

**WIN SEMICONDUCTORS CORP.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2023 and 2022**

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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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, 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 the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 Standards on Auditing of the Republic of China 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.

### 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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 six months ended June 30, 2022, of certain investments accounted for using the equity method. That financial statements for the six months ended June 30, 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 \$9,487,122 thousand, constituting 13.04% of consolidated total assets as of June 30, 2022, the related share of profit of associates and joint ventures accounted for using the equity method amounted to \$117,222 thousand and \$233,075 thousand, respectively, and the related share of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to \$(96,910) thousand and \$(29,351) thousand, respectively, constituting 161.72%, 18.91%, (133.70)% and (2.38)% of consolidated total comprehensive income and loss for the three months and six months ended June 30, 2022, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Ya-Ling Chen and Ming-Hung Huang.

KPMG

Taipei, Taiwan (The Republic of China)  
August 11, 2023

**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)  
WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

June 30, 2023, December 31, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 7,053,757	11	10,379,712	15	12,959,648	18	2100	Short-term borrowings (Notes 6(n), 6(ad) and 8)	\$ 20,908	-	-	-	11,424	-
1110	Current financial assets at fair value through profit or loss (Note 6(b))	102,643	-	120,845	-	52,509	-	2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(p))	217,622	-	449,261	1	892,690	1
1170	Notes and accounts receivable, net (Notes 6(c) and 6(x))	971,408	2	916,640	1	1,825,652	3	2130	Current contract liabilities (Note 6(x))	351,367	1	235,309	-	271,016	1
1210	Other receivables due from related parties (Notes 6(d), 6(g) and 7)	-	-	-	-	398,211	1	2170	Notes and accounts payable	945,618	2	1,016,716	1	1,412,959	2
1310	Inventories (Note 6(e))	4,995,876	8	5,420,476	8	5,959,727	8	2200	Other payables (Notes 6(u) and 6(y))	2,993,560	5	2,497,109	4	7,064,803	10
1400	Current biological assets (Note 6(f))	140,794	-	93,368	-	43,910	-	2280	Current lease liabilities (Notes 6(q) and 6(ad))	110,177	-	103,570	-	108,514	-
1470	Other current assets (Notes 6(d) and 6(m))	218,574	-	282,210	1	325,872	-	2321	Bonds payable, current portion (Notes (p) and 6(ad))	6,214,266	10	-	-	-	-
	<b>Total current assets</b>	<b>13,483,052</b>	<b>21</b>	<b>17,213,251</b>	<b>25</b>	<b>21,565,529</b>	<b>30</b>	2322	Long-term borrowings, current portion (Notes (o), 6(ad) and 8)	3,517,680	5	1,731,147	3	247,307	-
	<b>Non-current assets:</b>							2399	Other current liabilities	215,019	-	213,976	-	243,518	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	2,037,621	3	1,661,503	2	2,025,584	3		<b>Total current liabilities</b>	<b>14,586,217</b>	<b>23</b>	<b>6,247,088</b>	<b>9</b>	<b>10,252,231</b>	<b>14</b>
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	2,731,042	4	1,841,932	3	1,757,313	2		<b>Non-current liabilities:</b>						
1550	Investments accounted for using equity method (Note 6(g))	10,724,944	16	10,873,014	15	10,252,974	14	2530	Bonds payable (Notes 6(p) and 6(ad))	-	-	10,669,555	16	13,372,078	18
1600	Property, plant and equipment (Notes 6(i) and 8)	31,431,817	48	31,546,006	46	31,124,656	43	2540	Long-term borrowings (Notes 6(o), 6(ad) and 8)	15,365,505	24	15,870,298	23	12,913,693	18
1755	Right-of-use assets (Notes 6(j) and 8)	1,040,274	2	1,099,729	2	1,183,512	2	2570	Deferred tax liabilities	8,904	-	16,185	-	37,726	-
1760	Investment property (Note 6(k))	1,045,973	2	1,048,632	1	1,051,290	1	2580	Non-current lease liabilities (Notes 6(q) and 6(ad))	873,888	1	924,832	1	987,791	2
1780	Intangible assets (Note 6(l))	554,151	1	562,305	1	602,832	1	2600	Other non-current liabilities (Notes 6(s), 6(ad) and 7)	210,677	-	210,711	-	232,726	-
1830	Non-current biological assets (Note 6(f))	251,827	-	273,554	-	350,125	-		<b>Total non-current liabilities</b>	<b>16,458,974</b>	<b>25</b>	<b>27,691,581</b>	<b>40</b>	<b>27,544,014</b>	<b>38</b>
1840	Deferred tax assets	841,856	1	756,114	1	555,878	1		<b>Total liabilities</b>	<b>31,045,191</b>	<b>48</b>	<b>33,938,669</b>	<b>49</b>	<b>37,796,245</b>	<b>52</b>
1915	Prepayments for business facilities	365,302	1	1,765,808	3	1,819,862	2		<b>Equity (Notes 6(b), 6(g), 6(h), 6(p), 6(u) and 6(v)):</b>						
1990	Other non-current assets (Notes 6(m) and 8)	601,743	1	486,365	1	477,688	1	3110	Ordinary shares	4,239,404	7	4,239,404	6	4,239,764	6
	<b>Total non-current assets</b>	<b>51,626,550</b>	<b>79</b>	<b>51,914,962</b>	<b>75</b>	<b>51,201,714</b>	<b>70</b>	3200	Capital surplus	9,965,799	15	9,964,088	14	9,970,191	13
	<b>Total assets</b>	<b>\$ 65,109,602</b>	<b>100</b>	<b>69,128,213</b>	<b>100</b>	<b>72,767,243</b>	<b>100</b>	3300	Retained earnings	16,792,826	26	18,351,411	27	18,113,927	25
								3400	Other equity interests	1,478,907	2	773,633	1	605,305	1
								3500	Treasury shares	-	-	-	-	(360)	-
									Total equity attributable to owners of parent	32,476,936	50	33,328,536	48	32,928,827	45
								36XX	Non-controlling interests	1,587,475	2	1,861,008	3	2,042,171	3
									<b>Total equity</b>	<b>34,064,411</b>	<b>52</b>	<b>35,189,544</b>	<b>51</b>	<b>34,970,998</b>	<b>48</b>
									<b>Total liabilities and equity</b>	<b>\$ 65,109,602</b>	<b>100</b>	<b>69,128,213</b>	<b>100</b>	<b>72,767,243</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
WIN Semiconductors Corp. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Notes 6(b), 6(g) and 6(x))	\$ 3,943,894	100	5,297,325	100	6,803,452	100	10,894,318	100
5000	Operating costs (Notes 6(e), 6(f), 6(i), 6(j), 6(q), 6(s), 6(v), 6(y), 7 and 12)	(3,152,951)	(80)	(3,696,618)	(70)	(5,686,411)	(84)	(7,579,450)	(70)
	Gross profit from operating	790,943	20	1,600,707	30	1,117,041	16	3,314,868	30
	Operating expenses (Notes 6(c), 6(i), 6(j), 6(q), 6(s), 6(v), 6(y), 7 and 12):								
6100	Selling expenses	(111,644)	(3)	(95,853)	(2)	(215,489)	(3)	(181,656)	(2)
6200	Administrative expenses	(344,041)	(8)	(353,181)	(7)	(656,009)	(9)	(718,322)	(6)
6300	Research and development expenses	(506,669)	(13)	(404,433)	(7)	(1,010,785)	(15)	(751,439)	(7)
6450	Gains (losses) on expected credit impairment	1,149	-	(6)	-	227	-	1	-
	Total operating expenses	(961,205)	(24)	(853,473)	(16)	(1,882,056)	(27)	(1,651,416)	(15)
	Net operating income (loss)	(170,262)	(4)	747,234	14	(765,015)	(11)	1,663,452	15
	Non-operating income and expenses (Notes 6(b), 6(g), 6(i), 6(p), 6(q), 6(z), 6(ad) and 7):								
7100	Interest income	73,382	2	15,950	-	127,326	2	21,364	-
7010	Other income	19,908	-	89,577	2	37,170	1	171,151	2
7020	Other gains and losses	(95,714)	(2)	(202,129)	(4)	26,731	-	(195,527)	(2)
7050	Finance costs	(171,385)	(5)	(81,352)	(2)	(309,965)	(5)	(161,853)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(17,608)	-	99,396	2	(33,547)	-	160,851	2
	Total non-operating income and expenses	(191,417)	(5)	(78,558)	(2)	(152,285)	(2)	(4,014)	-
7900	Profit (loss) before tax	(361,679)	(9)	668,676	12	(917,300)	(13)	1,659,438	15
7950	Tax benefit (expense) (Note 6(t))	85,534	2	(124,505)	(2)	162,532	2	(329,209)	(3)
	Profit (loss)	(276,145)	(7)	544,171	10	(754,768)	(11)	1,330,229	12
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	550,749	14	(311,363)	(6)	905,476	13	(396,188)	(4)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	198	-	(142)	-	198	-	437	-
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	550,947	14	(311,505)	(6)	905,674	13	(395,751)	(4)
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	(137,297)	(4)	(30,266)	(1)	(96,500)	(1)	357,441	3
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	(164,640)	(4)	(129,917)	(2)	(129,085)	(2)	(59,394)	-
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	(301,937)	(8)	(160,183)	(3)	(225,585)	(3)	298,047	3
8300	Other comprehensive income, net	249,010	6	(471,688)	(9)	680,089	10	(97,704)	(1)
8500	Total comprehensive income	\$ (27,135)	(1)	72,483	1	(74,679)	(1)	1,232,525	11
	Profit (loss) attributable to:								
8610	Profit (loss) attributable to owners of parent	\$ (96,923)	(2)	644,030	12	(498,734)	(7)	1,526,251	14
8620	Profit (loss) attributable to non-controlling interests	(179,222)	(5)	(99,859)	(2)	(256,034)	(4)	(196,022)	(2)
		\$ (276,145)	(7)	544,171	10	(754,768)	(11)	1,330,229	12
	Comprehensive income (loss) attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 187,763	5	188,994	3	206,540	3	1,375,724	12
8720	Comprehensive income (loss), attributable to non-controlling interests	(214,898)	(6)	(116,511)	(2)	(281,219)	(4)	(143,199)	(1)
		\$ (27,135)	(1)	72,483	1	(74,679)	(1)	1,232,525	11
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(w))								
9750	Basic earnings per share	\$ (0.23)		1.52		(1.18)		3.60	
9850	Diluted earnings per share	\$ (0.26)		1.52		(1.40)		3.59	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WIN Semiconductors Corp. and Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												
	Retained earnings					Other equity interests							
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Total other equity interests	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2022</b>	\$ 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:													
Legal reserve appropriated	-	-	719,966	(719,966)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(3,391,811)	(3,391,811)	-	-	-	-	-	(3,391,811)	-	(3,391,811)
Profit (losses) for the six months ended June 30, 2022	-	-	719,966	(4,111,777)	(3,391,811)	-	-	-	-	-	(3,391,811)	-	(3,391,811)
Other comprehensive income for the six months ended June 30, 2022	-	-	-	1,526,251	1,526,251	-	-	-	-	-	1,526,251	(196,022)	1,330,229
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	245,224	(395,751)	-	(150,527)	-	(150,527)	52,823	(97,704)
Compensation cost arising from restricted shares of employees	-	-	-	1,526,251	1,526,251	245,224	(395,751)	-	(150,527)	-	1,375,724	(143,199)	1,232,525
Purchase and wait for retirement of restricted shares of employees	-	(6,198)	-	-	-	-	-	39	39	-	39	-	39
Changes in equity of associates accounted for using equity method	-	2,283	-	392	392	-	-	6,558	6,558	(360)	-	2,675	2,675
Stock option compensation cost of subsidiary	-	4,192	-	-	-	-	-	-	-	-	4,192	1,382	5,574
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	18,830	18,830	-	(18,830)	-	(18,830)	-	-	-	-
<b>Balance at June 30, 2022</b>	<b>\$ 4,239,764</b>	<b>9,970,191</b>	<b>3,892,688</b>	<b>14,221,239</b>	<b>18,113,927</b>	<b>(24,185)</b>	<b>629,490</b>	<b>-</b>	<b>605,305</b>	<b>(360)</b>	<b>32,928,827</b>	<b>2,042,171</b>	<b>34,970,998</b>
<b>Balance at January 1, 2023</b>	<b>\$ 4,239,404</b>	<b>9,964,088</b>	<b>3,892,688</b>	<b>14,458,723</b>	<b>18,351,411</b>	<b>61,004</b>	<b>712,629</b>	<b>-</b>	<b>773,633</b>	<b>-</b>	<b>33,328,536</b>	<b>1,861,008</b>	<b>35,189,544</b>
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	178,296	(178,296)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(1,059,851)	(1,059,851)	-	-	-	-	-	(1,059,851)	-	(1,059,851)
Losses for the six months ended June 30, 2023	-	-	178,296	(1,238,147)	(1,059,851)	-	-	-	-	-	(1,059,851)	-	(1,059,851)
Other comprehensive income for the six months ended June 30, 2023	-	-	-	(498,734)	(498,734)	-	-	-	-	-	(498,734)	(256,034)	(754,768)
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(200,400)	905,674	-	705,274	-	705,274	(25,185)	680,089
Changes in equity of associates accounted for using equity method	-	-	-	(498,734)	(498,734)	(200,400)	905,674	-	705,274	-	206,540	(281,219)	(74,679)
Stock option compensation cost of subsidiary	-	1,711	-	-	-	-	-	-	-	-	1,711	-	1,711
<b>Balance at June 30, 2023</b>	<b>\$ 4,239,404</b>	<b>9,965,799</b>	<b>4,070,984</b>	<b>12,721,842</b>	<b>16,792,826</b>	<b>(139,396)</b>	<b>1,618,303</b>	<b>-</b>	<b>1,478,907</b>	<b>-</b>	<b>32,476,936</b>	<b>1,587,475</b>	<b>34,064,411</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**WIN Semiconductors Corp. and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>(Loss) profit before tax</b>	\$ (917,300)	1,659,438
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,248,845	2,108,898
Amortization expense	59,202	72,372
Gains on reversal of expected credit impairment	(227)	(1)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(412,028)	580,441
Interest expense	309,965	161,853
Interest income	(127,326)	(21,364)
Dividend income	(37,342)	(170,473)
Share-based payments	7,686	5,613
Share of loss (profit) of associates and joint ventures accounted for using equity method	29,879	(253,072)
Losses (gains) on disposal of property, plant and equipment	22,826	(7,061)
Prepayments for business facilities transferred to expenses	-	48
Property, plant and equipment transferred to expenses	6,802	-
Changes in biological assets at fair value	25,813	(13,097)
Unrealized foreign exchange losses	291,547	274,271
Gains on repurchases of bonds payable	(555,335)	-
(Gains) losses on lease modification	(42)	23,994
Total adjustments to reconcile profit (loss)	<u>1,870,265</u>	<u>2,762,422</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	30,900	1,900
(Increase) decrease in notes and accounts receivable	(54,542)	891,908
Decrease in inventories	424,296	549,609
(Increase) decrease in biological assets	(114,056)	111,618
Decrease in other current assets	50,550	65,064
Total changes in operating assets	<u>337,148</u>	<u>1,620,099</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	116,058	(82,141)
Decrease in notes and accounts payable	(71,098)	(749,866)
Decrease in other payables	(340,216)	(400,745)
Increase in other current liabilities	1,043	38,537
Increase in other non-current liabilities	219	451
Total changes in operating liabilities	<u>(293,994)</u>	<u>(1,193,764)</u>
Total changes in operating assets and liabilities	<u>43,154</u>	<u>426,335</u>
Cash flows generated from operations	996,119	4,848,195
Dividends received	21,176	17,857
Income taxes paid	(80,045)	(685,076)
<b>Net cash flows from operating activities</b>	<u>937,250</u>	<u>4,180,976</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(720)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	19,744
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	18,000	5,667
Acquisition of financial assets at fair value through profit or loss	(53,725)	(47,034)
Proceeds from disposal of financial assets at fair value through profit or loss	-	9,969
Proceeds from capital reduction of financial assets at fair value through profit or loss	8,536	1,372
Acquisition of investments accounted for using equity method	(14,498)	-
Acquisition of property, plant and equipment	(1,008,800)	(3,045,204)
Proceeds from disposal of property, plant and equipment	209	7,293
Increase in other current liabilities due to disposal of assets	-	28,076
Acquisition of intangible assets	(52,586)	(53,372)
Increase in other non-current assets	(115,413)	(157,288)
Increase in prepayments for business facilities	(67,557)	(1,254,605)
Interest received	140,932	21,333
Dividends received	16,166	152,616
<b>Net cash flows used in investing activities</b>	<u>(1,129,456)</u>	<u>(4,311,433)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	20,908	11,424
Proceeds from long-term debt	1,977,764	1,865,494
Repayments of long-term debt	(837,307)	(5,123,113)
Repayments of lease liabilities	(44,127)	(59,349)
Decrease in other non-current liabilities	(253)	(11,149)
Interest paid	(216,273)	(68,872)
Repurchases of bonds payable	(4,098,713)	-
<b>Net cash flows used in financing activities</b>	<u>(3,198,001)</u>	<u>(3,385,565)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>64,252</u>	<u>143,911</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(3,325,955)</u>	<u>(3,372,111)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>10,379,712</u>	<u>16,331,759</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 7,053,757</u>	<u>12,959,648</u>

