

**WIN SEMICONDUCTORS CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of WIN Semiconductors Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of WIN Semiconductors Corp. and subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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

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.

Unqualified Conclusion

Based on our reviews and the review report of another auditor (please refer to Other Matter Paragraph), 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 WIN Semiconductors Corp. and subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Other Matter**

We did not review the financial statements for the three months ended March 31, 2022, of certain investments accounted for using the equity method. That financial statements for the three months ended March 31, 2022 were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included in these investments, is based solely on the review report of another auditor. The investment accounted for using the equity method amounted to \$9,863,647 thousand, constituting 13.32% of consolidated total assets as of March 31, 2022, the related share of profit of associates and joint ventures accounted for using the equity method amounted to \$115,853 thousand, and the related share of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to \$67,559 thousand, constituting 9.99% and 5.82% of consolidated total comprehensive income and loss for the three months ended March 31, 2022, respectively.

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)
May 13, 2022

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 March 31, 2022 and 2021

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2022, December 31, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 14,207,296	19	16,331,759	22	22,333,515	32	2100	Short-term borrowings (Notes 6(n), 6(ad) and 8)	\$ 11,594	-	-	-	-	-
1110	Current financial assets at fair value through profit or loss (Note 6(b))	56,557	-	61,875	-	895,581	1	2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(p))	526,099	1	180,497	-	190,291	-
1170	Notes and accounts receivable, net (Notes 6(c) and 6(x))	2,019,684	3	2,717,560	3	1,999,433	3	2130	Current contract liabilities (Note 6(x))	249,011	-	353,157	-	507,395	1
1310	Inventories (Note 6(e))	6,294,761	8	6,670,737	9	5,945,195	8	2170	Notes and accounts payable (Note 7)	1,530,971	2	2,162,825	3	1,943,421	3
1400	Current biological assets (Note 6(f))	77,850	-	138,494	-	111,468	-	2200	Other payables (Note 6(u))	8,371,384	12	4,218,686	6	8,468,027	12
1470	Other current assets (Notes 6(d) and 6(m))	551,510	1	534,427	1	462,131	1	2280	Current lease liabilities (Notes 6(q) and 6(ad))	123,352	-	122,882	-	89,108	-
	Total current assets	<u>23,207,658</u>	<u>31</u>	<u>26,454,852</u>	<u>35</u>	<u>31,747,323</u>	<u>45</u>	2399	Other current liabilities	223,242	-	176,905	-	170,069	-
Non-current assets:									Total current liabilities	<u>11,035,653</u>	<u>15</u>	<u>7,214,952</u>	<u>9</u>	<u>11,368,311</u>	<u>16</u>
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,941,159	3	1,822,433	2	969,440	1		Non-current liabilities:						
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	2,097,104	3	2,186,577	3	6,758,572	10	2530	Bonds payable (Notes 6(p) and 6(ad))	13,329,290	18	13,286,639	18	13,159,502	19
1550	Investments accounted for using equity method (Note 6(g))	10,582,420	14	10,405,398	14	796,952	1	2540	Long-term borrowings (Notes 6(o), 6(ad) and 8)	13,519,589	19	15,992,820	22	11,535,565	17
1600	Property, plant and equipment (Notes 6(i), 7 and 8)	28,638,396	39	27,783,997	37	24,675,580	35	2570	Deferred tax liabilities	30,184	-	-	-	12,450	-
1755	Right-of-use assets (Notes 6(j) and 8)	1,243,457	2	1,255,616	2	769,294	1	2580	Non-current lease liabilities (Notes 6(q) and 6(ad))	1,030,059	1	1,034,327	1	595,501	1
1760	Investment property (Note 6(k))	1,052,619	1	1,053,948	1	1,057,935	2	2600	Other non-current liabilities (Notes 6(ad) and 7)	232,442	-	243,424	-	247,292	-
1780	Intangible assets (Note 6(l))	620,380	1	641,885	1	594,916	1		Total non-current liabilities	<u>28,141,564</u>	<u>38</u>	<u>30,557,210</u>	<u>41</u>	<u>25,550,310</u>	<u>37</u>
1830	Non-current biological assets (Note 6(f))	383,660	-	389,952	1	339,772	-		Total liabilities	<u>39,177,217</u>	<u>53</u>	<u>37,772,162</u>	<u>50</u>	<u>36,918,621</u>	<u>53</u>
1840	Deferred tax assets	510,891	1	417,116	1	258,303	-		Equity (Notes 6(g), 6(h), 6(p), 6(u) and 6(v)):						
1915	Prepayments for business facilities	3,312,267	4	2,153,533	3	1,785,448	3	3110	Ordinary shares	4,239,764	6	4,239,764	6	4,240,414	6
1990	Other non-current assets (Notes 6(m) and 8)	483,132	1	328,851	-	395,577	1	3200	Capital surplus	9,970,823	13	9,969,914	13	9,963,079	14
	Total non-current assets	<u>50,865,485</u>	<u>69</u>	<u>48,439,306</u>	<u>65</u>	<u>38,401,789</u>	<u>55</u>	3300	Retained earnings	17,451,067	24	19,960,265	27	13,912,031	20
	Total assets	<u>\$ 74,073,143</u>	<u>100</u>	<u>74,894,158</u>	<u>100</u>	<u>70,149,112</u>	<u>100</u>	3400	Other equity interests	1,076,972	1	768,065	1	3,527,944	5
									Total equity attributable to owners of parent	32,738,626	44	34,938,008	47	31,643,468	45
								36XX	Non-controlling interests	2,157,300	3	2,183,988	3	1,587,023	2
									Total equity	<u>34,895,926</u>	<u>47</u>	<u>37,121,996</u>	<u>50</u>	<u>33,230,491</u>	<u>47</u>
									Total liabilities and equity	<u>\$ 74,073,143</u>	<u>100</u>	<u>74,894,158</u>	<u>100</u>	<u>70,149,112</u>	<u>100</u>

(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 ended March 31, 2022 and 2021

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(b), 6(g) and 6(x))	\$ 5,596,993	100	6,009,383	100
5000	Operating costs (Notes 6(e), 6(f), 6(g), 6(i), 6(j), 6(q), 6(s), 6(v), 6(y), 7 and 12)	(3,882,832)	(69)	(3,997,649)	(67)
	Gross profit from operating	<u>1,714,161</u>	<u>31</u>	<u>2,011,734</u>	<u>33</u>
	Operating expenses (Notes 6(c), 6(i), 6(j), 6(k), 6(q), 6(s), 6(v), 6(y), 7 and 12):				
6100	Selling expenses	(85,803)	(2)	(90,063)	(1)
6200	Administrative expenses	(365,141)	(6)	(402,155)	(7)
6300	Research and development expenses	(347,006)	(6)	(324,018)	(5)
6450	Reversal of expected credit impairment	7	-	48	-
	Total operating expenses	<u>(797,943)</u>	<u>(14)</u>	<u>(816,188)</u>	<u>(13)</u>
	Net operating income	<u>916,218</u>	<u>17</u>	<u>1,195,546</u>	<u>20</u>
	Non-operating income and expenses (Notes 6(b), 6(g), 6(i), 6(p), 6(q), 6(z) and 7):				
7100	Interest income	5,414	-	7,601	-
7010	Other income	81,574	1	16,616	-
7020	Other gains and losses	6,602	-	274,373	5
7050	Finance costs	(80,501)	(1)	(68,582)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	61,455	1	(39,064)	(1)
	Total non-operating income and expenses	<u>74,544</u>	<u>1</u>	<u>190,944</u>	<u>3</u>
7900	Profit before tax	<u>990,762</u>	<u>18</u>	<u>1,386,490</u>	<u>23</u>
7950	Tax expense (Note 6(t))	<u>(204,704)</u>	<u>(4)</u>	<u>(291,334)</u>	<u>(5)</u>
	Profit	<u>786,058</u>	<u>14</u>	<u>1,095,156</u>	<u>18</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(g) and 6(u))				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(84,825)	(1)	38,864	1
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	579	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(84,246)</u>	<u>(1)</u>	<u>38,864</u>	<u>1</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(u))				
8361	Exchange differences on translation of foreign financial statements	387,707	7	(45,624)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	70,523	1	(7,009)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>458,230</u>	<u>8</u>	<u>(52,633)</u>	<u>(1)</u>
8300	Other comprehensive income, net	<u>373,984</u>	<u>7</u>	<u>(13,769)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,160,042</u>	<u>21</u>	<u>1,081,387</u>	<u>18</u>
	Profit (loss) attributable to:				
8610	Profit attributable to owners of parent	\$ 882,221	16	1,151,424	19
8620	Profit (losses) attributable to non-controlling interests	(96,163)	(2)	(56,268)	(1)
		<u>\$ 786,058</u>	<u>14</u>	<u>1,095,156</u>	<u>18</u>
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,186,730	21	1,147,403	19
8720	Comprehensive income (loss), attributable to non-controlling interests	(26,688)	-	(66,016)	(1)
		<u>\$ 1,160,042</u>	<u>21</u>	<u>1,081,387</u>	<u>18</u>
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(w))				
9750	Basic earnings per share	<u>\$ 2.08</u>		<u>2.72</u>	
9850	Diluted earnings per share	<u>\$ 2.07</u>		<u>2.71</u>	

See accompanying notes to consolidated financial statements.

