable	1,889,728	1,889,728	1,889,728	-	-	-
Other payables	5,790,580	5,790,580	5,790,580	-	-	-
Guarantee deposits received	124,784	124,784	6,174	8,610	110,000	-
Lease liabilities	379,408	509,768	68,443	49,111	111,509	280,705
	<u>\$ 14,371,840</u>	<u>14,695,199</u>	<u>7,802,076</u>	<u>961,588</u>	<u>5,338,096</u>	<u>593,439</u>

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

(Continued)

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

(iii) Currency risk

1) Exposure to currency risk

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

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
Financial assets									
<u>Monetary items</u>									
USD	\$ 557,468	27.86	15,531,068	242,839	28.48	6,916,049	190,682	29.63	5,649,921
EUR	888	33.15	29,423	7	35.02	246	463	33.27	15,412
JPY	830,381	0.2521	209,339	2,391,001	0.2763	660,634	1,660,113	0.2751	456,697
GBP	11	38.54	424	11	38.90	428	11	36.43	401
HKD	60	3.587	214	60	3.67	221	60	3.823	231
RMB	1,825	4.31	7,866	1,232	4.38	5,398	1,171	4.19	4,905
SGD	1	20.73	18	-	-	-	-	-	-
			<u>\$ 15,778,352</u>			<u>\$ 7,582,976</u>			<u>\$ 6,127,567</u>
<u>Non-monetary items</u>									
USD	\$ 26,263	27.86	731,718	15,703	28.48	448,558	11,905	29.63	352,831
RMB	237,001	4.31	1,020,051	179,878	4.38	785,950	113,792	4.19	475,250
			<u>\$ 1,751,769</u>			<u>\$ 1,234,508</u>			<u>\$ 828,081</u>
Financial liabilities									
<u>Monetary items</u>									
USD	\$ 230,140	27.86	6,411,689	172,495	28.48	4,912,645	85,586	29.63	2,535,902
EUR	969	33.15	32,134	1,233	35.02	43,180	330	33.27	10,986
JPY	832,378	0.2521	209,842	911,604	0.2763	251,876	784,608	0.2751	215,846
RMB	-	-	-	-	-	-	1	4.19	6
			<u>\$ 6,653,665</u>			<u>\$ 5,207,701</u>			<u>\$ 2,762,740</u>

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, long-term borrowings, etc. that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR, GBP, JPY, HKD, RMB, etc. for the six months ended June 30, 2021 and 2020 would have increased (decreased) the net profit after tax by \$409,558 thousand and \$148,634 thousand, respectively. The analysis assumes that all other variables remain constant.

(Continued)

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

3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For six months ended June 30, 2021 and 2020, foreign exchange gains (including realized and unrealized portions) amounted to \$157,210 thousand and \$1,780 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 \$24,130 thousand and \$10,167 thousand for the six months ended June 30, 2021 and 2020, 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.

	June 30, 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 22,397	22,397	-	-	22,397
Non-public stocks	306,442	-	-	306,442	306,442
Funds and investment	235,194	235,194	-	-	235,194
Private fund	1,335,612	-	-	1,335,612	1,335,612
Subtotal	<u>\$ 1,899,645</u>	<u>257,591</u>	<u>-</u>	<u>1,642,054</u>	<u>1,899,645</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 8,477,077	8,477,077	-	-	8,477,077
Non-public stocks	880,202	-	-	880,202	880,202
Subtotal	<u>\$ 9,357,279</u>	<u>8,477,077</u>	<u>-</u>	<u>880,202</u>	<u>9,357,279</u>

(Continued)

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

June 30, 2021				
Carrying value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets measured at amortized cost				
Cash and cash equivalents (Note)	\$ 19,899,249	-	-	-
Notes and accounts receivable (Note)	2,107,320	-	-	-
Other receivables (Note)	42,727	-	-	-
Other non-current assets (Note)	315,029	-	-	-
Subtotal	\$ 22,364,325	-	-	-
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	\$ 187,493	-	187,493	187,493
Financial liabilities measured at amortized cost				
Bank loans (Note)	\$ 12,340,680	-	-	-
Notes and accounts payable (including related parties) (Note)	2,033,381	-	-	-
Bonds payable (Note)	13,201,745	-	-	-
Other payables (Note)	7,367,450	-	-	-
Guarantee deposits received (Note)	136,839	-	-	-
Lease liabilities (Note)	1,100,101	-	-	-
Subtotal	\$ 36,180,196	-	-	-
December 31, 2020				
Carrying value	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss				
Stocks listed on domestic markets	\$ 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
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
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	-	-	-