See accompanying notes to consolidated financial statements.



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

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

**June 30, 2023 and 2022**

**(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:**

The consolidated financial statements for the six Months ended June 30, 2023 and 2022 were authorized for issuance by the board of directors on August 11, 2023.

**(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, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and its amendments.
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

#### (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, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

##### (a) Statement of compliance

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

##### (b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
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 %	73.67 %	
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 %	1.54 %	
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.23 %	81.23 %	81.23 %	
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %	

(Continued)

## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd. (abbrev. Jiangsu Win Chance)	Developing hog farming technology and trading	-	100.00 %	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. (abbrev. Jiangsu Chainwin)	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 %	(Note 1)
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 %	(Note 2)
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 %	
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 %	(Note 1)
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	100.00 %	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	-	-	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	100.00 %	100.00 %	(Note 1)
Chainwin Cayman	Chainwin (Huaian) AIoT Co., Ltd.	Information software services	-	100.00 %	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	-	100.00 %	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	100.00 %	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 %	
Jiangsu Win Chance	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	100.00 %	-	(Note 1)
Jiangsu Chainwin	Chainwin (Huaian) AIoT Co., Ltd.	Information software services	100.00 %	-	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	100.00 %	-	-	(Note 1)
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 %	100.00 %	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	100.00 %	

(Continued)

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

Note 1: Changes in organizational structure.

Note 2: The liquidation process is completed in the 1<sup>st</sup> quarter of 2023.

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

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

(c) 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.

**(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. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Group has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

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, 2022. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

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

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

Except for the following disclosure, the significant account disclosure in the consolidated financial statements for the six months ended June 30, 2023, which compare with the consolidated financial statements for the year ended December 31, 2022, was not changed significantly. For the related information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 230	230	258
Cash in bank	6,663,937	7,022,482	11,268,390
Time deposits	389,590	3,357,000	1,691,000
	<b><u>\$ 7,053,757</u></b>	<b><u>10,379,712</u></b>	<b><u>12,959,648</u></b>

Please refer to Note 6(aa) for the currency risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial instruments

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<b>Mandatorily measured at financial assets at fair value through profit or loss:</b>			
Non-derivative financial assets			
Publicly traded stocks (Note 1)	\$ 570,548	301,109	418,602
Money market funds	95,540	111,296	41,499
Private fund (Note 1)(Note 2)	1,474,176	1,369,943	1,617,992
Total	<b><u>\$ 2,140,264</u></b>	<b><u>1,782,348</u></b>	<b><u>2,078,093</u></b>
Current	\$ 102,643	120,845	52,509
Non-current	2,037,621	1,661,503	2,025,584
	<b><u>\$ 2,140,264</u></b>	<b><u>1,782,348</u></b>	<b><u>2,078,093</u></b>

Note 1: As of June 30, 2023, December 31 and June 30, 2022, part of the private fund and publicly traded stocks were during the lock-up period.

Note 2: The 32.88% shares of the Group in NFC Fund II L.P. is deemed as mutual fund. Since the Group is only a limited partner of the fund, it cannot be allowed any representative to take part in the decision making of the policy of NFC Fund II L.P. As a result, the Group has no significant influence over the company.

(Continued)

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

	<b>June 30,</b> <b>2023</b>	<b>December 31,</b> <b>2022</b>	<b>June 30,</b> <b>2022</b>
<b>Mandatorily measured at current financial liabilities at fair value through profit or loss</b>			
Convertible bonds with embedded derivatives	\$ <u>217,622</u>	<u>449,261</u>	<u>892,690</u>

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

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

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

	<b>June 30,</b> <b>2023</b>	<b>December 31,</b> <b>2022</b>	<b>June 30,</b> <b>2022</b>
Stocks listed on domestic markets	\$ 85,434	73,796	74,589
Stocks listed on US markets	2,025,883	1,287,816	1,082,870
Non-public stocks	<u>619,725</u>	<u>480,320</u>	<u>599,854</u>
	<u>\$ 2,731,042</u>	<u>1,841,932</u>	<u>1,757,313</u>

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

For the six months ended June 30, 2023, 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 six months ended June 30, 2022, due to the redemption of preferred shares, the Group disposed the financial assets at fair value through other comprehensive income, with a fair value of \$19,744 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$18,830 thousand was transferred to retained earnings.

For the three months and six months ended June 30, 2023 and 2022, the Group received dividend income \$10,633 thousand, \$9,111 thousand, \$22,869 thousand and \$19,708 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

(Continued)

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

(iii) Sensitivity analysis in the equity price risk:

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

Prices of securities at the reporting date	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	\$ <u>81,931</u>	<u>17,116</u>	<u>52,719</u>	<u>12,558</u>
Decreasing 3%	\$ <u>(81,931)</u>	<u>(17,116)</u>	<u>(52,719)</u>	<u>(12,558)</u>

(iv) As of June 30, 2023, December 31 and June 30, 2022, the financial assets were not pledged. For information on the Group's credit risk, currency risk, and fair value information was disclosed in Note 6(aa).