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WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2022 and 2021
(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, 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:												
Cash dividends of ordinary shares	-	-	-	(4,240,414)	(4,240,414)	-	-	-	-	(4,240,414)	-	(4,240,414)
Profit (losses) for the three months ended March 31, 2021	-	-	-	1,151,424	1,151,424	-	-	-	-	1,151,424	(56,268)	1,095,156
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(42,885)	38,864	-	(4,021)	(4,021)	(9,748)	(13,769)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	1,151,424	1,151,424	(42,885)	38,864	-	(4,021)	1,147,403	(66,016)	1,081,387
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	19,062	19,062	19,062	-	19,062
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	-	248	-	-	-	-	-	-	-	248	173	421
Balance at March 31, 2021	\$ 4,240,414	9,963,079	2,515,700	11,396,331	13,912,031	(245,090)	3,819,710	(46,676)	3,527,944	31,643,468	1,587,023	33,230,491
Balance at January 1, 2022	\$ 4,239,764	9,969,914	3,172,722	16,787,543	19,960,265	(269,409)	1,044,071	(6,597)	768,065	34,938,008	2,183,988	37,121,996
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary shares	-	-	-	(3,391,811)	(3,391,811)	-	-	-	-	(3,391,811)	-	(3,391,811)
Profit (losses) for the three months ended March 31, 2022	-	-	-	882,221	882,221	-	-	-	-	882,221	(96,163)	786,058
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	388,755	(84,246)	-	304,509	304,509	69,475	373,984
Total comprehensive income for the three months ended March 31, 2022	-	-	-	882,221	882,221	388,755	(84,246)	-	304,509	1,186,730	(26,688)	1,160,042
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	4,398	4,398	4,398	-	4,398
Changes in equity of associates accounted for using equity method	-	909	-	392	392	-	-	-	-	1,301	-	1,301
Balance at March 31, 2022	\$ 4,239,764	9,970,823	3,172,722	14,278,345	17,451,067	119,346	959,825	(2,199)	1,076,972	32,738,626	2,157,300	34,895,926

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 990,762	1,386,490
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,057,776	999,543
Amortization expense	36,328	31,407
Reversal of expected credit impairment	(7)	(48)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	274,087	(78,497)
Interest expense	80,501	68,582
Interest income	(5,414)	(7,601)
Dividend income	(81,056)	(15,478)
Share-based payments	4,398	19,483
Share of (profit) loss of associates and joint ventures accounted for using equity method	(81,878)	39,346
Losses on disposal of property, plant and equipment	142	5,428
Property, plant and equipment and prepayments for business facilities transferred to expenses	35	917
Changes in biological assets at fair value	41,166	(9,000)
Unrealized foreign exchange (gains) losses	(16,273)	52,535
Losses on lease modification	21,721	-
Total adjustments to reconcile profit (loss)	<u>1,331,526</u>	<u>1,106,617</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	1,000	(129,985)
Decrease in notes and accounts receivable	697,883	38,118
Decrease (increase) in inventories	252,473	(489,890)
Decrease in biological assets	21,677	113,888
(Increase) decrease in other current assets	(16,707)	87,822
Total changes in operating assets	<u>956,326</u>	<u>(380,047)</u>
Changes in operating liabilities:		
Decrease in contract liabilities	(104,146)	(27,031)
(Decrease) increase in notes and accounts payable	(631,854)	148,753
Decrease in other payables	(668,067)	(271,853)
Increase in other current liabilities	46,337	12,866
Increase in other non-current liabilities	39	387
Total changes in operating liabilities	<u>(1,357,691)</u>	<u>(136,878)</u>
Total changes in operating assets and liabilities	<u>(401,365)</u>	<u>(516,925)</u>
Cash inflow generated from operations	1,920,923	1,976,182
Dividends received	8,745	7,660
Income taxes paid	(1,813)	(1,400)
Net cash flows from operating activities	<u>1,927,855</u>	<u>1,982,442</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,667	-
Acquisition of financial assets at fair value through profit or loss	(45,162)	(36,966)
Proceeds from disposal of financial assets at fair value through income	9,969	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	5,389	901
Acquisition of property, plant and equipment	(975,495)	(1,359,554)
Proceeds from disposal of property, plant and equipment	-	243
Acquisition of intangible assets	(18,507)	(29,692)
Increase in other non-current assets	(162,732)	(53,926)
Increase in prepayments for business facilities	(344,307)	(474,205)
Interest received	6,038	7,172
Dividends received	72,311	7,818
Net cash flows used in investing activities	<u>(1,446,829)</u>	<u>(1,938,209)</u>
Cash flows from (used in) financing activities:		
Issuance of convertible bonds payable	-	13,902,774
Increase in short-term loans	11,594	-
Proceeds from long-term debt	1,453,200	1,653,750
Repayments of long-term debt	(4,123,113)	(1,558,000)
Repayments of lease liabilities	(27,389)	(29,665)
(Decrease) increase in other non-current liabilities	(11,021)	11,290
Interest paid	(32,568)	(20,683)
Net cash flows (used in) from financing activities	<u>(2,729,297)</u>	<u>13,959,466</u>
Effect of exchange rate changes on cash and cash equivalents	<u>123,808</u>	<u>(26,454)</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,124,463)</u>	<u>13,977,245</u>
Cash and cash equivalents at beginning of period	<u>16,331,759</u>	<u>8,356,270</u>
Cash and cash equivalents at end of period	<u>\$ 14,207,296</u>	<u>22,333,515</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

March 31, 2022 and 2021

(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, micro-electrophoresis analyzers and diagnostic tool for endometrial cancer.

(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 May 13, 2022.

(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, 2022:

- 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”

(Continued)

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

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

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 financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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”

(Continued)

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

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

(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
			March 31, 2022	December 31, 2021	March 31, 2021	
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	73.67 %	73.67 %	54.48 %	(Note 1)
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	1.54 %	1.54 %	4.39 %	(Note 1)
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.23 %	81.23 %	81.69 %	(Note 1)
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 %	
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 %	100.00 %	

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
Chainwin Cayman	i-Chainwin Technology Co., Ltd.	Information software services	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Win Lux Biotech Co., Ltd.	Biotechnology service and pharmaceutical testing	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	
Chainwin Cayman	Chainwin (Huaian) AloT Co., Ltd.	Information software services	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	100.00 %	100.00 %	-	
Chainwin Cayman	Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	100.00 %	100.00 %	-	
Jiangsu Win Chance	Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	100.00 %	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	Guzip Biomarkers Corporation	Developing and selling of diagnostic tool for endometrial cancer	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(i) of the consolidated financial statements for the year ended December 31, 2021.

Note 2: 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) 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.

(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.

(Continued)

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

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

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

Except for the following, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

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.

The Group holds 20.80% of the outstanding voting shares of ITEQ Corporation (hereinafter referred to as “ITEQ”) and is the single largest shareholder of the investee. Although the remaining 79.20% of ITEQ’s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of ITEQ 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 ITEQ.

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

The Group’s 32.88% shares in NFC 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 NFC Fund II L.P. As a result, it is determined that the Group does not have significant influence on NFC 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 three months ended March 31, 2022, which compare with the consolidated financial statements for the year ended December 31, 2021, was not changed significantly. For the related information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2021.

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

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Cash on hand	\$ 279	321	337
Cash in bank	12,906,817	13,647,220	15,834,334
Time deposits	<u>1,300,200</u>	<u>2,684,218</u>	<u>6,498,844</u>
	<u>\$ 14,207,296</u>	<u>16,331,759</u>	<u>22,333,515</u>

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

(b) Financial instruments

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Mandatorily measured at financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stock listed on domestic markets	\$ 14,197	18,541	19,292
Non-public stocks (Note)	398,433	380,417	-
Money market funds	42,360	43,334	876,289
Private fund (Note)	<u>1,542,726</u>	<u>1,442,016</u>	<u>969,440</u>
Total	<u>\$ 1,997,716</u>	<u>1,884,308</u>	<u>1,865,021</u>
Current	\$ 56,557	61,875	895,581
Non-current	<u>1,941,159</u>	<u>1,822,433</u>	<u>969,440</u>
	<u>\$ 1,997,716</u>	<u>1,884,308</u>	<u>1,865,021</u>

Note: As of March 31, 2022, December 31 and March 31, 2021, part of the private fund and non-public stocks were during the lock-up period.

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Mandatorily measured at current financial liabilities at fair value through profit or loss			
Convertible bonds with embedded derivatives	<u>\$ 526,099</u>	<u>180,497</u>	<u>190,291</u>

(Continued)

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

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

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

	March 31,	December 31,	March 31,
	2022	2021	2021
Stocks listed on domestic markets	\$ 93,633	124,844	4,754,991
Stocks listed on US markets	1,352,080	1,381,391	992,464
Non-public stocks	651,391	680,342	1,011,117
	<u>\$ 2,097,104</u>	<u>2,186,577</u>	<u>6,758,572</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 ended March 31, 2022 and 2021, there were no disposals of equity investments at fair value through other comprehensive income, and the gains and losses accumulated in other equity were not transferred to retained earnings during the period.

For the three months ended March 31, 2022 and 2021, the Group received dividend income \$10,597 thousand and \$14,926 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

- (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:

	For the three months ended		For the three months ended	
	March 31, 2022		March 31, 2021	
Prices of securities at the reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	\$ <u>62,913</u>	<u>12,379</u>	<u>202,757</u>	<u>579</u>
Decreasing 3%	\$ <u>(62,913)</u>	<u>(12,379)</u>	<u>(202,757)</u>	<u>(579)</u>

- (iv) As of March 31, 2022, December 31 and March 31, 2021, the financial assets were not pledged. For information on the Group's credit risk and fair value information was disclosed in Note 6(aa).

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

(c) Notes and accounts receivable, net

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 965	1,053	606
Accounts receivable	2,019,517	2,717,312	1,998,926
Less: loss allowance	(798)	(805)	(99)
	<u><u>\$ 2,019,684</u></u>	<u><u>2,717,560</u></u>	<u><u>1,999,433</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:

	March 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,931,188	0%	-
Past due 1~60 days	83,182	0%	-
Past due 61~120 days	91	0%	-
Past due 121~180 days	-	0%~1.67%	-
Past due more than 181 days	-	100%	-
	<u><u>\$ 2,014,461</u></u>		<u><u>-</u></u>
	December 31, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 2,556,855	0%	-
Past due 1~60 days	154,719	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	0%~1.67%	-
Past due more than 181 days	-	100%	-
	<u><u>\$ 2,711,574</u></u>		<u><u>-</u></u>

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

	March 31, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,942,044	0%	-
Past due 1~60 days	46,182	0%	-
Past due 61~120 days	7,880	0%	-
Past due 121~180 days	-	1.67%~5.43%	-
Past due more than 181 days	-	100%	-
	\$ 1,996,106		-

(ii) The segment of gene chip testing service:

	March 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 3,875	0%~5.13%	3
Past due 1~60 days	1,195	0%~30.12%	24
Past due 61~120 days	135	0%~41.48%	4
Past due 121~180 days	66	0%~55.56%	17
Past due more than 181 days	750	100%	750
	\$ 6,021		798

	December 31, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 4,927	0%~29.86%	23
Past due 1~60 days	1,060	0%~36.91%	10
Past due 61~120 days	27	0%~49.81%	-
Past due 121~180 days	11	0%~61.11%	6
Past due more than 181 days	766	100%	766
	\$ 6,791		805

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

	March 31, 2021		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 2,598	0.52%~9.40%	32
Past due 1~60 days	766	4.26%~48.02%	34
Past due 61~120 days	14	8.58%~60.93%	1
Past due 121~180 days	48	37.83%~77.78%	32
Past due more than 181 days	-	100%	-
	<u>\$ 3,426</u>		<u>99</u>

The movements of loss allowance were as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Beginning balance	\$ 805	148
Impairment loss reversed	(7)	(48)
Effect of changes in foreign exchange rates	-	(1)
Ending balance	<u>\$ 798</u>	<u>99</u>

As of March 31, 2022, December 31 and March 31, 2021, the notes and accounts receivable were not discounted nor pledged.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Other receivables	\$ 35,090	23,700	22,447
Less: loss allowance	-	-	-
	<u>\$ 35,090</u>	<u>23,700</u>	<u>22,447</u>

As of March 31, 2022, December 31 and March 31, 2021, other receivables were not past due nor impaired.