(Continued)

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

	June 30, 2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 544,516	544,516	-	-	544,516
Funds and investment	488,454	488,454	-	-	488,454
Private fund	678,939	-	-	678,939	678,939
Subtotal	<u>\$ 1,711,909</u>	<u>1,032,970</u>	<u>-</u>	<u>678,939</u>	<u>1,711,909</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 5,199,496	5,199,496	-	-	5,199,496
Non-public stocks	737,993	-	-	737,993	737,993
Subtotal	<u>\$ 5,937,489</u>	<u>5,199,496</u>	<u>-</u>	<u>737,993</u>	<u>5,937,489</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 6,159,476	-	-	-	-
Notes and accounts receivable (Note)	2,318,476	-	-	-	-
Other receivables (Note)	32,554	-	-	-	-
Other non-current assets (Note)	102,301	-	-	-	-
Subtotal	<u>\$ 8,612,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Bank loan (Note)	\$ 6,187,340	-	-	-	-
Notes and accounts payable (Note)	1,889,728	-	-	-	-
Other payables (Note)	5,790,580	-	-	-	-
Guarantee deposits received (Note)	124,784	-	-	-	-
Lease liabilities (Note)	379,408	-	-	-	-
Subtotal	<u>\$ 14,371,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

(Continued)

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

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.

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 counter-party. 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.

(Continued)

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

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 and its sales revenue 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 six months ended June 30, 2021 and 2020, there was no transfer between level 2 and level 1 financial asset of the fair value hierarchy.

5) Movement of level 3

	<u>Fair value through profit or loss</u>		<u>Fair value through other comprehensive income</u>
	<u>Unquoted equity instruments</u>	<u>Private fund</u>	<u>Unquoted equity instruments</u>
Balance as of January 1, 2021	\$ -	814,065	963,298
Total gains or losses:			
Recognized in profit and loss	44,895	257,683	-
Recognized in other comprehensive income	-	-	(82,477)
Purchased	261,417	264,765	-
Capital reduction	-	(901)	-
Effect of changes in foreign exchange rates	130	-	(619)
Balance as of June 30, 2021	<u>\$ 306,442</u>	<u>1,335,612</u>	<u>880,202</u>

(Continued)

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

	<u>Fair value through profit or loss</u>		<u>Fair value through other comprehensive income</u>
	<u>Unquoted equity instruments</u>	<u>Private fund</u>	<u>Unquoted equity instruments</u>
	Balance as of January 1, 2020	\$ -	565,804
Total gains or losses:			
Recognized in profit and loss	-	(61,625)	-
Recognized in other comprehensive income	-	-	317
Purchased	-	174,760	75,000
Disposals	-	-	(30,285)
Capital reduction	-	-	(6,667)
Effect of changes in foreign exchange rates	-	-	(619)
Balance as of June 30, 2020	<u>\$ -</u>	<u>678,939</u>	<u>737,993</u>

The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of June 30, 2021 and 2020, the related information of the assets which were still held by the Group were as follows:

	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Total gains or losses				
Profit or loss (recognized as other gains and losses)	\$ 183,268	(38,218)	302,578	(61,625)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(130,236)	60,411	(82,477)	(29,054)

(Continued)

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

- 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 – equity investment", "financial assets at fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments."