(c) Notes and accounts receivable, net

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 728	1,310	1,017
Accounts receivable	971,439	916,315	1,825,440
Less: loss allowance	(759)	(985)	(805)
	<u>\$ 971,408</u>	<u>916,640</u>	<u>1,825,652</u>

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

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	June 30, 2023		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 929,844	0%	-
Past due 1~60 days	34,755	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	8.82%~23.75%	-
Past due more than 181 days	-	100%	-
	<u>\$ 964,599</u>		<u>-</u>

(Continued)



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

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 857,657	0%	-
Past due 1~60 days	49,028	0%	-
Past due 61~120 days	1,165	0%	-
Past due 121~180 days	2,636	0%~3.33%	-
Past due more than 181 days	-	100%	-
	<b><u>\$ 910,486</u></b>		<b><u>-</u></b>
	<b>June 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 1,728,909	0%	-
Past due 1~60 days	89,353	0%	-
Past due 61~120 days	654	0%	-
Past due 121~180 days	-	0%~1.67%	-
Past due more than 181 days	-	100%	-
	<b><u>\$ 1,818,916</u></b>		<b><u>-</u></b>

(ii) The segment of gene chip testing service:

	<b>June 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 5,232	0%~2.64%	1
Past due 1~60 days	1,312	0%~4.80%	-
Past due 61~120 days	210	0%~10.02%	-
Past due 121~180 days	64	0%~38.89%	8
Past due more than 181 days	750	100%	750
	<b><u>\$ 7,568</u></b>		<b><u>759</u></b>

(Continued)

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

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 5,177	0%~0.35%	100
Past due 1~60 days	1,212	0%~7.26%	135
Past due 61~120 days	-	0%~19.44%	-
Past due 121~180 days	-	0%~47.22%	-
Past due more than 181 days	<u>750</u>	100%	<u>750</u>
	<u><u>\$ 7,139</u></u>		<u><u>985</u></u>
	<b>June 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected loss rate</b>	<b>Lifetime expected credit loss allowance</b>
Not past due	\$ 6,142	0%~2.25%	7
Past due 1~60 days	518	0%~21.96%	43
Past due 61~120 days	127	0%~33.15%	1
Past due 121~180 days	-	0%~52.78%	-
Past due more than 181 days	<u>754</u>	100%	<u>754</u>
	<u><u>\$ 7,541</u></u>		<u><u>805</u></u>

The movements of loss allowance were as follows:

	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Beginning balance	\$ 985	805
Gains on reversal of impairment	(227)	(1)
Effect of changes in foreign exchange rates	<u>1</u>	<u>1</u>
Ending balance	<u><u>\$ 759</u></u>	<u><u>805</u></u>

As of June 30, 2023, December 31 and June 30, 2022, the notes and accounts receivable were not discounted nor pledged.

(Continued)

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

## (d) Other receivables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Other receivables (recognized as other current assets)	\$ 22,007	56,976	56,837
Other receivables due from related parties	-	-	398,211
Less: loss allowance	-	-	-
	<u>\$ 22,007</u>	<u>56,976</u>	<u>455,048</u>

As of June 30, 2023, December 31 and June 30, 2022, other receivables were not past due nor impaired.

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

## (e) Inventories

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials, supplies and spare parts	\$ 3,865,964	4,377,047	4,397,315
Work in process	806,010	562,405	770,625
Finished goods	323,902	481,024	791,787
	<u>\$ 4,995,876</u>	<u>5,420,476</u>	<u>5,959,727</u>

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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Losses on valuation of inventories and obsolescence (reversal of inventories write-downs)(Note)	\$ <u>(99,619)</u>	<u>119,307</u>	<u>10,399</u>	<u>191,761</u>
Unallocated overheads	\$ <u>19,519</u>	<u>-</u>	<u>37,050</u>	<u>88,205</u>
Revenue from sale of scraps	\$ <u>(10,334)</u>	<u>(15,591)</u>	<u>(17,092)</u>	<u>(29,494)</u>
Losses (gains) on physical inventory count	\$ <u>(18)</u>	<u>(954)</u>	<u>2,058</u>	<u>(5,247)</u>

(Note)The previously recognized loss on valuation of inventories has been reversed due to the sales of inventories for the three months ended June 30, 2023.

As of June 30, 2023, December 31 and June 30, 2022, the inventories were not pledged.

(Continued)

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

## (f) Biological assets

## (i) List of biological assets:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Consumable biological assets	<u>\$ 140,794</u>	<u>93,368</u>	<u>43,910</u>
Bearer biological assets	<u>\$ 251,827</u>	<u>273,554</u>	<u>350,125</u>

## (ii) Movements in biological assets:

	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Beginning balance	\$ 366,922	528,446
Increase due to purchase	2,732	26,089
Input costs	518,786	385,235
Depreciation expenses	(49,626)	(46,959)
Decrease due to sales and disposals	(407,462)	(522,942)
Changes in fair value less costs to sell due to price changes	(25,813)	13,097
Effect of changes in foreign exchange rates	(12,918)	11,069
Ending balance	<u>\$ 392,621</u>	<u>394,035</u>
Current	\$ 140,794	43,910
Non-current	<u>251,827</u>	<u>350,125</u>
	<u>\$ 392,621</u>	<u>394,035</u>

For the three months and six months ended June 30, 2023 and 2022, the gains and losses of \$(11,293) thousand, \$54,263 thousand, \$(25,813) thousand and \$13,097 thousand, respectively, were recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Farrows, hogs and breeders	<u>62,125</u>	<u>49,624</u>	<u>32,120</u>

Unit: head

(Continued)

**WIN Semiconductors Corp. and Subsidiaries**  
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## (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, 2022.

(v) As of June 30, 2023, December 31 and June 30, 2022, the biological assets were not pledged.

## (g) Investments accounted for using equity method

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Associates	<u>\$ 10,724,944</u>	<u>10,873,014</u>	<u>10,252,974</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</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)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	23.79 %	23.79 %	20.80 %

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
ITEQ	<u>\$ 5,966,179</u>	<u>6,268,373</u>	<u>5,718,312</u>

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

(Continued)

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

- 1) The consolidated financial information of Jiangsu CM/Chainwin:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 200,026	271,588	196,604
Non-current assets	1,108,160	1,230,657	1,300,438
Current liabilities	(57,383)	(72,676)	(123,064)
Non-current liabilities	(27,197)	(30,026)	(28,915)
Net assets	<u>\$ 1,223,606</u>	<u>1,399,543</u>	<u>1,345,063</u>
	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>
Operating revenue	<u>\$ 66,063</u>	<u>158,303</u>	<u>295,439</u>
Profit (losses)	\$ (72,095)	6,373	(140,795)
Other comprehensive income	-	-	-
Total comprehensive income (loss)	<u>\$ (72,095)</u>	<u>6,373</u>	<u>(140,795)</u>
			<b>For the six months ended June 30, 2023</b>
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the beginning		\$ 684,221	673,302
Losses attributable to the Group		(68,990)	(30,570)
Exchange differences on translation of foreign financial statements attributable to the Group		(25,603)	(29,606)
Shares of net assets of Jiangsu CM/Chainwin at the end		589,628	613,126
Add: Effect of changes in foreign exchange rates		8,363	44,450
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the end		<u>\$ 597,991</u>	<u>657,576</u>

- 2) The consolidated financial information of ITEQ:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 19,030,537	21,468,941	23,026,598
Non-current assets	11,875,007	11,914,668	11,016,815
Current liabilities	(8,837,509)	(10,883,035)	(12,414,231)
Non-current liabilities	(3,351,589)	(2,389,588)	(677,901)
Net assets	<u>\$ 18,716,446</u>	<u>20,110,986</u>	<u>20,951,281</u>

(Continued)

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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Operating revenue	\$ <u>5,430,318</u>	<u>7,645,655</u>	<u>11,689,973</u>	<u>15,914,713</u>
Profit	\$ 41,588	434,702	115,571	1,243,815
Other comprehensive income	<u>(528,270)</u>	<u>(271,018)</u>	<u>(428,279)</u>	<u>299,635</u>
Total comprehensive income (loss)	<u>\$ (486,682)</u>	<u>163,684</u>	<u>(312,708)</u>	<u>1,543,450</u>
			<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Carrying amount of equity of ITEQ attributable to the Group at the beginning			\$ 10,143,903	9,678,934
Profit attributable to the Group			35,443	233,075
Comprehensive income (loss) attributable to the Group			(103,284)	(29,351)
Dividend receivables attributable to the Group			-	(398,211)
Changes in retained earnings of associates			-	392
Changes in capital surplus of associates			<u>1,711</u>	<u>2,283</u>
Carrying amount of equity of ITEQ attributable to the Group at the end			10,077,773	9,487,122
Less: Goodwill			<u>(5,359,849)</u>	<u>(5,245,224)</u>
Shares of net assets of ITEQ at the end			<u>\$ 4,717,924</u>	<u>4,241,898</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:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Total equity of the individually insignificant investments in associates	\$ <u>49,180</u>	<u>44,890</u>	<u>108,276</u>

(Continued)

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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Attributable to the Group:				
Profit (losses)	\$ (9,634)	50,849	3,668	50,567
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	<u>\$ (9,634)</u>	<u>50,849</u>	<u>3,668</u>	<u>50,567</u>

(ii) Pledge to secure

As of June 30, 2023, December 31 and June 30, 2022, the investments accounted for using equity method were not pledged.

(iii) 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 23.79% 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 76.21% 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.

(h) Material non-controlling interests of subsidiaries

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

<b>Subsidiaries</b>	<b>Registration</b>	<b>Percentage of non-controlling interests</b>		
		<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Chainwin Cayman	Cayman Islands	18.77 %	18.77 %	18.77 %

(Continued)



**WIN Semiconductors Corp. and Subsidiaries**  
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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. Intergroup transactions were not eliminated in this information.

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 3,346,875	3,110,612	3,288,731
Non-current assets	13,131,846	13,667,133	13,260,369
Current liabilities	(317,413)	(381,345)	(286,043)
Non-current liabilities	<u>(8,436,397)</u>	<u>(7,273,176)</u>	<u>(6,200,742)</u>
Net assets	<u>\$ 7,724,911</u>	<u>9,123,224</u>	<u>10,062,315</u>
Non-controlling interests	<u>\$ 1,450,245</u>	<u>1,712,759</u>	<u>1,889,061</u>
	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>
Operating revenue	<u>\$ 153,469</u>	<u>148,984</u>	<u>263,907</u>
Losses	\$ (912,645)	(490,875)	(1,264,201)
Other comprehensive income	<u>(189,983)</u>	<u>(88,514)</u>	<u>(134,112)</u>
Total comprehensive income (loss)	<u>\$ (1,102,628)</u>	<u>(579,389)</u>	<u>(1,398,313)</u>
Losses attributable to non- controlling interests	<u>\$ (171,336)</u>	<u>(92,155)</u>	<u>(237,336)</u>
Comprehensive income (loss), attributable to non-controlling interests	<u>\$ (207,003)</u>	<u>(108,772)</u>	<u>(262,514)</u>
			<b>For the six months ended June 30, 2023</b>
Net cash flows used in operating activities			\$ (637,359)
Net cash flows used in investing activities			(267,904)
Net cash flows from (used in) financing activities			803,662
Effect of changes in foreign exchange rate			<u>313,663</u>
Increase (decrease) in cash and cash equivalents			<u>\$ 212,062</u>
			<b>For the six months ended June 30, 2022</b>
			(576,651)
			(962,240)
			(241,063)
			<u>164,064</u>
			<u>(1,615,890)</u>

(Continued)