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

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

(e) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials, supplies and spare parts	\$ 4,328,782	4,352,874	3,763,683
Work in process	873,970	1,291,563	1,309,623
Finished goods	1,092,009	1,026,300	871,889
	\$ 6,294,761	6,670,737	5,945,195

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 March 31, 2022	For the three months ended March 31, 2021
Losses on valuation of inventories and obsolescence	\$ 72,454	34,418
Unallocated overheads	88,205	-
Revenue from sale of scraps	(13,903)	(8,973)
Gains on physical inventory count	(4,293)	-

As of March 31, 2022, December 31 and March 31, 2021, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

	March 31, 2022	December 31, 2021	March 31, 2021
Consumable biological assets	\$ 77,850	138,494	111,468
Bearer biological assets	383,660	389,952	339,772

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

(ii) Movements in biological assets:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Beginning balance	\$ 528,446	565,216
Increase due to purchase	25,441	78,951
Input costs	195,583	126,073
Depreciation expenses	(22,029)	(6,383)
Decrease due to sales and disposals	(242,701)	(318,912)
Changes in fair value less costs to sell due to price changes	(41,166)	9,000
Effect of changes in foreign exchange rates	<u>17,936</u>	<u>(2,705)</u>
Ending balance	<u>\$ 461,510</u>	<u>451,240</u>
Current	\$ 77,850	111,468
Non-current	<u>383,660</u>	<u>339,772</u>
	<u>\$ 461,510</u>	<u>451,240</u>

For the three months ended March 31, 2022 and 2021, the losses and gains of \$(41,166) thousand and \$9,000 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Farrows, hogs and breeders	<u>46,725</u>	<u>46,684</u>	<u>26,072</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, 2021.

(v) As of March 31, 2022, December 31 and March 31, 2021, the biological assets were not pledged.

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

(g) Investments accounted for using equity method

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

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	<u>\$ 10,582,420</u>	<u>10,405,398</u>	<u>796,952</u>

(i) Associates

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

<u>Name of Associates</u>	<u>Main Businesses and Products</u>	<u>Main Operating Location/ Registered Country of the Company</u>	<u>Proportion of Shareholding and Voting Rights</u>		
			<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Developing hog farming technology and trading	China	49 %	49 %	49 %
ITEQ Corporation (abbrev. ITEQ) (Note)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	20.80 %	20.80 %	-

Note: In July 2021, the Group has significant influence over ITEQ, and therefore the ITEQ has become the Group's associates since July, 2021. For the related information, please refer to Note 6(g) of the consolidated financial statements for the year ended December 31, 2021.

The fair value of significant associate listed on the Taiwan Stock Exchange Corporation (TWSE) which is material to the Group is as follows:

	March 31, 2022	December 31, 2021
ITEQ	<u>\$ 9,557,067</u>	<u>11,309,197</u>

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

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

The financial information of Jiangsu CM/Chainwin:

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 208,801	231,717	424,719
Non-current assets	1,324,450	1,304,478	1,220,696
Current liabilities	(141,887)	(127,658)	(99,224)
Non-current liabilities	(33,150)	(31,592)	(30,502)
Net assets	<u>\$ 1,358,214</u>	<u>1,376,945</u>	<u>1,515,689</u>
		For the three months ended March 31, 2022	For the three months ended March 31, 2021
Operating revenue		<u>\$ 96,633</u>	<u>321,022</u>
Losses		\$ (68,760)	(79,722)
Other comprehensive income		-	-
Total comprehensive income		<u>\$ (68,760)</u>	<u>(79,722)</u>
		For the three months ended March 31, 2022	For the three months ended March 31, 2021
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the beginning		\$ 673,302	785,949
Losses attributable to the Group		(33,693)	(39,064)
Exchange differences on translation of foreign financial statements attributable to the Group		3,543	(7,009)
Shares of net assets of Jiangsu CM/Chainwin at the end		643,152	739,876
Add: Effect of changes in foreign exchange rates		20,923	1,367
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the end		<u>\$ 664,075</u>	<u>741,243</u>

The financial information of ITEQ:

	March 31, 2022	December 31, 2021
Current assets	\$ 24,797,178	24,375,370
Non-current assets	10,816,735	11,861,917
Current liabilities	(14,158,527)	(14,264,806)
Non-current liabilities	(671,531)	(657,743)
Net assets	<u>\$ 20,783,855</u>	<u>21,314,738</u>

(Continued)

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

	For the three months ended March 31, 2022
Operating revenue	\$ <u>8,269,058</u>
Profit	\$ 809,113
Other comprehensive income	<u>570,653</u>
Total comprehensive income	\$ <u>1,379,766</u>
For the three months ended March 31, 2022	
Carrying amount of equity of ITEQ attributable to the Group at the beginning	\$ 9,678,934
Profit attributable to the Group	115,853
Comprehensive income attributable to the Group	67,559
Changes in retained earnings of associates	392
Changes in capital surplus of associates	<u>909</u>
Carrying amount of equity of ITEQ attributable to the Group at the end	9,863,647
Less: Goodwill	<u>(5,245,224)</u>
Shares of net assets of ITEQ at the end	\$ <u>4,618,423</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Total equity of the individually insignificant investments in associates	\$ <u>54,698</u>	<u>53,162</u>	<u>55,709</u>
		For the three months ended March 31, 2022	For the three months ended March 31, 2021
Attributable to the Group:			
Losses			\$ (282)
Other comprehensive income			-
Total comprehensive income			\$ <u>(282)</u>

(ii) Pledge to secure

As of March 31, 2022, December 31 and March 31, 2021, the investments accounted for using equity method were not pledged.

(Continued)

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

(h) 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Chainwin Cayman	Cayman Islands	18.77 %	18.77 %	18.31 %

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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 3,756,024	4,842,182	3,744,944
Non-current assets	13,384,979	12,334,743	9,611,890
Current liabilities	(416,462)	(467,228)	(173,788)
Non-current liabilities	(6,082,837)	(5,974,406)	(5,061,966)
Net assets	<u>\$ 10,641,704</u>	<u>10,735,291</u>	<u>8,121,080</u>
Non-controlling interests	<u>\$ 1,997,833</u>	<u>2,015,403</u>	<u>1,495,258</u>
		<u>For the three months ended March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Operating revenue		<u>\$ 47,589</u>	<u>227,774</u>
Losses		\$ (463,512)	(236,152)
Other comprehensive income (loss)		369,925	(53,146)
Total comprehensive income (loss)		<u>\$ (93,587)</u>	<u>(289,298)</u>
Losses attributable to non-controlling interests		<u>\$ (87,018)</u>	<u>(43,239)</u>
Comprehensive income (loss), attributable to non-controlling interests		<u>\$ (17,570)</u>	<u>(52,970)</u>

(Continued)

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Net cash flows used in operating activities	\$ (312,915)	(135,676)
Net cash flows used in investing activities	(849,534)	(1,129,988)
Net cash flows (used in) from financing activities	(47,541)	965,326
Effect of changes in foreign exchange rate	(18,866)	21,446
Decrease in cash and cash equivalents	<u><u>\$ (1,228,856)</u></u>	<u><u>(278,892)</u></u>

(i) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and inspection- awaited devices</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2022	\$ 2,546,534	5,409,451	20,272,516	6,406,045	565,461	9,402,246	44,602,253
Additions	-	-	74,525	89,646	33,510	1,218,511	1,416,192
Reclassification (Note 1)	-	-	35,649	5,778	5,475	(10,407)	36,495
Disposals	-	(703)	(269,929)	(75,550)	(8,143)	-	(354,325)
Effect of changes in foreign exchange rates	-	99,559	381	1,953	2,933	303,404	408,230
Balance as of March 31, 2022	<u><u>\$ 2,546,534</u></u>	<u><u>5,508,307</u></u>	<u><u>20,113,142</u></u>	<u><u>6,427,872</u></u>	<u><u>599,236</u></u>	<u><u>10,913,754</u></u>	<u><u>46,108,845</u></u>
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	-	15,896	89,366	107,298	26,759	1,329,909	1,569,228
Reclassification (Note 2)	-	468,209	188,794	230,648	(14,724)	(90,421)	782,506
Disposals	-	(38,134)	(455,764)	(54,341)	(78,454)	-	(626,693)
Effect of changes in foreign exchange rates	-	(510)	(60)	(360)	(415)	(55,609)	(56,954)
Balance as of March 31, 2021	<u><u>\$ 2,546,534</u></u>	<u><u>2,891,219</u></u>	<u><u>21,919,554</u></u>	<u><u>6,463,292</u></u>	<u><u>575,726</u></u>	<u><u>7,890,675</u></u>	<u><u>42,287,000</u></u>
Accumulated depreciation:							
Balance as of January 1, 2022	\$ -	1,045,218	12,327,474	3,213,613	231,951	-	16,818,256
Depreciation	-	65,934	750,981	144,642	40,870	-	1,002,427
Disposals	-	(677)	(269,813)	(75,550)	(8,143)	-	(354,183)
Effect of changes in foreign exchange rates	-	1,669	200	892	1,188	-	3,949
Balance as of March 31, 2022	<u><u>\$ -</u></u>	<u><u>1,112,144</u></u>	<u><u>12,808,842</u></u>	<u><u>3,283,597</u></u>	<u><u>265,866</u></u>	<u><u>-</u></u>	<u><u>17,470,449</u></u>
Balance as of January 1, 2021	\$ -	921,015	12,894,424	3,019,553	361,704	-	17,196,696
Depreciation	-	35,607	753,004	130,525	46,941	-	966,077
Reclassification (Note 3)	-	73,108	(1)	-	(2,897)	-	70,210
Disposals	-	(38,134)	(455,764)	(48,670)	(78,454)	-	(621,022)
Effect of changes in foreign exchange rates	-	(141)	(38)	(175)	(187)	-	(541)
Balance as of March 31, 2021	<u><u>\$ -</u></u>	<u><u>991,455</u></u>	<u><u>13,191,625</u></u>	<u><u>3,101,233</u></u>	<u><u>327,107</u></u>	<u><u>-</u></u>	<u><u>17,611,420</u></u>
Carrying amount:							
Balance as of January 1, 2022	<u><u>\$ 2,546,534</u></u>	<u><u>4,364,233</u></u>	<u><u>7,945,042</u></u>	<u><u>3,192,432</u></u>	<u><u>333,510</u></u>	<u><u>9,402,246</u></u>	<u><u>27,783,997</u></u>
Balance as of March 31, 2022	<u><u>\$ 2,546,534</u></u>	<u><u>4,396,163</u></u>	<u><u>7,304,300</u></u>	<u><u>3,144,275</u></u>	<u><u>333,370</u></u>	<u><u>10,913,754</u></u>	<u><u>28,638,396</u></u>
Balance as of January 1, 2021	<u><u>\$ 2,546,534</u></u>	<u><u>1,524,743</u></u>	<u><u>9,202,794</u></u>	<u><u>3,160,494</u></u>	<u><u>280,856</u></u>	<u><u>6,706,796</u></u>	<u><u>23,422,217</u></u>
Balance as of March 31, 2021	<u><u>\$ 2,546,534</u></u>	<u><u>1,899,764</u></u>	<u><u>8,727,929</u></u>	<u><u>3,362,059</u></u>	<u><u>248,619</u></u>	<u><u>7,890,675</u></u>	<u><u>24,675,580</u></u>