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	<ul style="list-style-type: none"> • Comparable listed companies approach 	<ul style="list-style-type: none"> • Price-book ratio (as of June 30, 2021, December 31 and June 30, 2020 were 1.64~7.54, 1.62~7.33 and 1.63~6.02, respectively) • Market liquidity discount rate (as of June 30, 2021, December 31 and June 30, 2020 were all 20%) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
	<ul style="list-style-type: none"> • Net asset value method 	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – equity investments without an active market	<ul style="list-style-type: none"> • Comparable listed companies approach 	<ul style="list-style-type: none"> • Price-to-sale ratio (as of June 30, 2021 was 5.94) • Market liquidity discount rate (as of June 30, 2021 was 20%) 	<ul style="list-style-type: none"> • The higher the price-to-sales ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
	<ul style="list-style-type: none"> • Net asset value method 	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	<ul style="list-style-type: none"> • Net asset value method 	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • 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:

(Continued)

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

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2021						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Price-to-sales ratio	5%	\$ 15,322	(15,322)	-	-
"	Market liquidity discount rate	5%	15,322	(15,322)	-	-
Private fund	Net asset value	5%	66,781	(66,781)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	23,054	(23,054)
"	Market liquidity discount rate	5%	-	-	23,054	(23,054)
"	Net asset value	5%	-	-	20,956	(20,956)
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)
June 30, 2020						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 33,947	(33,947)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	19,077	(19,077)
"	Market liquidity discount rate	5%	-	-	19,077	(19,077)
"	Net asset value	5%	-	-	17,822	(17,822)

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.

(Continued)

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

(ac) Management of financial risk

There was no significant change in the Group's objective and policies for the management of financial risk of the consolidated financial statements for the six months ended June 30, 2021 which compared with the consolidated financial statements Note 6(ab) for the year ended December 31, 2020.

(ad) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the six months ended June 30, 2021 was the same as the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to Note 6(ac) of the consolidated financial statements for the year ended December 31, 2020.

As of June 30, 2021, December 31 and June 30, 2020, the Group's return on common equity was 12.76%, 20.49% and 21.60%, respectively. The Group's debt ratio at the reporting date were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Debt ratio	51.85 %	34.68 %	33.13 %

(ae) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

	Cash flows				Non-cash changes			June 30, 2021
	January 1, 2021	Proceeds from long-term debt and bonds payable	Repayments of long-term debt and lease liabilities	Others	Interest expense	Others	Amortization of arranger fee of syndicated loan	
Long-term borrowings	\$ 11,418,620	2,885,150	(1,881,000)	-	-	(96,176)	14,086	12,340,680
Bonds payable	-	13,902,774	-	-	78,474	(779,503)	-	13,201,745
Guarantee deposit received	124,732	-	-	12,107	-	-	-	136,839
Lease liabilities (Note 1)	699,884	-	(71,468)	(6,090)	13,973	463,802	-	1,100,101
Total liabilities from financing activity	\$ 12,243,236	16,787,924	(1,952,468)	6,017	92,447	(411,877)	14,086	26,779,365

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

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$3,326 thousand.

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

(Continued)

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Associates
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	Other related parties

(b) Significant transactions with related parties

(i) Purchases

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

	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Other related parties	\$ <u>2,101</u>	<u>-</u>	<u>3,719</u>	<u>233</u>

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

(ii) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Category</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable	Other related parties	\$ <u>1,008</u>	<u>-</u>	<u>-</u>

(iii) Operating expenses

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

	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Other related parties	\$ <u>-</u>	<u>-</u>	<u>4,000</u>	<u>2,000</u>

(Continued)

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

(iv) Guarantee

As of June 30, 2021, December 31, and June 30, 2020, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (\$204,771 thousand, \$209,328 and \$217,781 thousand, respectively) to its associate, Jiangsu CM/Chainwin Agriculture Development Co., Ltd.

(v) Property transactions—acquire assets

<u>Account</u>	<u>Category</u>	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Intangible assets	Other related parties – Chainwin i-Management Co., Ltd.	\$ -	162,965	-	162,965
Property, plant and equipment	Other related parties	\$ 561	-	654	-

(vi) Leases

The Group leased the office and factories to its other related party, ITEQ Corporation, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is \$7,232 thousand, \$7,253 thousand, \$14,463 thousand and \$14,505 thousand for the three months and six months ended June 30, 2021 and 2020. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of June 30, 2021, December 31, and June 30, 2020.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Short-term employee benefits	\$ 161,780	158,936	343,423	312,855
Post-employment benefits	315	207	629	413
	<u>\$ 162,095</u>	<u>159,143</u>	<u>344,052</u>	<u>313,268</u>

(Continued)