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

(i) Property, plant and equipment

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

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress and inspection-awaited devices	Total
Cost:							
Balance as of January 1, 2023	\$ 2,546,534	9,478,472	17,648,311	6,689,192	668,701	9,406,592	46,437,802
Additions	-	2,885	184,150	317,418	21,497	418,778	944,728
Reclassification (Note 1)	-	1,563,178	2,155,590	1,060,619	15,245	(3,352,493)	1,442,139
Disposals	-	(18,195)	(1,680,772)	(543,349)	(135,760)	-	(2,378,076)
Effect of changes in foreign exchange rates	-	(232,277)	(13,015)	(24,958)	(3,456)	(74,328)	(348,034)
Balance as of June 30, 2023	<u>\$ 2,546,534</u>	<u>10,794,063</u>	<u>18,294,264</u>	<u>7,498,922</u>	<u>566,227</u>	<u>6,398,549</u>	<u>46,098,559</u>
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	-	335	325,459	152,428	83,415	2,523,014	3,084,651
Reclassification (Note 2)	-	(32,022)	1,465,429	13,265	45,172	521,918	2,013,762
Disposals	-	(703)	(1,784,114)	(126,081)	(30,094)	-	(1,940,992)
Effect of changes in foreign exchange rates	-	58,569	226	1,159	1,732	181,122	242,808
Balance as of June 30, 2022	<u>\$ 2,546,534</u>	<u>5,435,630</u>	<u>20,279,516</u>	<u>6,446,816</u>	<u>665,686</u>	<u>12,628,300</u>	<u>48,002,482</u>
Accumulated depreciation:							
Balance as of January 1, 2023	\$ -	1,193,693	10,327,673	3,073,301	297,129	-	14,891,796
Depreciation	-	255,241	1,483,183	325,171	79,983	-	2,143,578
Disposals	-	(18,195)	(1,680,031)	(543,348)	(113,467)	-	(2,355,041)
Effect of changes in foreign exchange rates	-	(9,327)	(414)	(2,273)	(1,577)	-	(13,591)
Balance as of June 30, 2023	<u>\$ -</u>	<u>1,421,412</u>	<u>10,130,411</u>	<u>2,852,851</u>	<u>262,068</u>	<u>-</u>	<u>14,666,742</u>
Balance as of January 1, 2022	\$ -	1,045,218	12,327,474	3,213,613	231,951	-	16,818,256
Depreciation	-	131,944	1,494,149	290,630	81,516	-	1,998,239
Disposals	-	(677)	(1,783,908)	(126,081)	(30,094)	-	(1,940,760)
Effect of changes in foreign exchange rates	-	779	115	518	679	-	2,091
Balance as of June 30, 2022	<u>\$ -</u>	<u>1,177,264</u>	<u>12,037,830</u>	<u>3,378,680</u>	<u>284,052</u>	<u>-</u>	<u>16,877,826</u>
Carrying amount:							
Balance as of January 1, 2023	<u>\$ 2,546,534</u>	<u>8,284,779</u>	<u>7,320,638</u>	<u>3,615,891</u>	<u>371,572</u>	<u>9,406,592</u>	<u>31,546,006</u>
Balance as of June 30, 2023	<u>\$ 2,546,534</u>	<u>9,372,651</u>	<u>8,163,853</u>	<u>4,646,071</u>	<u>304,159</u>	<u>6,398,549</u>	<u>31,431,817</u>
Balance as of January 1, 2022	<u>\$ 2,546,534</u>	<u>4,364,233</u>	<u>7,945,042</u>	<u>3,192,432</u>	<u>333,510</u>	<u>9,402,246</u>	<u>27,783,997</u>
Balance as of June 30, 2022	<u>\$ 2,546,534</u>	<u>4,258,366</u>	<u>8,241,686</u>	<u>3,068,136</u>	<u>381,634</u>	<u>12,628,300</u>	<u>31,124,656</u>

Note 1: Inventories and prepayments for business facilities were reclassified as property, plant and equipment. Beside, property, plant and equipment were transferred to other expenses and adjusted by using the construction refund.

Note 2: Inventories, prepayments for business facilities, capitalized right-of-use depreciation expenses and other current assets were reclassified as property, plant and equipment. Beside, property, plant and equipment were adjusted by using the construction refund.

(i) Pledge to secure

As of June 30, 2023, December 31 and June 30, 2022, the property, plant and equipment was subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

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

(ii) Property, plant and equipment under construction

The Group rented some pieces of land and entered into different agreements for the construction of its new factories on the said lands. For the six months ended June 30, 2023, the Group has constructed factories amounting to \$404,032 thousand, and has recognized as construction in progress. As of June 30, 2023, the total amount of the construction was \$4,907,863 thousand, and was recognized as construction in progress.

(iii) For the three months and six months ended June 30, 2023 and 2022, capitalized interest expenses amounted to \$43,937 thousand, \$27,881 thousand, \$94,891 thousand and \$42,847 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.33%~6.00%, 0.76%~1.56%, 1.14%~6.00% and 0.57%~1.56%, 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, 2023	\$ 881,493	474,148	21,021	1,376,662
Additions	96	5,183	2,989	8,268
Disposals	(13,540)	(20,286)	(4,012)	(37,838)
Effect of change in foreign exchange rates	(11,067)	(1,233)	(123)	(12,423)
Balance as of June 30, 2023	<u>\$ 856,982</u>	<u>457,812</u>	<u>19,875</u>	<u>1,334,669</u>
Balance as of January 1, 2022	\$ 986,869	482,647	20,853	1,490,369
Additions	51,002	82,924	478	134,404
Disposals	(137,947)	(87,963)	(763)	(226,673)
Effect of change in foreign exchange rates	10,060	1,466	77	11,603
Balance as of June 30, 2022	<u>\$ 909,984</u>	<u>479,074</u>	<u>20,645</u>	<u>1,409,703</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 133,545	132,395	10,993	276,933
Depreciation	28,094	21,936	2,952	52,982
Disposals	(8,650)	(20,286)	(4,012)	(32,948)
Effect of change in foreign exchange rates	(2,289)	(255)	(28)	(2,572)
Balance as of June 30, 2023	<u>\$ 150,700</u>	<u>133,790</u>	<u>9,905</u>	<u>294,395</u>
Balance as of January 1, 2022	\$ 108,020	120,945	5,788	234,753
Depreciation (Note)	28,150	29,851	3,087	61,088
Disposals	(29,377)	(40,922)	(763)	(71,062)
Effect of change in foreign exchange rates	1,247	158	7	1,412
Balance as of June 30, 2022	<u>\$ 108,040</u>	<u>110,032</u>	<u>8,119</u>	<u>226,191</u>

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**WIN Semiconductors Corp. and Subsidiaries**  
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	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:				
Balance as of January 1, 2023	\$ 747,948	341,753	10,028	1,099,729
Balance as of June 30, 2023	\$ 706,282	324,022	9,970	1,040,274
Balance as of January 1, 2022	\$ 878,849	361,702	15,065	1,255,616
Balance as of June 30, 2022	\$ 801,944	369,042	12,526	1,183,512

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

(k) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Carrying amount:			
Balance as of January 1, 2023	\$ 963,127	85,505	1,048,632
Balance as of June 30, 2023	\$ 963,127	82,846	1,045,973
Balance as of January 1, 2022	\$ 963,127	90,821	1,053,948
Balance as of June 30, 2022	\$ 963,127	88,163	1,051,290
Fair value:			
Balance as of January 1, 2023			\$ 1,166,818
Balance as of June 30, 2023			\$ 1,165,488
Balance as of June 30, 2022			\$ 1,173,246

There was no significant additions, disposals, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2023 and 2022. As of June 30, 2023, amortization of investment property was disclosed in Note 12(a). Other information was disclosed in Note 6(m) of the consolidated financial statements for the year ended December 31, 2022.

When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value. As of June 30, 2023, December 31 and June 30, 2022, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

<u>Location</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Hsinchu	0.25%	0.44%	0.44%

(Continued)

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

As of June 30, 2023, December 31 and June 30, 2022, the investment properties were not pledged.

(l) Intangible assets

	<u>Technical know-how</u>	<u>Computer software and information systems</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Carrying amount:					
Balance as of January 1, 2023	\$ 35,792	201,522	324,962	29	562,305
Balance as of June 30, 2023	\$ 32,879	194,513	326,744	15	554,151
Balance as of January 1, 2022	\$ 44,318	284,449	312,405	713	641,885
Balance as of June 30, 2022	\$ 39,445	242,463	320,859	65	602,832

There was no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. As of June 30, 2023, 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, 2022.

As of June 30, 2023, December 31 and June 30, 2022, the intangible assets were not pledged.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Tax refund receivables	\$ 74,623	41,268	134,459
Other receivables	22,007	56,976	56,837
Prepayments to suppliers	800	142	38
Prepaid expenses	70,108	128,128	74,933
Offset against business tax payable	43,208	43,857	42,718
Restricted assets	365,018	269,261	276,103
Refundable deposits	148,344	148,689	151,674
Long-term prepayments to suppliers	75,239	55,424	36,074
Others	20,970	24,830	30,724
	<u>\$ 820,317</u>	<u>768,575</u>	<u>803,560</u>

(Continued)

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

## (n) Short-term borrowings

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Secured short-term borrowings (in RMB)	\$ <u>20,908</u>	<u>-</u>	<u>11,424</u>
Unsecured short-term borrowings	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused bank credit lines for short-term borrowings	\$ <u>1,656,192</u>	<u>1,205,517</u>	<u>1,587,526</u>
Unused bank credit lines for short-term and long-term borrowings	\$ <u>3,897,000</u>	<u>3,308,682</u>	<u>4,195,079</u>
Annual interest rate	<u>3.70%</u>	<u>-</u>	<u>3.75%</u>

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

## (o) Long-term borrowings

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Secured long-term syndicated borrowings (in USD)	\$ 8,175,245	6,984,198	5,865,253
Unsecured long-term borrowings (in TWD)	10,707,940	10,617,247	7,295,747
Less: Current portion	<u>(3,517,680)</u>	<u>(1,731,147)</u>	<u>(247,307)</u>
Total	\$ <u>15,365,505</u>	<u>15,870,298</u>	<u>12,913,693</u>
Unused bank credit lines for long-term borrowings	\$ <u>12,369,400</u>	<u>13,358,568</u>	<u>16,267,368</u>
Annual interest rate	<u>1.00%~5.67%</u>	<u>0.75%~4.62%</u>	<u>0.50%~1.56%</u>
Expiry date	<u>2024/05/17~2029/01/20</u>	<u>2024/05/17~2029/01/20</u>	<u>2024/05/17~2029/01/20</u>

As of June 30, 2023, the remaining balances of the borrowing due were as follows:

<u>Redemption period</u>	<u>Amount</u>
July 1, 2023~June 30, 2024	\$ 3,517,680
July 1, 2024~June 30, 2025	13,197,005
July 1, 2025~June 30, 2026	1,438,000
July 1, 2026~June 30, 2027	243,500
July 1, 2027 and after	<u>487,000</u>
	<u>\$ 18,883,185</u>

(Continued)

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

- (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.
- (iii) 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 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.

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.

Although the Group breached the above restriction of the current ratio in the second quarter of 2023, the Group was able to obtain a waiver letter in June 2023 after negotiating with the banks. Hence, the Group need not have to repay the loans immediately.

For the year ended December 31, 2022 and for the six months ended June 30, 2022, the Group were in compliance with the above financial covenants and restrictions.

(p) Bonds payable

The details of bonds payable were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Overseas convertible bonds issuance balance	\$ 6,419,530	11,092,858	13,992,000
Less: Unamortized discounted bonds payable	(205,264)	(423,303)	(619,922)
Current portion	<u>(6,214,266)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>10,669,555</u>	<u>13,372,078</u>

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

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%	382,977
Repurchases of bonds payable	<u>(7,291,982)</u>
Liability components at June 30, 2023	<u><u>\$ 6,214,266</u></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.