(Continued)

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

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

Note 2: Prepayments for business facilities, investment property 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 March 31, 2022, December 31 and March 31, 2021, the 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 three months ended March 31, 2022, the Group has constructed factories amounting to \$708,150 thousand, and has recognized as construction in progress. As of March 31, 2022, the total amount of the construction is \$9,355,133 thousand, and is recognized as construction in progress.

(iii) For the three months ended March 31, 2022 and 2021, capitalized interest expenses amounted to \$14,966 thousand and \$9,617 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.57%~0.84% and 0.57%~0.72%, respectively.

(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2022	\$ 986,869	482,647	20,853	1,490,369
Additions	51,003	82,924	1	133,928
Disposals	(137,947)	(26,980)	(762)	(165,689)
Effect of change in foreign exchange rates	<u>16,407</u>	<u>3,363</u>	<u>130</u>	<u>19,900</u>
Balance as of March 31, 2022	<u>\$ 916,332</u>	<u>541,954</u>	<u>20,222</u>	<u>1,478,508</u>
Balance as of January 1, 2021	\$ 530,419	393,559	13,630	937,608
Additions	-	13,373	137	13,510
Disposals	(382)	(1,667)	(910)	(2,959)
Effect of change in foreign exchange rates	<u>(3,875)</u>	<u>(320)</u>	<u>1</u>	<u>(4,194)</u>
Balance as of March 31, 2021	<u>\$ 526,162</u>	<u>404,945</u>	<u>12,858</u>	<u>943,965</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, 2022	\$ 108,020	120,945	5,788	234,753
Depreciation (Note 1)	14,516	15,969	1,552	32,037
Disposals	(29,377)	(4,341)	(762)	(34,480)
Effect of change in foreign exchange rates	<u>2,060</u>	<u>669</u>	<u>12</u>	<u>2,741</u>
Balance as of March 31, 2022	<u>\$ 95,219</u>	<u>133,242</u>	<u>6,590</u>	<u>235,051</u>
Balance as of January 1, 2021	\$ 60,596	82,963	6,916	150,475
Depreciation (Note 2)	10,594	15,702	1,301	27,597
Disposals	(382)	(1,667)	(910)	(2,959)
Effect of change in foreign exchange rates	<u>(388)</u>	<u>(54)</u>	<u>-</u>	<u>(442)</u>
Balance as of March 31, 2021	<u>\$ 70,420</u>	<u>96,944</u>	<u>7,307</u>	<u>174,671</u>
Carrying amount:				
Balance as of January 1, 2022	<u>\$ 878,849</u>	<u>361,702</u>	<u>15,065</u>	<u>1,255,616</u>
Balance as of March 31, 2022	<u>\$ 821,113</u>	<u>408,712</u>	<u>13,632</u>	<u>1,243,457</u>
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 March 31, 2021	<u>\$ 455,742</u>	<u>308,001</u>	<u>5,551</u>	<u>769,294</u>

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$46 thousand.

Note 2: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$1,843 thousand.

(k) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2022	\$ 963,127	138,225	1,101,352
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of March 31, 2022	<u>\$ 963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Balance as of January 1, 2021	\$ 963,127	529,952	1,493,079
Additions	-	-	-
Reclassification as property, plant and equipment	<u>-</u>	<u>(391,727)</u>	<u>(391,727)</u>
Balance as of March 31, 2021	<u>\$ 963,127</u>	<u>138,225</u>	<u>1,101,352</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ -	47,404	47,404
Depreciation	-	1,329	1,329
Balance as of March 31, 2022	<u>\$ -</u>	<u>48,733</u>	<u>48,733</u>
Balance as of January 1, 2021	\$ -	112,298	112,298
Depreciation	-	1,329	1,329
Reclassification as property, plant and equipment	-	(70,210)	(70,210)
Balance as of March 31, 2021	<u>\$ -</u>	<u>43,417</u>	<u>43,417</u>
Carrying amount:			
Balance as of January 1, 2022	<u>\$ 963,127</u>	<u>90,821</u>	<u>1,053,948</u>
Balance as of March 31, 2022	<u>\$ 963,127</u>	<u>89,492</u>	<u>1,052,619</u>
Balance as of January 1, 2021	<u>\$ 963,127</u>	<u>417,654</u>	<u>1,380,781</u>
Balance as of March 31, 2021	<u>\$ 963,127</u>	<u>94,808</u>	<u>1,057,935</u>
Fair value:			
Balance as of January 1, 2022			<u>\$ 1,183,495</u>
Balance as of March 31, 2022			<u>\$ 1,179,601</u>
Balance as of March 31, 2021			<u>\$ 1,201,648</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 March 31, 2022, December 31 and March 31, 2021, 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Hsinchu	0.44%	0.42%	0.40%

As of March 31, 2022, December 31 and March 31, 2021, the investment properties were not pledged.

(Continued)

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

(l) Intangible assets

	Technical know-how	Computer software and information systems	Goodwill	Others	Total
Carrying amount:					
Balance as of January 1, 2022	\$ 44,318	284,449	312,405	713	641,885
Balance as of March 31, 2022	\$ 41,895	261,886	316,342	257	620,380
Balance as of January 1, 2021	\$ 8,775	285,763	277,404	6,489	578,431
Balance as of March 31, 2021	\$ 7,622	305,149	277,653	4,492	594,916

There was no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2022 and 2021. As of March 31, 2022, amortization of intangible assets was disclosed in Note 12(a). Other information was disclosed in Note 6(n) of the consolidated financial statements for the year ended December 31, 2021.

As of March 31, 2022, December 31 and March 31, 2021, the intangible assets were not pledged.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Tax refund receivables	\$ 143,744	125,031	97,106
Other receivables	35,090	23,700	22,447
Prepayments to suppliers	26,961	20,989	78,384
Prepaid expenses	118,965	138,001	90,899
Offset against business tax payable and input taxes	210,251	199,646	155,045
Restricted assets	280,186	118,900	168,490
Refundable deposits	153,036	160,040	165,334
Long-term prepayments to suppliers	36,074	36,074	-
Long-term prepaid intangible assets	2,672	2,672	54,797
Others	27,663	38,225	25,206
	<u>\$ 1,034,642</u>	<u>863,278</u>	<u>857,708</u>

(Continued)

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

(n) Short-term borrowings

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Secured short-term borrowings (in RMB)	\$ <u>11,594</u>	<u>-</u>	<u>-</u>
Unused bank credit lines for short-term borrowings	\$ <u>1,558,111</u>	<u>1,010,000</u>	<u>1,010,000</u>
Unused bank credit lines for short-term and long-term borrowings	\$ <u>4,090,400</u>	<u>3,568,680</u>	<u>4,098,900</u>
Annual interest rate	<u>3.75%</u>	<u>-</u>	<u>-</u>

The collateral for these short-term borrowings were disclosed in Note 8.

(o) Long-term borrowings

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Secured long-term borrowings (in TWD)	\$ -	750,000	750,000
Secured long-term syndicated borrowings (in USD)	5,718,842	5,522,160	4,673,425
Unsecured long-term borrowings (in TWD)	7,800,747	9,720,660	6,112,140
Less: long-term liabilities, current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>13,519,589</u>	<u>15,992,820</u>	<u>11,535,565</u>
Unused bank credit lines for long-term borrowings	\$ <u>15,453,368</u>	<u>8,922,568</u>	<u>11,070,128</u>
Annual interest rate	<u>0.50%~1.10%</u>	<u>0.25%~0.98%</u>	<u>0.25%~0.90%</u>
Expiry date	<u>2024/4/22~2029/1/20</u>	<u>2023/12/15~2025/8/16</u>	<u>2022/7/8~2025/8/16</u>

As of March 31, 2022, the remaining balances of the borrowing due were as follows:

<u>Year due</u>	<u>Amount</u>
April 1, 2023~March 31, 2024	\$ 2,473,067
April 1, 2024~March 31, 2025	4,577,680
April 1, 2025~and after	<u>6,468,842</u>
	\$ <u>13,519,589</u>

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

(ii) The collateral for these long-term borrowings were disclosed in Note 8.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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- (iii) In June 2019, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other four banks. The total credit facility under this loan agreement is US\$200,000 thousand.

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

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

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

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

- (iv) In December 2021, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other ten banks. The total credit facility under this loan agreement is US\$300,000 thousand. The loans from the initial withdrawal should be first paid off the outstanding amount of syndicated loan agreement in June 2019.