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other non-current assets	Land lease guarantee	\$ 23,206	-	-
Other non-current assets	Bank deposits — reserve accounts	8,535	6,693	6,074
Other non-current assets	Gas deposits	4,700	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,579	20,430	20,430
Other non-current assets	Guarantee deposits of letters of credit	73,434	97,258	-
Other non-current assets	Plant deposits	11,562	11,819	12,296
Other non-current assets	Seizure deposits	5,172	25,082	-
Property, plant and equipment	Long-term borrowings	2,281,311	2,003,867	2,043,354
Investment property	Long-term borrowings	-	321,517	329,046
Total		<u>\$ 2,428,499</u>	<u>2,491,366</u>	<u>2,415,900</u>

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
The unrecognized amount	<u>\$ 4,562,667</u>	<u>5,521,073</u>	<u>3,908,198</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
The unused letters of credit	<u>\$ -</u>	<u>82,674</u>	<u>93,535</u>

(Continued)

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

(10) Losses due to major disasters: None.

(11) Subsequent events:

- (a) The conversion price of the unsecured overseas convertible bonds from July 13, 2021 (the ex-dividend date) had been adjusted from \$497 to \$483.16 based on the offering plan announced by the Company.
- (b) The Company resolved to subscribe 5,263 thousand new shares of its other related parties, ITEQ Corporation, with par value of \$130 per share, at an amount \$684,177 thousand, as proposed in the Board of Director's meeting held on August 6, 2021.

(12) Other:

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

	For the three months ended June 30, 2021			For the three months ended June 30, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	706,962	307,373	1,014,335	673,594	274,903	948,497
Labor and health insurance	55,144	18,297	73,441	48,239	13,477	61,716
Pension	25,417	9,585	35,002	22,501	6,256	28,757
Director remuneration	-	22,559	22,559	-	39,690	39,690
Others	37,350	14,294	51,644	35,149	13,342	48,491
Depreciation	923,804	103,850	1,027,654	789,036	79,412	868,448
Amortization	9,301	24,946	34,247	6,596	16,738	23,334

	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	1,449,238	665,707	2,114,945	1,434,318	561,019	1,995,337
Labor and health insurance	117,754	37,412	155,166	103,992	32,152	136,144
Pension	49,612	19,070	68,682	44,421	12,574	56,995
Director remuneration	-	50,916	50,916	-	77,596	77,596
Others	73,392	29,957	103,349	69,963	27,211	97,174
Depreciation	1,821,599	205,598	2,027,197	1,538,398	171,081	1,709,479
Amortization	17,233	48,421	65,654	12,438	33,412	45,850

- (b) Seasonality of operations:

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

(Continued)

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

- (c) Due to the COVID-19 pandemic outbreak, governments all over the world have continuously enforced the pandemic prevention since January 2020. However, despite of the local severe pandemic situation, the Group assessed that the pandemic did not have a significant impact on its operation.

(13) Other disclosures:

- (a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2021:

- (i) Loans to other parties: Please refer to schedule A.
 - (ii) Guarantees and endorsements for other parties: Please refer to schedule B.
 - (iii) Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.
 - (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 D.
 - (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 E.
 - (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: Please refer to schedule F.
 - (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b).
 - (x) Business relationships and significant intercompany transactions: Please refer to schedule G.
- (b) Information on investments: Please refer to schedule H.
- (c) Information on investment in mainland China: Please refer to schedule I.
- (d) Information on major shareholders: None.

(Continued)

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

(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.

- (b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the three months and six months ended June 30, 2021 and 2020, the reportable amount is same as that in the report used by the operating decision maker and the operating segment accounting policies are same as the ones described in Note 4 "significant accounting policies" were as follows:

For the three months ended June 30, 2021	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 6,071,244	52,719	70,666	-	6,194,629
Interest expenses	\$ 50,466	22,240	1,726	-	74,432
Depreciation and amortization	\$ 1,014,643	39,044	7,253	961	1,061,901
Shares of losses of associates and joint ventures accounted for using equity method	\$ -	(21,983)	(283)	-	(22,266)
Reportable segment profit or loss	\$ 1,548,816	(155,418)	16,693	(961)	1,409,130
Assets:					
Capital expenditures in noncurrent assets	\$ 1,035,752	1,654,406	26,552	-	2,716,710
For the three months ended June 30, 2020	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 5,983,432	6,712	57,581	-	6,047,725
Interest expenses	\$ 4,330	13,146	2	-	17,478
Depreciation and amortization	\$ 870,989	14,848	4,918	1,027	891,782
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ -	20,917	(314)	-	20,603
Reportable segment profit or loss	\$ 2,069,358	(59,074)	23,767	(1,027)	2,033,024
Assets:					
Capital expenditures in noncurrent assets	\$ 1,094,464	1,048,635	1,270	-	2,144,369