The conversion price was 140% of the closing price of the Company's common shares on the Taipei Exchange on the pricing date, which was NT\$497. The number of common shares to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT\$27.984 to US\$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of June 30, 2023, the conversion price was adjusted to NT\$464.04 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%.

For the six months ended June 30, 2023, the Company has repurchased the first issued unsecured overseas convertible bonds in 2020 at the principle amount of US\$167,000 thousand, and consequently, derecognized the related derivative financial liabilities. The difference between the repurchased amount and the carrying amount was recognized under other gains and losses. There was no such transaction for the six months ended June 30, 2022.

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

(q) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current	<u>\$ 110,177</u>	<u>103,570</u>	<u>108,514</u>
Non-current	<u>\$ 873,888</u>	<u>924,832</u>	<u>987,791</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Interest expenses on lease liabilities	<u>\$ 5,749</u>	<u>6,703</u>	<u>11,731</u>	<u>13,665</u>
Expenses relating to short-term leases	<u>\$ 1,137</u>	<u>1,934</u>	<u>2,231</u>	<u>3,564</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 399</u>	<u>366</u>	<u>794</u>	<u>762</u>

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

	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Total cash outflow for leases	<u>\$ 54,380</u>	<u>81,197</u>

(i) Land, buildings and structures leases

The Group leases land, buildings and structures for its plants, parking lots and staff dormitories. The leases of them typically run for a period of 2 to 50 years.

(ii) Other leases

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

(Continued)

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

(r) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2023 and 2022. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2022 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, 2022 and 2021.

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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Operating costs	\$ -	-	-	-
Operating expenses	<u>591</u>	<u>450</u>	<u>1,182</u>	<u>900</u>
	<b><u>\$ 591</u></b>	<b><u>450</u></b>	<b><u>1,182</u></b>	<b><u>900</u></b>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Operating costs	\$ 23,547	26,068	47,473	52,673
Operating expenses	<u>7,736</u>	<u>7,226</u>	<u>15,577</u>	<u>14,395</u>
	<b><u>\$ 31,283</u></b>	<b><u>33,294</u></b>	<b><u>63,050</u></b>	<b><u>67,068</u></b>

(iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the three months and six months ended June 30, 2023 and 2022, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$4,406 thousand, \$4,704 thousand, \$9,126 thousand and \$9,387 thousand, respectively.

(Continued)

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

## (t) Income tax

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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Income tax expense (benefit)	\$ <u>(85,534)</u>	<u>124,505</u>	<u>(162,532)</u>	<u>329,209</u>

(ii) There was no income tax expense recognized in other comprehensive income for the six months ended June 30, 2023 and 2022.

(iii) Assessment

The Company's corporate income tax returns for all the years through 2020 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 six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(i) Capital surplus

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Additional paid-in capital	\$ 9,234,813	9,234,813	9,234,813
Equity component of convertible bonds	639,583	639,583	639,583
Changes in ownership interests in subsidiaries	85,565	85,565	85,565
Changes in equity of associates accounted for using equity method	2,593	882	2,793
Employee stock options	<u>3,245</u>	<u>3,245</u>	<u>7,437</u>
	<u>\$ 9,965,799</u>	<u>9,964,088</u>	<u>9,970,191</u>

(ii) Retained earnings

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

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

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

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

The appropriations of earning for 2022 and 2021 had been approved in the meeting of Board of Directors held on March 9, 2023 and March 18, 2022, respectively. The appropriations and dividends were as follows:

	<b>2022</b>	<b>2021</b>
Cash dividends	<b>\$ 1,059,851</b>	<b>3,391,811</b>

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

(iii) Other equity interests, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</b>
Balance as of January 1, 2023	\$ 61,004	712,629
Foreign currency differences (net of tax):		
The Group	(76,071)	-
Associates	(124,329)	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):		
The Group	-	905,476
Associates	-	198
Balance as of June 30, 2023	<b>\$ (139,396)</b>	<b>1,618,303</b>

(Continued)

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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</b>	<b>Other unearned compensation for restricted shares of employees</b>
Balance as of January 1, 2022	\$ (269,409)	1,044,071	(6,597)
Foreign currency differences (net of tax):			
The Group	299,302	-	-
Associates	(54,078)	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
The Group	-	(396,188)	-
Associates	-	437	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(18,830)	-
Forfeiture of unvested restricted shares of employee Compensation cost arising from restricted shares of employees	-	-	6,558
	-	-	39
Balance as of June 30, 2022	<u>\$ (24,185)</u>	<u>629,490</u>	<u>-</u>

(iv) Treasury shares

On May 13, 2022, the Company took back unvested restricted employee share of stock amounting to 36 thousand shares, which should be cancelled in accordance with the regulations. As of June 30, 2022, there were 36 thousand shares amounting to \$360 thousand, which had not been cancelled and were recognized under treasury shares. As of June 30, 2023, there was no such transaction.

(v) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(i) The Company issued restricted shares of stock (RSA) for employees

On May 13, 2022, the Company took back unvested restricted employee share of stock amounting to 36 thousand shares. As of June 30, 2022, there were 0 thousand shares outstanding.

For the three months and six months ended June 30, 2022 the Company recognized the compensation cost of \$(4,359) thousand and \$39 thousand for the aforementioned RSA, respectively. For the six months ended June 30, 2023, there was no compensation cost arising from share-based payment.

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**WIN Semiconductors Corp. and Subsidiaries**  
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(ii) The employee stock option (ESOPs) of subsidiary (PBL)

For the three months and the six months ended June 30, 2023 and 2022, PBL recognized the compensation cost of \$2,172 thousand, \$5,574 thousand, \$7,686 thousand and \$5,574 thousand for the aforementioned ESOPs, respectively.

(w) Earnings per share (“EPS”)

	<u>For the three months ended June 30, 2023</u>	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Basic earnings per share:				
Profit (loss) belonging to common shareholders	\$ <u>(96,923)</u>	<u>644,030</u>	<u>(498,734)</u>	<u>1,526,251</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	<u>423,940</u>	<u>423,834</u>	<u>423,940</u>	<u>423,774</u>
Basic earnings per share (in dollars)	\$ <u>(0.23)</u>	<u>1.52</u>	<u>(1.18)</u>	<u>3.60</u>
Diluted earnings per share:				
Profit (loss) belonging to common shareholders	\$ (96,923)	644,030	(498,734)	1,526,251
Interest expense and other gains and losses on convertible bonds, net of tax	<u>(19,482)</u>	<u>-</u>	<u>(126,483)</u>	<u>-</u>
Profit (loss) belonging to common shareholders (diluted)	\$ <u>(116,405)</u>	<u>644,030</u>	<u>(625,217)</u>	<u>1,526,251</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	423,940	423,834	423,940	423,774
Effect of potentially dilutive common stock				
Employee remuneration (in thousands shares)	-	654	-	1,288
Restricted employee shares (in thousands shares)	-	107	-	166
Effect of conversion of convertible bonds (in thousands shares)	<u>18,480</u>	<u>-</u>	<u>21,177</u>	<u>-</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>442,420</u>	<u>424,595</u>	<u>445,117</u>	<u>425,228</u>
Diluted earnings per share (in dollars)	\$ <u>(0.26)</u>	<u>1.52</u>	<u>(1.40)</u>	<u>3.59</u>

For the three months and six months ended June 30, 2023, the employee compensation had anti-diluted effects and hence the employee compensation was not included in the calculation of effect on potentially diluted common stock. Furthermore, for the three months and six months ended June 30, 2022, the convertible bonds had 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

<b>For the three months ended June 30, 2023</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others (Note)</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 2,770,398	152,105	79,771	3,002,274
Americas	590,197	-	10,633	600,830
Taiwan	150,863	1,364	15,109	167,336
Europe	183,088	-	(9,634)	173,454
	<b>\$ 3,694,546</b>	<b>153,469</b>	<b>95,879</b>	<b>3,943,894</b>
Main product/ services lines:				
Foundry	\$ 3,689,810	-	-	3,689,810
Others	4,736	153,469	95,879	254,084
	<b>\$ 3,694,546</b>	<b>153,469</b>	<b>95,879</b>	<b>3,943,894</b>
<b>For the three months ended June 30, 2022</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others (Note)</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 2,472,008	148,979	958	2,621,945
Americas	2,195,113	-	9,111	2,204,224
Taiwan	261,581	5	40,453	302,039
Europe	118,268	-	50,849	169,117
	<b>\$ 5,046,970</b>	<b>148,984</b>	<b>101,371</b>	<b>5,297,325</b>
Main product/ services lines:				
Foundry	\$ 5,046,970	-	-	5,046,970
Others	-	148,984	101,371	250,355
	<b>\$ 5,046,970</b>	<b>148,984</b>	<b>101,371</b>	<b>5,297,325</b>

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**WIN Semiconductors Corp. and Subsidiaries**  
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<b>For the six months ended June 30, 2023</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others (Note)</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 4,363,352	261,752	264,710	4,889,814
Americas	1,233,260	-	21,176	1,254,436
Taiwan	271,755	2,155	38,540	312,450
Europe	343,084	-	3,668	346,752
	<b>\$ 6,211,451</b>	<b>263,907</b>	<b>328,094</b>	<b>6,803,452</b>
Main product/ services lines:				
Foundry	\$ 6,205,939	-	-	6,205,939
Others	5,512	263,907	328,094	597,513
	<b>\$ 6,211,451</b>	<b>263,907</b>	<b>328,094</b>	<b>6,803,452</b>
<b>For the six months ended June 30, 2022</b>				
	<b>Segment- Foundry</b>	<b>Segment- Agriculture technology</b>	<b>Segment- Others (Note)</b>	<b>Total</b>
Primary geographical markets:				
Asia	\$ 5,986,282	196,552	6,380	6,189,214
Americas	3,698,225	-	17,857	3,716,082
Taiwan	513,671	21	77,492	591,184
Europe	347,271	-	50,567	397,838
	<b>\$ 10,545,449</b>	<b>196,573</b>	<b>152,296</b>	<b>10,894,318</b>
Main product/ services lines:				
Foundry	\$ 10,545,449	-	-	10,545,449
Others	-	196,573	152,296	348,869
	<b>\$ 10,545,449</b>	<b>196,573</b>	<b>152,296</b>	<b>10,894,318</b>

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

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

## (ii) Balance of contracts

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes receivable	\$ 728	1,310	1,017
Accounts receivable	971,439	916,315	1,825,440
Less: loss allowance	<u>(759)</u>	<u>(985)</u>	<u>(805)</u>
	<b><u>\$ 971,408</u></b>	<b><u>916,640</u></b>	<b><u>1,825,652</u></b>
Contract liabilities	<b><u>\$ 351,367</u></b>	<b><u>235,309</u></b>	<b><u>271,016</u></b>

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

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the six months ended June 30, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the period was \$172,889 thousand and \$295,906 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% 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:

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Employees' remuneration	\$ -	49,000	-	126,000
Directors' remuneration	<u>-</u>	<u>13,600</u>	<u>-</u>	<u>36,000</u>
	<b><u>\$ -</u></b>	<b><u>62,600</u></b>	<b><u>-</u></b>	<b><u>162,000</u></b>

(Continued)

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

The amount of employees' remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration and accumulated losses, and then multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of for the three months and six months ended June 30, 2023 and 2022. 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 \$149,000 thousand and \$447,000 thousand, and directors' remuneration amounting to \$38,000 thousand and \$129,000 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