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 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\$20,000,000 thousand.

(Continued)

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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 year ended December 31, 2021, the Group were in compliance with the above financial covenants and restrictions.

(p) Bonds payable

The details of bonds payable were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Overseas convertible bonds	\$ 13,992,000	13,992,000	13,992,000
Less: Unamortized discounted bonds payable	(662,710)	(705,361)	(832,498)
Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,329,290</u>	<u>13,286,639</u>	<u>13,159,502</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>206,019</u>
Liability components at March 31, 2022			<u>\$ 13,329,290</u>

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Directors 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.

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.

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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 March 31, 2022, the conversion price was adjusted to NT\$483.16 per share.

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%.

(q) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	\$ <u>123,352</u>	<u>122,882</u>	<u>89,108</u>
Non-current	\$ <u>1,030,059</u>	<u>1,034,327</u>	<u>595,501</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Interest expenses on lease liabilities	\$ <u>6,962</u>	<u>4,998</u>
Expenses relating to short-term leases	\$ <u>1,630</u>	<u>3,650</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>396</u>	<u>350</u>

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Total cash outflow for leases	\$ <u>42,469</u>	<u>36,077</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.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(ii) Other leases

The Group leases printer and transportation equipment, with lease terms of 2 to 10 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.

(r) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2022 and 2021. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

(s) 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, 2021 and 2020.

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Operating costs	\$ -	-
Operating expenses	<u>450</u>	<u>435</u>
	<u>\$ 450</u>	<u>435</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Operating costs	\$ 26,605	23,610
Operating expenses	<u>7,169</u>	<u>7,045</u>
	<u>\$ 33,774</u>	<u>30,655</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the three months ended March 31, 2022 and 2021, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$4,683 thousand and \$2,590 thousand, respectively.

(t) Income tax

(i) The amount of income tax expense was as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Income tax expense	\$ <u>204,704</u>	<u>291,334</u>

(ii) There was no income tax expense recognized in other comprehensive income for the three months ended March 31, 2022 and 2021.

(iii) Assessment

The Company's corporate income tax returns for all the years through 2019 were assessed by the tax authorities.

(u) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2022 and 2021. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

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.

(Continued)

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(ii) Capital surplus

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

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	\$ 9,190,855	9,190,855	9,031,035
Equity component of convertible bonds	639,583	639,583	639,583
Changes in ownership interests in subsidiaries	85,565	85,565	69,410
Changes in equity of associates accounted for using the equity method	1,419	510	-
Employee stock options	3,245	3,245	3,163
Restricted shares of stock issued for employees	50,156	50,156	219,888
	<u>\$ 9,970,823</u>	<u>9,969,914</u>	<u>9,963,079</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.

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

	2021	2020
Cash dividends	<u>\$ 3,391,811</u>	<u>4,240,414</u>

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

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WIN Semiconductors Corp. and Subsidiaries
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(iv) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2022	\$ (269,409)	1,044,071	(6,597)
Foreign currency differences (net of tax):			
The Group	319,011	-	-
Associates	69,744	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
The Group	-	(84,825)	-
Associates	-	579	-
Compensation cost arising from restricted shares of employees	-	-	4,398
Balance as of March 31, 2022	<u>\$ 119,346</u>	<u>959,825</u>	<u>(2,199)</u>

	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	(37,152)	-	-
Associates	(5,733)	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	-	38,864	-
Compensation cost arising from restricted shares of employees	-	-	19,062
Balance as of March 31, 2021	<u>\$ (245,090)</u>	<u>3,819,710</u>	<u>(46,676)</u>

(v) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the three months ended March 31, 2022 and 2021. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

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- (i) The Company issued restricted shares of stock for employee

On March 18 2021, the Company approved a resolution to redeem the unvested restricted employee share of stock amounting to 15 thousand shares. As of March 31, 2022 and 2021, there were 262 thousand and 1,375 thousand outstanding shares, respectively.

For the three months ended March 31, 2022 and 2021, the Company recognized the compensation cost of \$4,398 thousand and \$19,062 thousand for the aforementioned RSA, respectively.

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

For the three months ended March 31, 2022 and 2021, the PBL recognized the compensation cost of \$0 thousand and \$421 thousand for the aforementioned ESOPs, respectively.

- (w) Earnings per share (“EPS”)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Basic earnings per share:		
Profit belonging to common shareholders	\$ <u>882,221</u>	<u>1,151,424</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	<u>423,714</u>	<u>422,666</u>
Basic earnings per share (in dollars)	\$ <u>2.08</u>	<u>2.72</u>
Diluted earnings per share:		
Profit belonging to common shareholders	\$ <u>882,221</u>	<u>1,151,424</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	423,714	422,666
Effect of potentially dilutive common stock		
Employee remuneration (in thousands shares)	1,563	1,441
Restricted employee shares (in thousands shares)	<u>255</u>	<u>1,258</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>425,532</u>	<u>425,365</u>
Diluted earnings per share (in dollars)	\$ <u>2.07</u>	<u>2.71</u>

For the three months ended March 31, 2022 and 2021, the convertible bonds have anti-diluted effects if the bonds were converted, and hence the convertible bonds were not included in the calculation of effect on potentially diluted common stock.

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(x) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2022				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others (Note)	Total
Primary geographical markets:				
Asia	\$ 3,514,274	47,573	5,422	3,567,269
Americas	1,503,112	-	8,746	1,511,858
Taiwan	252,090	16	37,039	289,145
Europe	229,003	-	(282)	228,721
	<u>\$ 5,498,479</u>	<u>47,589</u>	<u>50,925</u>	<u>5,596,993</u>
Main product/ services lines:				
Foundry	\$ 5,498,479	-	-	5,498,479
Others	-	47,589	50,925	98,514
	<u>\$ 5,498,479</u>	<u>47,589</u>	<u>50,925</u>	<u>5,596,993</u>
For the three months ended March 31, 2021				
	Segment- Foundry	Segment- Agriculture technology	Segment- Others	Total
Primary geographical markets:				
Asia	\$ 3,830,980	227,774	1,037	4,059,791
Americas	1,455,083	-	7,660	1,462,743
Taiwan	241,833	-	12,262	254,095
Europe	232,754	-	-	232,754
	<u>\$ 5,760,650</u>	<u>227,774</u>	<u>20,959</u>	<u>6,009,383</u>
Main product/ services lines:				
Foundry	\$ 5,760,650	-	-	5,760,650
Others	-	227,774	20,959	248,733
	<u>\$ 5,760,650</u>	<u>227,774</u>	<u>20,959</u>	<u>6,009,383</u>

Note: Segment-others were mainly general investment businesses, and their net investment profits and losses were recognized as operating revenue.

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Notes to the Consolidated Financial Statements

(ii) Balance of contracts

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 965	1,053	606
Accounts receivable	2,019,517	2,717,312	1,998,926
Less: loss allowance	<u>(798)</u>	<u>(805)</u>	<u>(99)</u>
	<u>\$ 2,019,684</u>	<u>2,717,560</u>	<u>1,999,433</u>
Contract liabilities	<u>\$ 249,011</u>	<u>353,157</u>	<u>507,395</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 three months ended March 31, 2022 and 2021, that was included in the contract liabilities balance at the beginning of the period was \$269,854 thousand and \$463,757 thousand, respectively.

(y) Employees' and directors' remuneration

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

- (i) Employees' remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit-sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.
- (ii) Directors's remuneration: 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' remuneration and directors's remuneration 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 March 31, 2022	For the three months ended March 31, 2021
Employees' remuneration	\$ 77,000	102,700
Directors' remuneration	<u>22,400</u>	<u>28,300</u>
	<u>\$ 99,400</u>	<u>131,000</u>

(Continued)

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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 ended March 31, 2022 and 2021. 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, 2022 and 2021, the Company accrued and recognized its employees' remuneration amounting to \$447,000 thousand and \$543,300 thousand, and directors' remuneration amounting to \$129,000 thousand and \$157,700 thousand, respectively. There were no difference 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.

(z) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Interest income from bank deposits	\$ 5,397	7,569
Other interest income	17	32
Interest income	<u>\$ 5,414</u>	<u>7,601</u>

(ii) Other income

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Dividend income	\$ 72,311	7,818
Rent income	9,263	8,798
Other income	<u>\$ 81,574</u>	<u>16,616</u>

(Continued)

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(iii) Other gains and losses

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Losses on disposals of property, plant and equipment	\$ (142)	(5,428)
Foreign exchange gains	338,919	191,273
(Losses) gains on financial assets or liabilities at fair value through profit or loss	(279,040)	77,992
Losses on lease modification	(21,721)	-
Others	<u>(31,414)</u>	<u>10,536</u>
Other gains and losses	<u>\$ 6,602</u>	<u>274,373</u>

(iv) Finance costs

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Interest expenses		
Bank borrowings	\$ 45,772	35,414
Bonds payable	42,651	36,231
Lease liabilities	7,008	6,516
Less: capitalized interest	<u>(14,966)</u>	<u>(9,617)</u>
Subtotal	80,465	68,544
Other finance costs	<u>36</u>	<u>38</u>
Finance costs	<u>\$ 80,501</u>	<u>68,582</u>

(aa) 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(ac) of the consolidated financial statements for the year ended December 31, 2021.

(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).