(Continued)

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

<u>For the six months ended June 30, 2021</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ <u>11,831,894</u>	<u>280,493</u>	<u>91,625</u>	<u>-</u>	<u>12,204,012</u>
Interest expenses	\$ <u>95,727</u>	<u>43,815</u>	<u>3,472</u>	<u>-</u>	<u>143,014</u>
Depreciation and amortization	\$ <u>2,006,979</u>	<u>70,089</u>	<u>13,848</u>	<u>1,935</u>	<u>2,092,851</u>
Shares of losses of associates and joint ventures accounted for using equity method	\$ <u>-</u>	<u>(61,047)</u>	<u>(565)</u>	<u>-</u>	<u>(61,612)</u>
Reportable segment profit or loss	\$ <u>2,863,482</u>	<u>(243,356)</u>	<u>(13,515)</u>	<u>(1,935)</u>	<u>2,604,676</u>
Assets:					
Capital expenditures in noncurrent assets	\$ <u>1,701,769</u>	<u>2,805,342</u>	<u>73,050</u>	<u>-</u>	<u>4,580,161</u>
<u>For the six months ended June 30, 2020</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ <u>12,024,171</u>	<u>17,187</u>	<u>77,389</u>	<u>-</u>	<u>12,118,747</u>
Interest expenses	\$ <u>9,616</u>	<u>26,830</u>	<u>7</u>	<u>-</u>	<u>36,453</u>
Depreciation and amortization	\$ <u>1,714,465</u>	<u>29,038</u>	<u>9,765</u>	<u>2,061</u>	<u>1,755,329</u>
Shares of profits (losses) of associates and joint ventures accounted for using equity method	\$ <u>-</u>	<u>15,251</u>	<u>(604)</u>	<u>-</u>	<u>14,647</u>
Reportable segment profit or loss	\$ <u>4,112,093</u>	<u>(107,113)</u>	<u>(31,559)</u>	<u>(2,061)</u>	<u>3,971,360</u>
Assets:					
Capital expenditures in noncurrent assets	\$ <u>2,002,348</u>	<u>1,533,006</u>	<u>2,277</u>	<u>-</u>	<u>3,537,631</u>

For the three months and six months ended June 30, 2021 and 2020, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$(282,746) thousand, \$(2,969) thousand, \$(91,802) thousand and \$23,194 thousand, respectively.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest Rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5)	Maximum limit of fund financing (Note 4) (Note 5)	Remark
													Item	Value			
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	417,900 (USD 15,000)	417,900 (USD 15,000)	417,900 (USD 15,000)	1%	2	-	Working Capital	-	None	-	Net equity 20% 2,270,947	Net equity 40% 4,541,893	(Note 7)
2	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	139,300 (USD 5,000)	139,300 (USD 5,000)	139,300 (USD 5,000)	1%	2	-	Working Capital	-	None	-	Net equity 100% 147,695	Net equity 200% 295,390	(Note 7)

Note 1: Company numbering as follows:

Issuer—0

Investee starts from 1

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties :

1. The loan limit to an individual party : (1) the total amount for lending to a company having business relationship with Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 5: i-Chainwin Technology (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties :

1. The loan limit to an individual party : (1) the total amount for lending to a company having business relationship with i-Chainwin Technology (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by i-Chainwin Technology (Cayman Islands) Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity, and the total amount should not exceed 200% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity.

Note 6: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD for NTD 27.86.