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Interest income from bank deposits	\$ 73,365	15,944	127,276	21,341
Other interest income	<u>17</u>	<u>6</u>	<u>50</u>	<u>23</u>
Interest income	<b><u>\$ 73,382</u></b>	<b><u>15,950</u></b>	<b><u>127,326</u></b>	<b><u>21,364</u></b>

(ii) Other income

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Dividend income	\$ 9,416	80,305	16,166	152,616
Rent income	<u>10,492</u>	<u>9,272</u>	<u>21,004</u>	<u>18,535</u>
Other income	<b><u>\$ 19,908</u></b>	<b><u>89,577</u></b>	<b><u>37,170</u></b>	<b><u>171,151</u></b>

(Continued)

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

## (iii) Other gains and losses

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Gains (losses) on disposals of property, plant and equipment	\$ -	7,203	(22,826)	7,061
Foreign exchange gains (losses)	(649,580)	100,032	(656,027)	438,951
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(7,885)	(300,401)	147,900	(579,441)
Gains on repurchases of bonds payable	540,019	-	555,335	-
Gains (losses) on lease modification	42	(2,273)	42	(23,994)
Others	<u>21,690</u>	<u>(6,690)</u>	<u>2,307</u>	<u>(38,104)</u>
Other gains and losses	<u>\$ (95,714)</u>	<u>(202,129)</u>	<u>26,731</u>	<u>(195,527)</u>

## (iv) Finance costs

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Interest expenses				
Bank borrowings	\$ 185,167	59,706	334,380	105,478
Bonds payable	24,244	42,788	58,422	85,439
Lease liabilities	5,749	6,703	11,731	13,711
Less: capitalized interest	<u>(43,937)</u>	<u>(27,881)</u>	<u>(94,891)</u>	<u>(42,847)</u>
Subtotal of interest expenses	171,223	81,316	309,642	161,781
Other finance costs	<u>162</u>	<u>36</u>	<u>323</u>	<u>72</u>
Finance costs	<u>\$ 171,385</u>	<u>81,352</u>	<u>309,965</u>	<u>161,853</u>

(Continued)

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

(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, 2022.

(i) Credit risk

1) Receivables and debt securities

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

Other financial assets measured at amortized cost include other receivables. For related information of investment and impairment, please refer 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>
<b>As of June 30, 2023</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 8,196,153	9,133,906	489,267	8,644,639	-	-
Unsecured bank loans	10,707,940	10,936,152	3,642,872	5,093,737	1,955,020	244,523
Bonds payable	6,214,266	6,229,335	6,229,335	-	-	-
Accounts payable	945,618	945,618	945,618	-	-	-
Other payables	2,993,348	2,993,348	2,993,348	-	-	-
Guarantee deposits received	119,046	119,046	718	8,328	-	110,000
Lease liabilities	<u>984,065</u>	<u>1,174,462</u>	<u>121,305</u>	<u>104,662</u>	<u>260,203</u>	<u>688,292</u>
	<b><u>\$ 30,160,436</u></b>	<b><u>31,531,867</u></b>	<b><u>14,422,463</u></b>	<b><u>13,851,366</u></b>	<b><u>2,215,223</u></b>	<b><u>1,042,815</u></b>
<b>As of December 31, 2022</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 6,984,198	8,183,035	326,332	326,331	7,530,372	-
Unsecured bank loans	10,617,247	10,874,528	1,855,307	3,705,258	5,030,702	283,261
Bonds payable	10,669,555	10,764,204	-	10,764,204	-	-
Notes and accounts payable	1,016,716	1,016,716	1,016,716	-	-	-
Other payables	2,362,432	2,362,432	2,362,432	-	-	-
Guarantee deposits received	119,299	119,299	610	8,689	-	110,000
Lease liabilities	<u>1,028,402</u>	<u>1,233,131</u>	<u>114,743</u>	<u>107,306</u>	<u>284,170</u>	<u>726,912</u>
	<b><u>\$ 32,797,849</u></b>	<b><u>34,553,345</u></b>	<b><u>5,676,140</u></b>	<b><u>14,911,788</u></b>	<b><u>12,845,244</u></b>	<b><u>1,120,173</u></b>

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

	<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>
<b>As of June 30, 2022</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 5,876,677	6,219,144	104,455	92,822	6,021,867	-
Unsecured bank loans	7,295,747	7,442,299	311,555	3,316,034	3,436,644	378,066
Bonds payable	13,372,078	13,577,452	-	13,577,452	-	-
Notes and accounts payable	1,412,959	1,412,959	1,412,959	-	-	-
Other payables	6,541,601	6,541,601	6,541,601	-	-	-
Guarantee deposits received	119,249	119,249	169	119,080	-	-
Lease liabilities	<u>1,096,305</u>	<u>1,342,882</u>	<u>120,235</u>	<u>112,773</u>	<u>290,255</u>	<u>819,619</u>
	<b><u>\$ 35,714,616</u></b>	<b><u>36,655,586</u></b>	<b><u>8,490,974</u></b>	<b><u>17,218,161</u></b>	<b><u>9,748,766</u></b>	<b><u>1,197,685</u></b>

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

(iii) Currency risk

1) Exposure to currency risk

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

	<u>June 30, 2023</u>			<u>December 31, 2022</u>			<u>June 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 152,874	31.14	4,760,510	279,147	30.71	8,572,598	319,715	29.72	9,501,926
EUR	222	33.81	7,511	607	32.72	19,877	228	31.05	7,079
JPY	216,510	0.2150	46,550	727,741	0.2324	169,127	1,319,099	0.2182	287,827
GBP	11	39.38	437	11	37.09	409	11	36.07	398
HKD	58	3.974	232	59	3.938	232	59	3.788	224
RMB	66	4.28	281	323	4.41	1,423	3	4.44	15
SGD	1	22.96	20	1	22.88	20	1	21.37	18
			<b><u>\$ 4,815,541</u></b>			<b><u>\$ 8,763,686</u></b>			<b><u>\$ 9,797,487</u></b>
<u>Non-monetary items</u>									
USD	\$ 18,921	31.14	589,201	18,332	30.71	562,980	25,083	29.72	745,508
RMB	271,717	4.28	1,161,436	221,729	4.41	975,781	240,236	4.44	1,065,168
			<b><u>\$ 1,750,637</u></b>			<b><u>\$ 1,538,761</u></b>			<b><u>\$ 1,810,676</u></b>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 232,222	31.14	7,231,408	206,821	30.71	6,351,478	213,296	29.72	6,339,146
EUR	319	33.81	10,779	226	32.72	7,395	722	31.05	22,412
JPY	367,986	0.2150	79,117	366,445	0.2324	85,162	966,698	0.2182	210,934
			<b><u>\$ 7,321,304</u></b>			<b><u>\$ 6,444,035</u></b>			<b><u>\$ 6,572,492</u></b>

(Continued)

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through profit or loss, notes and accounts payable, other payables, 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 six months ended June 30, 2023 and 2022 would have increased (decreased) the net profit (loss) after tax by \$76,662 thousand and \$158,793 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For six months ended June 30, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(656,027) thousand and \$438,951 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 (loss) after tax would have increased (decreased) by \$40,333 thousand and \$28,261 thousand for the six months ended June 30, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Fair value

1) Financial instrument classifications and fair values

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

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

		June 30, 2023			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Publicly traded stocks	\$ 570,548	570,548	-	-	570,548
Funds and investment	95,540	95,540	-	-	95,540
Private fund	1,474,176	-	-	1,474,176	1,474,176
Subtotal	<u>\$ 2,140,264</u>	<u>666,088</u>	<u>-</u>	<u>1,474,176</u>	<u>2,140,264</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 2,111,317	2,111,317	-	-	2,111,317
Non-public stocks	619,725	-	-	619,725	619,725
Subtotal	<u>\$ 2,731,042</u>	<u>2,111,317</u>	<u>-</u>	<u>619,725</u>	<u>2,731,042</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 7,053,757	-	-	-	-
Notes and accounts receivable (Note)	971,408	-	-	-	-
Other receivables (Note)	22,007	-	-	-	-
Other non-current assets (Note)	513,362	-	-	-	-
Subtotal	<u>\$ 8,560,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 217,622	-	217,622	-	217,622
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 18,904,093	-	-	-	-
Bonds payable (Note)	6,214,266	-	-	-	-
Accounts payable (Note)	945,618	-	-	-	-
Other payables (Note)	2,993,348	-	-	-	-
Guarantee deposits received (Note)	119,046	-	-	-	-
Lease liabilities (Note)	984,065	-	-	-	-
Subtotal	<u>\$ 30,160,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2022			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Publicly traded stocks	\$ 301,109	301,109	-	-	301,109
Funds and investment	111,296	111,296	-	-	111,296
Private fund	1,369,943	-	-	1,369,943	1,369,943
Subtotal	<u>\$ 1,782,348</u>	<u>412,405</u>	<u>-</u>	<u>1,369,943</u>	<u>1,782,348</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 1,361,612	1,361,612	-	-	1,361,612
Non-public stocks	480,320	-	-	480,320	480,320
Subtotal	<u>\$ 1,841,932</u>	<u>1,361,612</u>	<u>-</u>	<u>480,320</u>	<u>1,841,932</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 10,379,712	-	-	-	-
Notes and accounts receivable (Note)	916,640	-	-	-	-
Other receivables (Note)	56,976	-	-	-	-
Other non-current assets (Note)	417,950	-	-	-	-
Subtotal	<u>\$ 11,771,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 449,261	-	449,261	-	449,261

(Continued)

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

	December 31, 2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 17,601,445	-	-	-	-
Bonds payable (Note)	10,669,555	-	-	-	-
Notes and accounts payable (Note)	1,016,716	-	-	-	-
Other payables (Note)	2,362,432	-	-	-	-
Guarantee deposits received (Note)	119,299	-	-	-	-
Lease liabilities (Note)	1,028,402	-	-	-	-
Subtotal	<b>\$ 32,797,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
June 30, 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	\$ 418,602	418,602	-	-	418,602
Funds and investment	41,499	41,499	-	-	41,499
Private fund	1,617,992	-	-	1,617,992	1,617,992
Subtotal	<b>\$ 2,078,093</b>	<b>460,101</b>	<b>-</b>	<b>1,617,992</b>	<b>2,078,093</b>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 1,157,459	1,157,459	-	-	1,157,459
Non-public stocks	599,854	-	-	599,854	599,854
Subtotal	<b>\$ 1,757,313</b>	<b>1,157,459</b>	<b>-</b>	<b>599,854</b>	<b>1,757,313</b>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 12,959,648	-	-	-	-
Notes and accounts receivable (Note)	1,825,652	-	-	-	-
Other receivables (including related parties)(Note)	455,048	-	-	-	-
Other non-current assets (Note)	427,777	-	-	-	-
Subtotal	<b>\$ 15,668,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<b>\$ 892,690</b>	<b>-</b>	<b>892,690</b>	<b>-</b>	<b>892,690</b>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 13,172,424	-	-	-	-
Bonds payable (Note)	13,372,078	-	-	-	-
Notes and accounts payable (Note)	1,412,959	-	-	-	-
Other payables (Note)	6,541,601	-	-	-	-
Guarantee deposits received (Note)	119,249	-	-	-	-
Lease liabilities (Note)	1,096,305	-	-	-	-
Subtotal	<b>\$ 35,714,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

(Continued)



## WIN Semiconductors Corp. and Subsidiaries

### Notes to the Consolidated Financial Statements

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

- 3) Valuation techniques of financial instruments valued at fair value
- a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

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

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

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

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.
- Close-end funds with standard terms and conditions, such as money market funds; investors can require the investment trust company to redeem the fund at any time. The fair value is based on the net value of the fund.