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Other financial assets measured at amortized cost include other receivables. For related information of investment and impairment, please refers to Note 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 March 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	\$ 5,730,436	5,891,895	58,933	47,016	5,785,946	-
Unsecured bank loans	7,800,747	7,946,195	59,892	2,524,734	4,983,194	378,375
Bonds payable	13,329,290	13,577,452	-	13,577,452	-	-
Accounts payable	1,530,971	1,530,971	1,530,971	-	-	-
Other payables	7,327,062	7,327,062	7,327,062	-	-	-
Guarantee deposits received	119,377	119,377	161	119,216	-	-
Lease liabilities	1,153,411	1,409,806	135,283	122,477	301,369	850,677
	<u>\$ 36,991,294</u>	<u>37,802,758</u>	<u>9,112,302</u>	<u>16,390,895</u>	<u>11,070,509</u>	<u>1,229,052</u>
As of December 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	\$ 6,272,160	6,420,797	40,043	189,481	6,191,273	-
Unsecured bank loans	9,720,660	9,864,259	60,610	2,659,255	7,144,394	-
Bonds payable	13,286,639	13,577,452	-	-	13,577,452	-
Notes and accounts payable	2,162,825	2,162,825	2,162,825	-	-	-
Other payables	3,440,833	3,440,833	3,440,833	-	-	-
Guarantee deposits received	130,398	130,398	11,951	8,447	110,000	-
Lease liabilities	1,157,209	1,429,386	134,132	119,574	300,119	875,561
	<u>\$ 36,170,724</u>	<u>37,025,950</u>	<u>5,850,394</u>	<u>2,976,757</u>	<u>27,323,238</u>	<u>875,561</u>
As of March 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	\$ 5,423,425	5,518,225	35,475	4,723,750	759,000	-
Unsecured bank loans	6,112,140	6,210,374	34,516	555,290	5,620,568	-
Bonds payable	13,159,502	13,577,452	-	-	13,577,452	-
Notes and accounts payable	1,943,421	1,943,421	1,943,421	-	-	-
Other payables	7,153,370	7,153,370	7,153,370	-	-	-
Guarantee deposits received	136,022	136,022	17,530	8,492	110,000	-
Lease liabilities	684,609	924,849	97,013	79,219	186,546	562,071
	<u>\$ 34,612,489</u>	<u>35,463,713</u>	<u>9,281,325</u>	<u>5,366,751</u>	<u>20,253,566</u>	<u>562,071</u>

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

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(iii) Currency risk

1) Exposure to currency risk

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

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 368,383	28.63	10,546,806	453,406	27.68	12,550,289	719,672	28.54	20,539,427
EUR	2,701	31.92	86,219	57	31.32	1,775	1,460	33.48	48,882
JPY	1,646,794	0.2353	387,491	1,222,818	0.2405	294,088	1,306,358	0.2577	336,649
GBP	11	37.62	414	11	37.30	411	11	39.23	432
HKD	59	3.656	216	60	3.549	211	60	3.670	219
RMB	1,827	4.51	8,242	1,831	4.34	7,948	1,824	4.34	7,915
SGD	1	21.16	18	1	20.46	18	1	21.21	18
			<u>\$ 11,029,406</u>			<u>\$ 12,854,740</u>			<u>\$ 20,933,542</u>
<u>Non-monetary items</u>									
USD	\$ 26,886	28.63	769,741	26,468	27.68	732,640	20,704	28.54	590,736
RMB	236,101	4.51	1,062,508	242,948	4.34	1,053,719	170,977	4.34	741,243
			<u>\$ 1,832,249</u>			<u>\$ 1,786,359</u>			<u>\$ 1,331,979</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 216,790	28.63	6,206,686	233,251	27.68	6,456,379	201,680	28.54	5,755,955
EUR	2,565	31.92	81,888	641	31.32	20,086	528	33.48	17,667
JPY	805,718	0.2353	189,585	982,177	0.2405	236,214	720,492	0.2577	185,671
			<u>\$ 6,478,159</u>			<u>\$ 6,712,679</u>			<u>\$ 5,959,293</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 TWD against the USD, EUR, GBP, JPY, HKD, RMB, SGD, etc. for the three months ended March 31, 2022 and 2021 would have increased (decreased) the net profit after tax by \$212,844 thousand and \$622,734 thousand, respectively. The analysis assumes that all other variables remain constant.

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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 three months ended March 31, 2022 and 2021, foreign exchange gains (including realized and unrealized portions) amounted to \$338,919 thousand and \$191,273 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 \$14,561 thousand and \$11,793 thousand for the three months ended March 31, 2022 and 2021, 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.

	March 31, 2022				
	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	\$ 14,197	14,197	-	-	14,197
Non-public stocks	398,433	-	-	398,433	398,433
Funds and investment	42,360	42,360	-	-	42,360
Private fund	1,542,726	-	-	1,542,726	1,542,726
Subtotal	<u>\$ 1,997,716</u>	<u>56,557</u>	<u>-</u>	<u>1,941,159</u>	<u>1,997,716</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 1,445,713	1,445,713	-	-	1,445,713
Non-public stocks	651,391	-	-	651,391	651,391
Subtotal	<u>\$ 2,097,104</u>	<u>1,445,713</u>	<u>-</u>	<u>651,391</u>	<u>2,097,104</u>

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WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

		March 31, 2022			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 14,207,296	-	-	-	-
Notes and accounts receivable (Note)	2,019,684	-	-	-	-
Other receivables (Note)	35,090	-	-	-	-
Other non-current assets (Note)	433,222	-	-	-	-
Subtotal	<u>\$ 16,695,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 526,099</u>	<u>-</u>	<u>526,099</u>	<u>-</u>	<u>526,099</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 13,531,183	-	-	-	-
Bonds payable (Note)	13,329,290	-	-	-	-
Accounts payable (Note)	1,530,971	-	-	-	-
Other payables (Note)	7,327,062	-	-	-	-
Guarantee deposits received (Note)	119,377	-	-	-	-
Lease liabilities (Note)	1,153,411	-	-	-	-
Subtotal	<u>\$ 36,991,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2021			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 18,541	18,541	-	-	18,541
Non-public stocks	380,417	-	-	380,417	380,417
Funds and investment	43,334	43,334	-	-	43,334
Private fund	1,442,016	-	-	1,442,016	1,442,016
Subtotal	<u>\$ 1,884,308</u>	<u>61,875</u>	<u>-</u>	<u>1,822,433</u>	<u>1,884,308</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 1,506,235	1,506,235	-	-	1,506,235
Non-public stocks	680,342	-	-	680,342	680,342
Subtotal	<u>\$ 2,186,577</u>	<u>1,506,235</u>	<u>-</u>	<u>680,342</u>	<u>2,186,577</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 16,331,759	-	-	-	-
Notes and accounts receivable (Note)	2,717,560	-	-	-	-
Other receivables (Note)	23,700	-	-	-	-
Other non-current assets (Note)	278,940	-	-	-	-
Subtotal	<u>\$ 19,351,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 180,497</u>	<u>-</u>	<u>180,497</u>	<u>-</u>	<u>180,497</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 15,992,820	-	-	-	-
Bonds payable (Note)	13,286,639	-	-	-	-
Notes and accounts payable (Note)	2,162,825	-	-	-	-
Other payables (Note)	3,440,833	-	-	-	-
Guarantee deposits received (Note)	130,398	-	-	-	-
Lease liabilities (Note)	1,157,209	-	-	-	-
Subtotal	<u>\$ 36,170,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	March 31, 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	\$ 19,292	19,292	-	-	19,292
Funds and investment	876,289	876,289	-	-	876,289
Private fund	969,440	-	-	969,440	969,440
Subtotal	<u>\$ 1,865,021</u>	<u>895,581</u>	<u>-</u>	<u>969,440</u>	<u>1,865,021</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 5,747,455	5,747,455	-	-	5,747,455
Non-public stocks	1,011,117	-	-	1,011,117	1,011,117
Subtotal	<u>\$ 6,758,572</u>	<u>5,747,455</u>	<u>-</u>	<u>1,011,117</u>	<u>6,758,572</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 22,333,515	-	-	-	-
Notes and accounts receivable (Note)	1,999,433	-	-	-	-
Other receivables (Note)	22,447	-	-	-	-
Other non-current assets (Note)	333,824	-	-	-	-
Subtotal	<u>\$ 24,689,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 190,291</u>	<u>-</u>	<u>190,291</u>	<u>-</u>	<u>190,291</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 11,535,565	-	-	-	-
Bonds payable (Note)	13,159,502	-	-	-	-
Notes and accounts payable (Note)	1,943,421	-	-	-	-
Other payables (Note)	7,153,370	-	-	-	-
Guarantee deposits received (Note)	136,022	-	-	-	-
Lease liabilities (Note)	684,609	-	-	-	-
Subtotal	<u>\$ 34,612,489</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.

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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.

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WIN Semiconductors Corp. and Subsidiaries
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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 three months ended March 31, 2022 and 2021, there was no transfer between level 2 and level 1 financial asset of the fair value hierarchy.

5) Movement of level 3

	Fair value through profit or loss		Fair value through other comprehensive income
	Unquoted equity instruments	Private fund	Unquoted equity instruments
Balance as of January 1, 2022	\$ 380,417	1,442,016	680,342
Total gains or losses:			
Recognized in profit and loss	4,927	60,937	-
Recognized in other comprehensive income	-	-	(23,234)
Purchased	-	45,162	-
Capital reduction	-	(5,389)	(6,667)
Effect of changes in foreign exchange rates	13,089	-	950
Balance as of March 31, 2022	<u>\$ 398,433</u>	<u>1,542,726</u>	<u>651,391</u>

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	<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
Total gains or losses:			
Recognized in profit and loss	-	119,310	-
Recognized in other comprehensive income	-	-	47,759
Purchased	-	36,966	-
Capital reduction	-	(901)	-
Effect of changes in foreign exchange rates	-	-	60
Balance as of March 31, 2021	<u>\$ -</u>	<u>969,440</u>	<u>1,011,117</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 March 31, 2022 and 2021, the related information of the assets which were still held by the Group were as follows:

	<u>For the three months ended March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Total gains or losses		
Profit or loss (recognized as other gains and losses)	\$ 65,864	119,310
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(23,234)	47,759

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.

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WIN Semiconductors Corp. and Subsidiaries
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	<ul style="list-style-type: none"> • Comparable listed companies approach • Net asset value method 	<ul style="list-style-type: none"> • Price-book ratio (as of March 31, 2022, December 31 and March 31, 2021 were 1.71~4.77, 1.66~6.27 and 1.78~7.90, respectively) • Market liquidity discount rate (as of March 31, 2022, December 31 and March 31, 2021 were both 20%) • Net asset value 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value • 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 March 31, 2022 and December 31, 2021 were 6.30 and 5.97, respectively.) • Market liquidity discount rate (as of March 31, 2022 and December 31, 2021 were both 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
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:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on profit or loss</u>		<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2022						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Price-to-sales ratio	5%	\$ 19,922	(19,922)	-	-
"	Market liquidity discount rate	5%	19,922	(19,922)	-	-
Private fund	Net asset value	5%	77,136	(77,136)	-	-

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	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on profit or loss</u>		<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	\$ -	-	12,517	(12,517)
"	Market liquidity discount rate	5%	-	-	12,517	(12,517)
"	Net asset value	5%	-	-	20,052	(20,052)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Price-to-sales ratio	5%	\$ 19,021	(19,021)	-	-
"	Market liquidity discount rate	5%	19,021	(19,021)	-	-
Private fund	Net asset value	5%	72,101	(72,101)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	13,944	(13,944)
"	Market liquidity discount rate	5%	-	-	13,944	(13,944)
"	Net asset value	5%	-	-	20,073	(20,073)
March 31, 2021						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 48,472	(48,472)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	29,682	(29,682)
"	Market liquidity discount rate	5%	-	-	29,682	(29,682)
"	Net asset value	5%	-	-	20,874	(20,874)

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.