Note 7: The amount of the transaction had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	16,363,666	278,600	278,600	278,600	-	0.85%	Net equity 50% 16,363,666	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,363,666	1,671,600	1,671,600	1,671,600	-	5.11%	Net equity 50% 16,363,666	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,363,666	2,507,400	2,507,400	2,507,400	-	7.66%	Net equity 50% 16,363,666	Y	-	Y
0	"	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	16,363,666	-	-	-	-	0.00%	Net equity 50% 16,363,666	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,363,666	1,114,400	1,114,400	1,114,400	-	3.41%	Net equity 50% 16,363,666	Y	-	Y
0	"	Jiangsu Win Chance Agriculture Development Co., Ltd.	2	16,363,666	-	-	-	-	0.00%	Net equity 50% 16,363,666	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	3,406,419 (USD 122,269)	204,771 (USD 7,350)	204,771 (USD 7,350)	-	-	1.80%	Net equity 50% 5,677,366	-	-	Y

Note 1: Company numbering as follows:

Issuer—0
Investee starts from 1

Note 2: The 7 types of relationship between the guarantee and the guarantor were as follows:

- For entities the guarantor has business transaction with.
- For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
- For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
- For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
- Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
- For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
- Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

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

- 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.
- 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.
- Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., 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.

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of guarantee were as follows:

- 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.
- 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 27.86 and USD 0.1547, respectively.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule C Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	100	22,397	0.15	22,397	
WIN Venture Capital Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	5,108	64,602	-	64,602	
"	Capital Money Market Fund	"	"	4,809	78,295	-	78,295	
WIN Chance Investment Corp.	Capital Money Market Fund	"	"	4,919	80,088	-	80,088	
WIN Earn Investment Corp.	Capital Money Market Fund	"	"	750	12,209	-	12,209	
					257,591		257,591	
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	457,034	5.81	457,034	
"	CDIB Capital Growth Partners L.P.	"	"	-	128,043	3.30	128,043	
"	CDIB Capital Healthcare Ventures II L.P.	"	"	-	21,215	1.61	21,215	
"	Fuh Hwa Oriental Fund	"	"	15,000	26,880	-	26,880	
"	Fuh Hwa Smart Energy Fund	"	"	12,000	80,256	-	80,256	
"	LeaSun Winion L.P.	"	"	-	28,500	12.47	28,500	
"	NFC Fund II L.P.	"	"	-	274,684	32.88	274,684	
"	Foryou Venture Capital L.P.	"	"	-	21,000	5.77	21,000	
"	Renaissance Capital Limited Partnership	"	"	-	98,000	12.82	98,000	
"	Lian Ding Capital Investments Limited Partnership	"	"	-	200,000	12.78	200,000	
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	"	1,800	306,442	0.50	306,442	
					1,642,054		1,642,054	
The Company	ITEQ Corporation/Stock	Other related parties	Non-current financial assets at fair value through other comprehensive income	43,808	6,242,641	13.16	6,242,641	
"	Sino-American Silicon Products Inc./Stock	None	"	529	102,097	0.09	102,097	
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	-	10.51	-	
"	CDIB Capital Creative Industries Limited/Stock	"	"	3,667	32,193	3.33	32,193	
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	726	75,133	18.28	75,133	
"	New Future Capital Co., Ltd./Stock	"	"	10,000	98,500	15.87	98,500	
"	Grand Fortune Venture Corp./Stock	"	"	5,000	64,800	6.87	64,800	
"	NFC I Renewable Power Co., Ltd./Stock	"	"	15,000	148,500	15.00	148,500	
"	Gogolook Co., Ltd./Stock	"	"	2,013	195,984	11.83	195,984	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	996,357	0.02	996,357	
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	221,881	7.93	221,881	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.28	-	
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-	(Note)
"	Winresp INC./Stock	"	"	2,740	43,211	17.29	43,211	
"	ITEQ Corporation/Stock	Other related parties	"	2,000	285,000	0.60	285,000	
WIN Chance Investment Corp.	ITEQ Corporation/Stock	"	"	3,972	565,982	1.19	565,982	
WIN Earn Investment Corp.	ITEQ Corporation/Stock	"	"	2,000	285,000	0.60	285,000	
					9,357,279		9,357,279	