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

### Notes to the Consolidated Financial Statements

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share and its sales revenue per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

4) Level transfers of financial instruments

In April 2022, Vanchip (Tianjin) Technology Co, Ltd., which the Group holds an investment in equity shares of, listed its equity shares on a stock exchange and they are currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the second quarter of 2022. For the six months ended June 30, 2023, there was no transfer of financial instrument.

5) Movement of level 3

	<b>Fair value through profit or loss</b>		<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>	<b>Private fund</b>	<b>Unquoted equity instruments</b>
Balance as of January 1, 2023	\$ -	1,369,943	480,320
Total gains or losses:			
Recognized in profit and loss	-	59,044	-
Recognized in other comprehensive income	-	-	156,255
Purchased	-	53,725	720
Capital reduction	-	(8,536)	(18,000)
Effect of changes in foreign exchange rates	-	-	430
Balance as of June 30, 2023	\$ -	1,474,176	619,725

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**WIN Semiconductors Corp. and Subsidiaries**  
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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, 2022	\$ 380,417	1,442,016
Total gains or losses:			
Recognized in profit and loss	4,927	130,314	-
Recognized in other comprehensive income	-	-	(45,117)
Purchased	-	52,423	-
Disposals	-	-	(19,744)
Capital reduction	-	(6,761)	(17,667)
Transfers out of level 3	(398,433)	-	-
Effect of changes in foreign exchange rates	13,089	-	2,040
Balance as of June 30, 2022	<u>\$ -</u>	<u>1,617,992</u>	<u>599,854</u>

The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of June 30, 2023 and 2022, the related information of the assets which were still held by the Group were as follows:

	<u>For the three months ended June 30, 2023</u>	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Total gains or losses				
Profit or loss (recognized as other gains and losses)	\$ 42,076	69,377	59,044	130,314
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(12,150)	(21,883)	156,255	(45,117)

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	• Comparable listed companies approach	<ul style="list-style-type: none"> <li>• Price-book ratio (as of June 30, 2023, December 31 and June 30, 2022 were 1.76~5.02, 1.58~4.05 and 1.66~4.70, respectively)</li> <li>• Market liquidity discount rate (as of June 30, 2023, December 31 and June 30, 2022 were all 20%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
	• Net asset value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	• Net asset value method	• Net asset value	• The higher the net assets value, the higher the fair value

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

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

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
<b>June 30, 2023</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	\$ 73,709	(73,709)	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Equity investments without an active market	Price-book ratio	5%	-	-	23,451	(23,451)
"	Market liquidity discount rate	5%	-	-	23,451	(23,451)
"	Net asset value	5%	-	-	7,535	(7,535)

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**WIN Semiconductors Corp. and Subsidiaries**  
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	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
<b>December 31, 2022</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	\$ 68,497	(68,497)	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Equity investments without an active market	Price-book ratio	5%	-	-	6,611	(6,611)
"	Market liquidity discount rate	5%	-	-	6,611	(6,611)
"	Net asset value	5%	-	-	17,406	(17,406)
<b>June 30, 2022</b>						
<b>Financial assets at fair value through profit or loss</b>						
Private fund	Net asset value	5%	80,900	(80,900)	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Equity investments without an active market	Price-book ratio	5%	-	-	10,191	(10,191)
"	Market liquidity discount rate	5%	-	-	10,191	(10,191)
"	Net asset value	5%	-	-	19,802	(19,802)

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

(ab) Management of financial risk

There was no significant change in the Group's objective and policies for the management of financial risk of the consolidated financial statements for the six months ended June 30, 2023 which compared with the consolidated financial statements Note 6(ad) for the year ended December 31, 2022.

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

(ac) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the six months ended June 30, 2023 was the same as the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to Note 6(ae) of the consolidated financial statements for the year ended December 31, 2022.

As of June 30, 2023, December 31 and June 30, 2022, the Group's return on common equity was (3.03)%, 5.28% and 9.00%, respectively. The Group's debt ratio at the reporting date was as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Debt ratio	<b>47.68 %</b>	<b>49.10 %</b>	<b>51.94 %</b>

(ad) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2023</b>	Cash flows			Non-cash changes			<b>June 30, 2023</b>
		<b>Proceeds from long-term debt</b>	<b>Repayments of long-term debt and lease liabilities</b>	<b>Others</b>	<b>Interest expense</b>	<b>Others</b>	<b>Amortization of arranger fee of syndicated loan</b>	
Short-term borrowings	\$ -	20,908	-	-	-	-	-	20,908
Long-term borrowings	17,601,445	1,977,764	(837,307)	-	-	121,943	19,340	18,883,185
Bonds payable	10,669,555	-	(3,958,376)	-	58,422	(555,335)	-	6,214,266
Guarantee deposit received	119,299	-	-	(253)	-	-	-	119,046
Lease liabilities	1,028,402	-	(44,127)	(7,228)	11,731	(4,713)	-	984,065
Total liabilities from financing activity	<b>\$ 29,418,701</b>	<b>1,998,672</b>	<b>(4,839,810)</b>	<b>(7,481)</b>	<b>70,153</b>	<b>(438,105)</b>	<b>19,340</b>	<b>26,221,470</b>

  

	<b>January 1, 2022</b>	Cash flows			Non-cash changes			<b>June 30, 2022</b>
		<b>Proceeds from long-term debt and bonds payable</b>	<b>Repayments of long-term debt and lease liabilities</b>	<b>Others</b>	<b>Interest expense</b>	<b>Others</b>	<b>Amortization of arranger fee of syndicated loan</b>	
Short-term borrowings	\$ -	11,424	-	-	-	-	-	11,424
Long-term borrowings	15,992,820	1,865,494	(5,123,113)	-	-	406,897	18,902	13,161,000
Bonds payable	13,286,639	-	-	-	85,439	-	-	13,372,078
Guarantee deposit received	130,398	-	-	(11,149)	-	-	-	119,249
Lease liabilities (Note)	1,157,209	-	(59,349)	(17,480)	13,711	2,214	-	1,096,305
Total liabilities from financing activity	<b>\$ 30,567,066</b>	<b>1,876,918</b>	<b>(5,182,462)</b>	<b>(28,629)</b>	<b>99,150</b>	<b>409,111</b>	<b>18,902</b>	<b>27,760,056</b>

Note: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$46 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)	Associates
Taoyuan i-Fare Charity Foundation	Other related parties

(b) Significant transactions with related parties

(i) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Category</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables-related parties	Associates-ITEQ	\$ -	-	398,211

(ii) Operating expenses

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

	<u>For the three months ended June 30, 2023</u>	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Other related parties	\$ 1,180	-	4,341	-

(iii) Guarantee

As of June 30, 2023, December 31, and June 30, 2022, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (\$228,879 thousand, \$225,719 thousand and \$218,442 thousand, respectively) to its associate, Jiangsu CM/Chainwin.

(iv) 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 \$7,716 thousand, \$7,376 thousand, \$15,433 thousand and \$14,752 thousand for the three months and six months ended June 30, 2023 and 2022. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of June 30, 2023, December 31, and June 30, 2022.

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

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<b>For the three months ended June 30, 2023</b>	<b>For the three months ended June 30, 2022</b>	<b>For the six months ended June 30, 2023</b>	<b>For the six months ended June 30, 2022</b>
Short-term employee benefits	\$ 34,395	83,463	76,355	191,853
Post-employment benefits	313	315	627	630
	<b><u>\$ 34,708</u></b>	<b><u>83,778</u></b>	<b><u>76,982</u></b>	<b><u>192,483</u></b>

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follows:

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Other non-current assets	Land, plant, and dormitory lease guarantee	\$ 23,556	36,301	35,890
Other non-current assets	Bank borrowings	225,437	120,658	185,231
Other non-current assets	Gas deposits	4,700	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,981	20,736	20,736
Other non-current assets	Seized funds and court security deposits	90,344	86,866	29,546
Property, plant and equipment	Bank borrowings	2,110,225	2,154,811	2,199,397
Total		<b><u>\$ 2,475,243</u></b>	<b><u>2,424,072</u></b>	<b><u>2,475,500</u></b>

**(9) Commitments and contingencies:**

(a) Contingencies: None.

(b) Commitment:

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
The unrecognized amount	<b><u>\$ 6,418,928</u></b>	<b><u>5,891,406</u></b>	<b><u>8,996,698</u></b>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
The unused letters of credit	<b><u>\$ -</u></b>	<b><u>5,967</u></b>	<b><u>7,153</u></b>

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

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

**(11) Subsequent events:**

The conversion price of the unsecured overseas convertible bonds from July 10, 2023 (the ex-dividend date) had been adjusted from 464.04 to 457.13 based on the offering plan announced by the Company.

**(12) Other:**

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

	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	521,021	245,612	766,633	689,183	311,842	1,001,025
Labor and health insurance	53,222	18,356	71,578	60,313	18,337	78,650
Pension	25,333	10,947	36,280	27,538	10,910	38,448
Director remuneration	-	2,690	2,690	-	13,635	13,635
Others	26,821	6,972	33,793	28,231	4,049	32,280
Depreciation	959,545	212,115	1,171,660	896,183	154,939	1,051,122
Amortization	7,875	21,883	29,758	8,145	27,899	36,044

	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	1,056,604	480,724	1,537,328	1,398,642	598,509	1,997,151
Labor and health insurance	114,065	39,170	153,235	135,922	40,794	176,716
Pension	51,082	22,276	73,358	55,580	21,775	77,355
Director remuneration	-	4,952	4,952	-	36,087	36,087
Others	52,748	12,977	65,725	58,814	15,713	74,527
Depreciation	1,822,538	426,307	2,248,845	1,835,334	273,564	2,108,898
Amortization	15,694	43,508	59,202	16,533	55,839	72,372

(b) Seasonality of operations:

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

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023:

- (i) Loans to other parties: Please refer to schedule A.
  - (ii) Guarantees and endorsements for other parties: Please refer to schedule B.
  - (iii) Securities held as of June 30, 2023 (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 inter-company 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.