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(ab) 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 three months ended March 31, 2022 which compared with the consolidated financial statements Note 6(ad) for the year ended December 31, 2021.

(ac) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the three months ended March 31, 2022 was the same as the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 6(ae) of the consolidated financial statements for the year ended December 31, 2021.

As of March 31, 2022, December 31 and March 31, 2021, the Group's return on common equity was 10.43%, 15.81% and 14.02%, respectively. The Group's debt ratio at the reporting date were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Debt ratio	52.89 %	50.43 %	52.63 %

(ad) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows			Non-cash changes			March 31, 2022
		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	
Short-term borrowings	\$ -	11,594	-	-	-	-	-	11,594
Long-term borrowings	15,992,820	1,453,200	(4,123,113)	-	-	189,683	6,999	13,519,589
Bonds payable	13,286,639	-	-	-	42,651	-	-	13,329,290
Guarantee deposit received	130,398	-	-	(11,021)	-	-	-	119,377
Lease liabilities (Note 1)	1,157,209	-	(27,389)	(13,054)	7,008	29,637	-	1,153,411
Total liabilities from financing activity	\$ 30,567,066	1,464,794	(4,150,502)	(24,075)	49,659	219,320	6,999	28,133,261
	January 1, 2021	Cash flows			Non-cash changes			March 31, 2021
		Proceeds from long- term debt 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	1,653,750	(1,558,000)	-	-	14,103	7,092	11,535,565
Bonds payable	-	13,902,774	-	-	36,231	(779,503)	-	13,159,502
Guarantee deposit received	124,732	-	-	11,290	-	-	-	136,022
Lease liabilities (Note 2)	699,884	-	(29,665)	(2,412)	6,516	10,286	-	684,609
Total liabilities from financing activity	\$ 12,243,236	15,556,524	(1,587,665)	8,878	42,747	(755,114)	7,092	25,515,698

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$46 thousand.

Note 2: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$1,518 thousand.

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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. (abbrev. Jiangsu CM/Chainwin)	Associates
ITEQ Corporation (abbrev. ITEQ) (Note)	Associates
Chainwin i-Management (Huaian) Co., Ltd.	Other related parties
Taoyuan i-Fare Charity Foundation	Other related parties

Note: In July 2021, the Group has significant influence over ITEQ, and therefore the ITEQ has become the Group's associates since July 2021.

(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 March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Other related parties	\$ -	<u>1,618</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>Categories</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable	Other related parties	\$ -	-	<u>59</u>

(iii) Operating expenses

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

	<u>For the three months ended March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Other related parties	\$ -	<u>4,000</u>

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(iv) Guarantee

As of March 31, 2022, December 31, and March 31, 2021, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (\$210,431 thousand, \$203,448 thousand and \$209,769 thousand, respectively) to its associate, Jiangsu CM/Chainwin.

(v) Property transactions – acquire assets

<u>Account</u>	<u>Category</u>	<u>For the three months ended March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Property, plant and equipment	Other related parties	\$ -	93

(vi) Leases

The Group leased the office and factories to its associate, ITEQ, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is \$7,376 thousand and \$7,231 thousand for the three months ended March 31, 2022 and 2021. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of March 31, 2022, December 31, and March 31, 2021.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<u>For the three months ended March 31, 2022</u>	<u>For the three months ended March 31, 2021</u>
Short-term employee benefits	\$ 108,390	181,643
Post-employment benefits	315	314
	<u>\$ 108,705</u>	<u>181,957</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other non-current assets	Land, plant, and dormitory lease guarantee	\$ 35,438	35,043	35,050
Other non-current assets	Bank deposits – reserve accounts	155,643	9,310	7,848
Other non-current assets	Gas deposits	4,700	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,579	20,579	20,430
Other non-current assets	Guarantee deposits of letters of credit	31,012	44,056	75,572
Other non-current assets	Seized funds and court security deposits	32,814	5,212	24,890
Property, plant and equipment	Long-term borrowings	2,221,763	2,244,061	2,303,481
Total		<u>\$ 2,501,949</u>	<u>2,362,961</u>	<u>2,471,971</u>

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Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
The unrecognized amount	\$ <u>9,763,107</u>	<u>7,431,148</u>	<u>5,247,061</u>

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
The unused letters of credit	\$ <u>40,360</u>	<u>43,956</u>	<u>2,600</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

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

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	709,459	286,667	996,126	742,276	358,334	1,100,610
Labor and health insurance	75,609	22,457	98,066	62,610	19,115	81,725
Pension	28,042	10,865	38,907	24,195	9,485	33,680
Director remuneration	-	22,452	22,452	-	28,357	28,357
Others	30,583	11,664	42,247	36,042	15,663	51,705
Depreciation	939,151	118,625	1,057,776	897,795	101,748	999,543
Amortization	8,388	27,940	36,328	7,932	23,475	31,407

(Continued)

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

(b) Seasonality of operations:

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

- (c) As of the date the financial statements were authorized for issuance, the COVID-19 pandemic did not have a significant impact on the Group's operating ability, and the Group is continuously monitoring and assessing the situation.

(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 three months ended March 31, 2022:

- (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 March 31, 2022 (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: Please refer to schedule J.

(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 ended March 31, 2022 and 2021, 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 March 31, 2022	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 5,498,479	47,589	50,925	-	5,596,993
Interest expenses	\$ 51,391	27,426	1,684	-	80,501
Depreciation and amortization	\$ 998,583	87,222	8,299	-	1,094,104
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ 95,148	(33,693)	20,423	-	81,878
Reportable segment profit or loss	\$ 1,254,271	(326,523)	(11,530)	-	916,218
Assets:					
Capital expenditures in noncurrent assets	\$ 658,312	677,451	2,546	-	1,338,309
For the three months ended March 31, 2021	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 5,760,650	227,774	20,959	-	6,009,383
Interest expenses	\$ 45,261	21,575	1,746	-	68,582
Depreciation and amortization	\$ 992,336	31,045	6,595	974	1,030,950
Share of loss of associates and joint ventures accounted for using equity method	\$ -	(39,064)	(282)	-	(39,346)
Reportable segment profit or loss	\$ 1,314,666	(87,938)	(30,208)	(974)	1,195,546
Assets:					
Capital expenditures in noncurrent assets	\$ 666,017	1,150,936	46,498	-	1,863,451

For the three months ended March 31, 2022 and 2021, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$74,544 thousand and \$190,944 thousand, respectively.

WIN Semiconductors Corp. and Subsidiaries
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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	1,002,050 (USD 35,000)	572,600 (USD 20,000)	-	1%	2	-	Working Capital	-	None	-	Net equity 20%= 2,128,340	Net equity 40%= 4,256,681	(Note 7)
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	572,600 (USD 20,000)	572,600 (USD 20,000)	114,520 (USD 4,000)	1%	2	-	Working Capital	-	None	-	Net equity 20%= 2,128,340	Net equity 40%= 4,256,681	(Note 7)
2	Phalanx Biotech Group, Inc.	PhalanxBio, Inc.	Other receivables	Y	286 (USD 10)	286 (USD 10)	-	4%	2	-	Working Capital	-	None	-	Net equity 20%= 128,621	Net equity 40%= 257,243	(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: Phalanx Biotech Group, Inc.'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 Phalanx Biotech Group, Inc. 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 Phalanx Biotech Group, Inc.'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 Phalanx Biotech Group, Inc. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 6: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD for NTD 28.63.

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

WIN Semiconductors Corp. and Subsidiaries
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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 (Note 6)	Subsidiary endorsements/ guarantees to parent company (Note 6)	Endorsements/ guarantees to the companies in mainland China (Note 6)
		Name	Relationship with the Company (Note 2)										
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	16,369,313	2,385,824	2,385,824	286,300	-	7.29%	Net equity 50%= 16,369,313	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,369,313	3,244,724	3,244,724	1,717,800	-	9.91%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,369,313	4,676,252	4,676,252	2,576,700	-	14.28%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	16,369,313	-	-	-	-	0.00%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,369,313	2,099,524	2,099,524	1,145,200	-	6.41%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Chance Agriculture Development Co., Ltd.	2	16,369,313	-	-	-	-	0.00%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Fortune Agriculture Development Co., Ltd.	2	16,369,313	763,476	763,476	-	-	2.33%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	16,369,313	572,600	572,600	-	-	1.75%	Net equity 50%= 16,369,313	Y	-	Y
0	"	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	16,369,313	572,600	572,600	-	-	1.75%	Net equity 50%= 16,369,313	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	3,192,511 (USD 111,509)	210,431 (USD 7,350)	210,431 (USD 7,350)	-	-	1.98%	Net equity 50%= 5,320,851	-	-	Y
1	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	3,192,511 (USD 111,509)	128,835 (USD 4,500)	128,835 (USD 4,500)	11,594 (RMB 2,573)	143,150 (USD 5,000)	1.21%	Net equity 50%= 5,320,851	-	-	Y

Note 1: Company numbering as follows:

1. Issuer—0
2. Investee starts from 1

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

1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
4. For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
7. 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 and endorsement were as follows:

1. The guarantees and endorsements limit provided by WIN Semiconductors Corp. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by WIN Semiconductors Corp. and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Chance Agriculture Development Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd. and Jiangsu Win Sunlight Agriculture Development Co. Ltd. (collectively referred to as "the Borrower") had been approved a total maximum credit line of US\$500,000 thousand.

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

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

Note 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD and RMB to USD for NTD 28.63 and USD 0.1574, respectively.

Note 6: Fill in "Y" for those cases of provision of endorsements/ guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in mainland China.