Note : The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of June 30, 2021, the company is still within the period of liquidation.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule D 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	30,393	1,440,096	13,415	1,872,803	-	-	-	-	43,808	6,242,641
//	Win Semiconductors Cayman Islands Co., Ltd./Stock	Investments accounted for using equity method	-	Subsidiary	267,000	8,066,646	109,600	3,061,128	-	-	-	-	376,600	10,950,956
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd./Stock	//	-	Investment through subsidiary	135,054	8,141,959	50,000	2,764,000	-	-	-	-	185,054	9,338,751
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	//	-	//	-	2,162,042	-	490,400	-	-	-	-	-	2,208,871
WIN Venture Capital Corp.	Capital Money Market Fund	Current financial assets at fair value through profit or loss	-	None	20,903	339,432	4,918	79,985	21,012	342,000	341,308	692	4,809	78,295

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.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule E 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 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			
The Company	Factory buildings	2021/4/6~2021/5/25	1,517,330	As of June 30, 2021, the price paid \$454,395 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Factory buildings	2018/10/25	617,213	As of June 30, 2021, the price paid \$567,388 thousand (RMB 138,575 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	As of June 30, 2021, the price paid \$1,163,684 thousand (RMB 335,900 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	As of June 30, 2021, the price paid \$709,833 thousand (RMB 173,365 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	As of June 30, 2021, the price paid \$1,409,351 thousand (RMB 342,511 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	As of June 30, 2021, the price paid \$900,778 thousand (RMB 268,600 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
"	Factory buildings	2021/2/8	548,075	As of June 30, 2021, the price paid \$409,444 thousand (RMB 125,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
"	Factory buildings	2021/5/12~2021/6/4	433,580	As of June 30, 2021, the price paid \$346,864 thousand (RMB 100,600 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

Schedule F Information regarding receivables from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital :

(In thousands of New Taiwan Dollars)

Name of company	Name of Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts	Remark
					Amount	Action taken			
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Investment through subsidiary	418,755	(Note 1)	-	-	-	-	(Note 2)
i-Chainwin Technology (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Investment through subsidiary	139,811	(Note 1)	-	-	-	-	(Note 2)

Note 1: Other receivables arose from non-sales transactions.

Note 2: The amount of the transaction had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule G Business relationships and significant inter company transactions:

(In thousands of New Taiwan Dollars)

Number (Note 1)	Name of Company	Name of Counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount (Note 3)	Trading terms	Percentage of the consolidated net revenue or total assets
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other receivables due from related parties	418,755	no difference with non-related parties	0.58%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due from related parties	418,755	no difference with non-related parties	0.58%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	3	Other payables due from related parties	139,811	no difference with non-related parties	0.19%
3	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other receivables due from related parties	139,811	no difference with non-related parties	0.19%

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

WIN Semiconductors Corp. and Subsidiaries Notes to Consolidated Financial Statements

Schedule H Information on investments:

The following is the information on investees for the years ended June 30, 2021 (excluding information on investees in mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	WIN SEMI. USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	(16,208)	(3,453)	(3,453)	(Note 1)
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	8,066,646	376,600	100.00%	10,950,956	(312,500)	(312,500)	(Note 1)
"	WIN Venture Capital Corp.	Taiwan	Investment activities	500,000	500,000	50,000	100.00%	501,441	(13,838)	(13,838)	(Note 1)
"	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	604,150	604,150	13,842	54.48%	245,159	(60,172)	(32,780)	(Note 1)
"	WIN Chance Investment Corp.	Taiwan	Investment activities	580,000	290,000	58,000	100.00%	646,126	(799)	(799)	(Note 1)
"	WIN Earn Investment Corp.	Taiwan	Investment activities	290,000	290,000	29,000	100.00%	297,098	103	103	(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	1,116	4.39%	28,864	(60,172)	(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%	54,100	(1,147)	(Note 2)	
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	8,141,959	185,054	81.23%	9,338,751	(439,694)	(Note 2)	(Note 1)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	"	Investment activities	194,670	194,670	6,500	100.00%	147,695	4,005	(Note 2)	(Note 1)
"	Win Lux Biotech (Cayman Islands) Co., Ltd.	"	Investment activities	15,010	15,010	500	100.00%	12,081	(1,992)	(Note 2)	(Note 1)
"	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	182,108	(35,687)	(Note 2)	(Note 1)
"	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	30,000	30,000	3,000	100.00%	28,980	(811)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	8,784	8,784	-	100.00%	2,324	(2,046)	(Note 2)	(Note 1)
"	PhalanxBio, Inc.	USA	Selling of high-density gene chip and test service	208,110	208,110	2,550	100.00%	(3)	(50)	(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 I 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 June 30, 2021	Net income (losses) of the investee	Direct/Indirect percentage of ownership by the Company	Investment income (losses) (Note 4)(Note 6)	Carrying value at the end of this period (Note 5)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow							
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	2,652,442 (RMB 601,096)	(Note 1)	2,107,827 (USD 70,043)	125,370 (USD 4,500)	-	2,233,197 (USD 74,543)	(216,679) (USD (7,725))	81.23%	(216,679) (USD (7,725))	2,208,871 (USD 79,285)	-	(Note 10)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,085,239 (USD 35,790)	(Note 1)	1,062,375 (USD 35,046)	-	-	1,062,375 (USD 35,046)	(20,268) (USD (721))	81.23%	(20,268) (USD (721))	1,022,430 (USD 36,699)	-	(Note 10)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210 (USD 67,581)	(Note 1)	1,122,874 (USD 36,821)	-	-	1,122,874 (USD 36,821)	(124,586) (USD (4,402))	39.80%	(61,047) (USD (2,157))	713,609 (USD 25,614)	-	(Note 10)
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	466,944 (USD 15,200)	(Note 1)	507,992 (USD 16,569)	-	-	507,992 (USD 16,569)	(10,565) (USD (373))	81.23%	(10,565) (USD (373))	405,244 (USD 14,546)	-	(Note 10)
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664 (USD 4,872)	-	-	149,664 (USD 4,872)	-	-	-	-	-	(Note 8)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 (RMB 16,177)	(Note 1)	41,009 (USD 1,335)	-	-	41,009 (USD 1,335)	(401) (USD (14))	81.23%	(401) (USD (14))	54,064 (USD 1,941)	-	(Note 10)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,765,245 (USD 60,500)	(Note 1)	1,486,645 (USD 50,500)	83,580 (USD 3,000)	-	1,570,225 (USD 53,500)	(6,766) (USD (243))	81.23%	(6,766) (USD (243))	1,771,483 (USD 63,585)	-	(Note 10)
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	345,130 (USD 12,000)	(Note 1)	-	85,170 (USD 3,000)	-	85,170 (USD 3,000)	(2,843) (USD (101))	81.23%	(2,843) (USD (101))	333,668 (USD 11,977)	-	(Note 10)
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(2,499) (USD (88))	81.23%	(2,499) (USD (88))	277,979 (USD 9,978)	-	(Note 10)
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	86,430 (USD 3,000)	-	-	86,430 (USD 3,000)	(1,992) (USD (70))	81.23%	(1,992) (USD (70))	278,467 (USD 9,995)	-	(Note 10)
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(1,880) (USD (66))	81.23%	(1,880) (USD (66))	278,600 (USD 10,000)	-	(Note 10)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing hog farming technology and trading	43,774 (RMB 10,000)	(Note 3)	-	-	-	-	261 (RMB 61)	81.23%	261 (RMB 61)	43,364 (RMB 10,061)	-	(Note 10)
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400 (USD 10,000)	(Note 1)	-	221,120 (USD 8,000)	-	221,120 (USD 8,000)	4,788 (USD 172)	81.23%	4,788 (USD 172)	278,562 (USD 9,999)	-	(Note 10)
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860 (USD 1,000)	(Note 1)	-	27,860 (USD 1,000)	-	27,860 (USD 1,000)	355 (USD 13)	81.23%	355 (USD 13)	27,843 (USD 999)	-	(Note 10)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	8,784 (RMB 1,898)	(Note 2)	8,784 (USD 300)	-	-	8,784 (USD 300)	2,046 (RMB (472))	58.87%	2,046 (RMB (472))	2,324 (RMB 539)	-	(Note 10)

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 7)(Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 9)
The Company and subsidiaries	7,378,120 (USD 247,369)	9,533,426 (USD 342,190)	20,965,346

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 reviewed financial statements of the investee companies.

Note 5: Carrying value as of June 30, 2021 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 June 30, 2021.

Note 7: The Group acquired Vanchip (Tianjin) Technology Co., Ltd. for US\$9,600 thousand through a third region, wherein the outflow of investment from Taiwan amounted US\$9,383 thousand (NT\$261,420 thousand).

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

Note10: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: None