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Schedule C Securities held as of March 31, 2022 (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	55	14,197	0.08	14,197	
WIN Venture Capital Corp.	Capital Money Market Fund	"	"	915	14,913	-	14,913	
WIN Chance Investment Corp.	Capital Money Market Fund	"	"	332	5,406	-	5,406	
WIN Earn Investment Corp.	Capital Money Market Fund	"	"	1,352	22,041	-	22,041	
					56,557		56,557	
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	463,245	5.81	463,245	
"	CDIB Capital Growth Partners L.P.	"	"	-	179,314	3.30	179,314	
"	CDIB Capital Healthcare Ventures II L.P.	"	"	-	25,151	1.61	25,151	
"	Fuh Hwa Oriental Fund	"	"	15,000	24,600	-	24,600	
"	Fuh Hwa Smart Energy Fund	"	"	12,000	81,312	-	81,312	
"	LeaSun Winion L.P.	"	"	-	28,200	12.47	28,200	
"	NFC Fund II L.P.	"	"	-	306,496	32.88	306,496	
"	Foryou Venture Capital L.P.	"	"	-	30,840	5.77	30,840	
"	Renaissance Capital Limited Partnership	"	"	-	100,000	12.82	100,000	
"	Lian Ding Capital Investments Limited Partnership	"	"	-	222,000	10.23	222,000	
"	NFC Fund III, L.P.	"	"	-	81,568	19.90	81,568	
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	"	1,800	398,433	0.50	398,433	
					1,941,159		1,941,159	
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	93,633	0.09	93,633	
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	-	10.51	-	(Note 1)
"	CDIB Capital Creative Industries Limited/Stock	"	"	3,000	20,400	3.33	20,400	
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	634	61,299	18.28	61,299	
"	New Future Capital Co., Ltd./Stock	"	"	10,000	97,700	15.87	97,700	
"	Grand Fortune Venture Corp./Stock	"	"	4,000	62,240	6.87	62,240	
"	NFC I Renewable Power Co., Ltd./Stock	"	"	16,200	159,408	15.00	159,408	
"	Gogolook Co., Ltd./Stock	"	"	2,013	133,559	11.83	133,559	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	1,352,080	0.02	1,352,080	
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	75,928	7.93	75,928	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.28	-	(Note 2)
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-	
"	Winresp INC./Stock	"	"	2,740	40,857	14.14	40,857	
					2,097,104		2,097,104	

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of March 31, 2022, the company was still within the period of liquidation.

Note 2: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of March 31, 2022, the company was still within the period of liquidation.

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Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$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)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Investments accounted for using equity method	-	subsidiary	-	3,167,667	-	560,600	-	-	-	-	-	2,832,850
"	Jiangsu Win Yield Agriculture Development Co., Ltd.	"	-	"	-	1,932,345	-	361,790	-	-	-	-	-	2,374,200 (Note 1)

Note 1: The amount of ending balance was calculated using the equity method. The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

Schedule E Information on acquisition of real estate with purchase amount exceeding the lower of NTS\$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 March 31, 2022, the price paid \$454,395 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2021/10/15	2,324,768	As of March 31, 2022, the price paid \$697,430 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 (RMB 138,575)	As of March 31, 2022, the price paid \$593,246 thousand (RMB 131,646 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
"	Factory buildings	2020/12/23	1,464,524 (RMB 335,900)	As of March 31, 2022, the price paid \$1,259,818 thousand (RMB 279,564 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Factory buildings	2018/11/20	772,168 (RMB 173,365)	As of March 31, 2022, the price paid \$742,183 thousand (RMB 164,697 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Win Yield Agriculture Development Co., Ltd.	Factory buildings	2020/1/10	1,482,045 (RMB 342,511)	As of March 31, 2022, the price paid \$1,473,580 thousand (RMB 327,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
"	Factory buildings	2020/12/8	1,174,319 (RMB 268,600)	As of March 31, 2022, the price paid \$1,089,020 thousand (RMB 241,663 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 (RMB 125,000)	As of March 31, 2022, the price paid \$506,966 thousand (RMB 112,500 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
"	Factory buildings	2021/5/12-2021/8/25	735,457 (RMB 170,600)	As of March 31, 2022, the price paid \$681,475 thousand (RMB 151,225 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

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Schedule F Information regarding receivables from related-parties exceeding the lower of NTS\$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
					Amount	Action taken		
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	114,730	(Note 1)	-	-	-	(Note 2)
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	169,382	(Note 1)	-	-	156,518	(Note 2)

Note 1: The ending balance was other receivables, which was not applicable for the calculation of turnover rate.

Note 2: The amount of the transaction had been offset in the 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 Win Yield Agriculture Development Co., Ltd.	3	Other receivables due from related parties	114,730	no difference with non-related parties	0.15%
2	Jiangsu Win Yield Agriculture Development Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	114,730	no difference with non-related parties	0.15%
3	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	3	Other receivables due from related parties	169,382	no difference with non-related parties	0.23%
2	Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other payables due to related parties	169,382	no difference with non-related parties	0.23%

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 as of March 31, 2022 (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%	(15,044)	(4,323)	(4,323)	(Note 1)
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	11,127,774	376,600	100.00%	10,658,061	(371,632)	(371,632)	(Note 1)
"	WIN Venture Capital Corp.	Taiwan	Investment activities	790,000	790,000	79,000	100.00%	828,432	6,193	6,193	(Note 1)
"	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	1,079,169	1,079,169	53,427	73.67%	612,817	(36,880)	(27,168)	(Note 1)
"	WIN Chance Investment Corp.	Taiwan	Investment activities	580,000	580,000	58,000	100.00%	682,290	6,788	6,788	(Note 1)
"	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	580,000	58,000	100.00%	459,660	6,112	6,112	(Note 1)
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	6,120,993	6,120,993	65,409	17.08%	8,006,862	809,113	95,148	
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	1.54%	30,206	(36,880)		(Note 2)
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	713,036	713,036	5,301	1.39%	742,147	809,113		(Note 2)
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	54,698	(572)		(Note 2)
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	10,905,959	185,054	81.23%	8,762,515	(463,512)		(Note 2)
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%	151,858	(23)		(Note 2)
"	Win Lux Biotech (Cayman Islands) Co., Ltd.	"	Investment activities	15,010	15,010	500	100.00%	12,021	(23)		(Note 2)
"	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	149,651	(3,693)		(Note 2)
"	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	100,000	100,000	10,000	100.00%	72,020	(15,741)		(Note 2)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited.	Hong Kong	Investment activities	12,125	12,125	-	100.00%	2,331	(1,209)		(Note 2)
"	PhalanxBio, Inc.	USA	Selling of high-density gene chip and test service	208,110	208,110	2,550	100.00%	19	55		(Note 2)
"	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	81,727	14,238	100.00%	10,766	(392)		(Note 2)
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	595,251	595,251	4,702	1.23%	676,949	809,113		(Note 2)
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	"	568,005	568,005	4,230	1.10%	437,689	809,113		(Note 2)

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

Note 2: The share of profit (loss) of the investee company is not reflected herein as such amount is already included in the share of profit (loss) 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 March 31, 2022	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	3,728,267 (RMB 847,767)	(Note 1)	2,748,422 (USD 93,043)	560,600 (USD 20,000)	-	3,309,022 (USD 113,043)	(277,031) (USD (9,879))	81.23%	(277,031) (USD (9,879))	2,832,850 (USD 98,947)	-	(Note 10)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,169,119 (USD 38,790)	(Note 1)	1,146,255 (USD 38,046)	-	-	1,146,255 (USD 38,046)	(15,468) (USD (547))	81.23%	(15,468) (USD (547))	1,116,816 (USD 39,009)	-	(Note 10)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210 (USD 67,584)	(Note 1)	1,122,874 (USD 36,821)	-	-	1,122,874 (USD 36,821)	(68,760) (USD (2,462))	39.80%	(33,693) (USD (1,207))	664,075 (USD 23,195)	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	610,094 (USD 20,200)	(Note 1)	507,992 (USD 16,569)	143,150 (USD 5,000)	-	651,142 (USD 21,569)	(28,591) (USD (1,030))	81.23%	(28,591) (USD (1,030))	524,386 (USD 18,316)	-	(Note 10)
Jiangsu Merit/Cofojoycome 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)	-	81.23%	-	8,533 (USD 298)	-	(Note 10)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,294,135 (USD 79,500)	(Note 1)	1,737,325 (USD 59,500)	361,790 (USD 13,000)	-	2,099,115 (USD 72,500)	(29,644) (USD (1,050))	81.23%	(29,644) (USD (1,050))	2,374,200 (USD 82,927)	-	(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)	(4,557) (USD (163))	81.23%	(4,557) (USD (163))	337,656 (USD 11,794)	-	(Note 10)
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(1,999) (USD (73))	81.23%	(1,999) (USD (73))	250,890 (USD 8,763)	-	(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)	(2,567) (USD (93))	81.23%	(2,567) (USD (93))	245,459 (USD 8,574)	-	(Note 10)
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(811) (USD (30))	81.23%	(811) (USD (30))	279,692 (USD 9,769)	-	(Note 10)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	88,173 (RMB 20,000)	(Note 3)	-	-	-	-	(4,057) (RMB (912))	81.23%	(4,057) (RMB (912))	83,706 (RMB 18,575)	-	(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)	(1,693) (USD (62))	81.23%	(1,693) (USD (62))	270,170 (USD 9,437)	-	(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)	(267) (USD (10))	81.23%	(267) (USD (10))	25,049 (USD 875)	-	(Note 10)
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	111,560 (USD 4,000)	(Note 1)	-	-	-	-	(364) (USD (13))	81.23%	(364) (USD (13))	113,422 (USD 3,962)	-	(Note 10)
Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	27,680 (USD 1,000)	(Note 1)	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	(365) (USD (13))	81.23%	(365) (USD (13))	27,945 (USD 976)	-	(Note 10)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	12,125 (RMB 2,663)	(Note 2)	12,125 (USD 420)	-	-	12,125 (USD 420)	(1,209) (RMB (274))	75.21%	(1,209) (RMB (274))	2,352 (RMB 522)	-	(Note 10)

WIN Semiconductors Corp. and Subsidiaries
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(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	9,240,886	10,077,011	20,937,555
	(USD 313,989)	(USD 351,974)	

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 March 31, 2022 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 March 31, 2022.

Note 7: The Group acquired Vanchip (Tianjin) Technology Co., Ltd. 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: Please refer Schedule A, Schedule B, Schedule D, Schedule F and Schedule G.

Schedule J Information on major shareholders:

(In shares)

Shareholding	Shares	Percentage
Shareholder's Name		
Cathay Life Insurance Co.,Ltd.	21,787,000	5.13%