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

**(14) Segment information:**

(a) General information:

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

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

(b) Profit or loss (including reportable segment specific revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations:

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:

<b>For the three months ended June 30, 2023</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ <u>3,694,546</u>	<u>153,469</u>	<u>95,879</u>	<u>-</u>	<u>3,943,894</u>
Interest expenses	\$ <u>45,711</u>	<u>124,081</u>	<u>1,593</u>	<u>-</u>	<u>171,385</u>
Depreciation and amortization	\$ <u>1,001,583</u>	<u>191,366</u>	<u>8,469</u>	<u>-</u>	<u>1,201,418</u>
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ <u>9,126</u>	<u>(35,327)</u>	<u>(6,713)</u>	<u>-</u>	<u>(32,914)</u>
<b>Reportable segment profit or loss</b>	<b>\$ <u>155,939</u></b>	<b><u>(362,060)</u></b>	<b><u>35,859</u></b>	<b><u>-</u></b>	<b><u>(170,262)</u></b>
Assets:					
Capital expenditures in non-current assets	\$ <u>438,405</u>	<u>118,590</u>	<u>1,316</u>	<u>-</u>	<u>558,311</u>
<b>For the three months ended June 30, 2022</b>	<b>Foundry</b>	<b>Agriculture technology</b>	<b>Others</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ <u>5,046,970</u>	<u>148,984</u>	<u>101,371</u>	<u>-</u>	<u>5,297,325</u>
Interest expenses	\$ <u>48,196</u>	<u>31,490</u>	<u>1,666</u>	<u>-</u>	<u>81,352</u>
Depreciation and amortization	\$ <u>989,245</u>	<u>89,592</u>	<u>8,329</u>	<u>-</u>	<u>1,087,166</u>
Share of profit of associates and joint ventures accounted for using equity method	\$ <u>96,273</u>	<u>3,123</u>	<u>71,798</u>	<u>-</u>	<u>171,194</u>
<b>Reportable segment profit or loss</b>	<b>\$ <u>910,453</u></b>	<b><u>(198,172)</u></b>	<b><u>34,953</u></b>	<b><u>-</u></b>	<b><u>747,234</u></b>
Assets:					
Capital expenditures in non-current assets	\$ <u>2,709,437</u>	<u>104,478</u>	<u>957</u>	<u>-</u>	<u>2,814,872</u>

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**WIN Semiconductors Corp. and Subsidiaries**  
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<u>For the six months ended June 30, 2023</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ 6,211,451	263,907	328,094	-	6,803,452
Interest expenses	\$ 94,221	212,541	3,203	-	309,965
Depreciation and amortization	\$ 1,923,502	367,253	17,292	-	2,308,047
Shares of profit (loss) of associates and joint ventures accounted for using equity method	\$ 26,850	(68,990)	12,261	-	(29,879)
<b>Reportable segment profit or loss</b>	<b>\$ (390,124)</b>	<b>(573,675)</b>	<b>198,784</b>	<b>-</b>	<b>(765,015)</b>
Assets:					
Capital expenditures in noncurrent assets	\$ 882,737	240,565	5,641	-	1,128,943
<u>For the six months ended June 30, 2022</u>	<u>Foundry</u>	<u>Agriculture technology</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue :					
Revenue from external customers	\$ 10,545,449	196,573	152,296	-	10,894,318
Interest expenses	\$ 99,587	58,916	3,350	-	161,853
Depreciation and amortization	\$ 1,987,828	176,814	16,628	-	2,181,270
Shares of profit (loss) of associates and joint ventures accounted for using equity method	\$ 191,421	(30,570)	92,221	-	253,072
<b>Reportable segment profit or loss</b>	<b>\$ 2,164,724</b>	<b>(524,695)</b>	<b>23,423</b>	<b>-</b>	<b>1,663,452</b>
Assets:					
Capital expenditures in noncurrent assets	\$ 3,567,749	781,929	3,503	-	4,353,181

For the three months and six months ended June 30, 2023 and 2022, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$(191,417) thousand, \$(78,558) thousand, \$(152,285) thousand and \$(4,014) thousand, respectively.

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

Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5) (Note 6)	Maximum limit of fund financing (Note 4) (Note 5) (Note 6)	Remark
													Item	Value			
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	934,200 ( USD 30,000 )	934,200 ( USD 30,000 )	622,800 ( USD 20,000 )	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,544,982	Net equity 40%= 3,089,964	(Note 8)
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	622,800 ( USD 20,000 )	-	-	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,544,982	Net equity 40%= 3,089,964	(Note 8)
2	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Jiangsu Win Shine Agriculture Development Co., Ltd.	Other receivables	Y	16,669 ( RMB 3,893 )	-	-	0%	2	-	Working Capital	-	None	-	Net equity 100%= 985,839	Net equity 200%= 1,971,679	(Note 8)
3	Jiangsu Win Honor Management Technology Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	298,321 ( USD 9,580 )	-	-	1%	2	-	Working Capital	-	None	-	Net equity 110%= 316,229	Net equity 200%= 574,962	(Note 8)

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: Jiangsu Chainwin Agriculture and Animal Technology 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 Jiangsu Chainwin Agriculture and Animal Technology 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 Jiangsu Chainwin Agriculture and Animal Technology 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 Jiangsu Chainwin Agriculture and Animal Technology 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.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity.

Note 6: Jiangsu Win Honor Management Technology 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 Jiangsu Win Honor Management Technology 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 Jiangsu Win Honor Management Technology Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by Jiangsu Win Honor Management Technology Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 110% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity.

Note 7: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to TWD and RMB to USD for TWD 31.14 and USD 0.1375, respectively.

Note 8: The amount of the transaction had been offset in the consolidated financial statements.

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

Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period (Note 3)	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	16,238,468	2,057,732	2,057,732	1,557,000	-	6.34%	Net equity 50%= 16,238,468	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,238,468	2,104,068	2,104,068	1,868,400	-	6.48%	Net equity 50%= 16,238,468	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,238,468	3,543,234	3,543,234	3,425,400	-	10.91%	Net equity 50%= 16,238,468	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,238,468	1,548,592	1,548,592	1,401,300	-	4.77%	Net equity 50%= 16,238,468	Y	-	Y
0	"	Jiangsu Win Fortune Agriculture Development Co., Ltd.	2	16,238,468	29,458	29,458	-	-	0.09%	Net equity 50%= 16,238,468	Y	-	Y
0	"	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	16,238,468	29,458	29,458	-	-	0.09%	Net equity 50%= 16,238,468	Y	-	Y
0	"	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	16,238,468	29,458	29,458	-	-	0.09%	Net equity 50%= 16,238,468	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	2,317,473 (USD 74,421)	228,879 (USD 7,350)	228,879 (USD 7,350)	-	-	2.96%	Net equity 50%= 3,862,455	-	-	Y
1	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	2,317,473 (USD 74,421)	140,130 (USD 4,500)	56,052 (USD 1,800)	20,908 (RMB 671)	62,280 (USD 2,000)	0.73%	Net equity 50%= 3,862,455	-	-	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: The Company's operating procedures of guarantee and endorsement were as follows:

1. The guarantees and endorsements limit provided by the Company 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 the Company 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. The Company endorses and guarantees the bank loans of its subsidiaries, including Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd. and Jiangsu Win Sunlight Agriculture Development Co. Ltd., with the total amount not exceeding US\$300,000 thousand. In the second quarter of 2023, the applications of adjustment for the individual amount of each subsidiary had been approved by the banks, without changing the overall total amount of the guarantee and endorsement, resulting in the highest balance of guarantees and endorsements during the period of each company to be based on the ratio of each borrower's balance of guarantees and endorsements to the total amount as of the reporting date.

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 TWD and RMB to USD for TWD 31.14 and USD 0.1375, 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.

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

Schedule C Securities held as of June 30, 2023 (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 name	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	7,103	0.08	7,103	
WIN Venture Capital Corp.	Capital Money Market Fund	"	"	2,158	35,561	-	35,561	
WIN Chance Investment Corp.	Capital Money Market Fund	"	"	1,004	16,549	-	16,549	
WIN Earn Investment Corp.	Capital Money Market Fund	"	"	2,635	43,430	-	43,430	
					<b>102,643</b>		<b>102,643</b>	
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	332,374	5.81	332,374	
"	CDIB Capital Growth Partners L.P.	"	"	-	173,204	3.30	173,204	
"	CDIB Capital Healthcare Ventures II L.P.	"	"	-	51,575	1.61	51,575	
"	Fuh Hwa Oriental Fund	"	"	15,000	26,280	-	26,280	
"	Fuh Hwa Smart Energy Fund	"	"	12,000	74,880	-	74,880	
"	LeaSun Winion L.P.	"	"	-	34,215	12.47	34,215	
"	NFC Fund II L.P.	"	"	-	256,827	32.88	256,827	
"	Foryou Venture Capital L.P.	"	"	-	38,100	5.77	38,100	
"	Renaissance Capital Limited Partnership	"	"	-	116,884	12.82	116,884	
"	Lian Ding Capital Investments Limited Partnership	"	"	-	234,000	10.23	234,000	
"	NFC Fund III, L.P.	"	"	-	135,837	19.90	135,837	
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	"	1,800	563,445	0.44	563,445	
					<b>2,037,621</b>		<b>2,037,621</b>	
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	85,434	0.09	85,434	
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	-	10.51	-	(Note 1)
"	CDIB Capital Creative Industries Limited/Stock	"	"	3,000	18,090	3.33	18,090	
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	543	23,575	18.28	23,575	
"	New Future Capital Co., Ltd./Stock	"	"	8,900	83,927	15.87	83,927	
"	Grand Fortune Venture Corp./Stock	"	"	2,200	24,398	6.87	24,398	
"	NFC I Renewable Power Co., Ltd./Stock	"	"	16,200	305,363	15.00	305,363	
"	Gogolook Co., Ltd./Stock	"	"	3,550	109,624	11.49	109,624	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	2,025,883	0.02	2,025,883	
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	-	7.46	-	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.24	-	
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-	(Note 2)
"	Winresp INC./Stock	"	"	2,896	54,028	11.71	54,028	
Phalanx Biotech Group, Inc.	BioGenius Biotech, Co., Ltd./Stock	"	"	72	720	18.65	720	
					<b>2,731,042</b>		<b>2,731,042</b>	

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of June 30, 2023, the company had not completed the procedure of liquidation.

Note 2: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of June 30, 2023, the company was still within the period of liquidation.

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

Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
					Shares (in thousands)	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 Win Yield Agriculture Development Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	-	2,355,555	-	300,400	-	-	-	-	-	1,870,033 (Note)

Note: 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 NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory buildings	2021/4/6-2021/5/25	1,517,330	As of June 30, 2023, the price paid \$1,320,752 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 June 30, 2023, the price paid \$1,291,731 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2022/6/9	525,000	As of June 30, 2023, the price paid \$213,172 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Land and buildings	2023/6/27	1,500,000	As of June 30, 2023, the price paid \$50,000 thousand.	Ofuna Develop Technology Co., Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None

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

(In thousands of New Taiwan Dollars)

Name of company	Name of counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts	Remark
					Amount	Action taken			
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	626,705	(Note 1)	-	-	-	-	(Note 2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Affiliate	785,701	(Note 1)	-	-	-	-	(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 Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other receivables due from related parties	626,705	no difference with non-related parties	0.96%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	626,705	no difference with non-related parties	0.96%
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	3	Other receivables due from related parties	785,701	no difference with non-related parties	1.21%
3	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	785,701	no difference with non-related parties	1.21%

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 the Consolidated Financial Statements**

Schedule H Information on investments:

The following is the information on investees as of June 30, 2023 (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 the end	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%	(15,676)	(8,461)	(8,461)	(Note 1)
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	11,127,774	376,600	100.00%	9,068,231	(754,020)	(754,020)	(Note 1)
"	WIN Venture Capital Corp.	Taiwan	Investment activities	1,040,000	1,040,000	104,000	100.00%	1,056,924	2,603	2,603	(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%	473,868	(75,410)	(55,551)	(Note 1)
"	WIN Chance Investment Corp.	Taiwan	Investment activities	830,000	830,000	87,350	100.00%	874,378	3,240	3,240	(Note 1)
"	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	580,000	58,000	100.00%	455,016	1,878	1,878	(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	18.02%	7,787,949	115,571	26,850	
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%	27,304	(75,410)	(Note 2)	(Note 1)
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	952,396	952,396	8,767	2.42%	964,328	115,571	(Note 2)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	49,180	7,287	(Note 2)	
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	10,905,959	185,054	81.23%	6,403,711	(1,264,201)	(Note 2)	(Note 1)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Win Lux Biotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	15,010	15,010	500	100.00%	11,833	4	(Note 2)	(Note 1)
"	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	131,806	(7,417)	(Note 2)	(Note 1)
"	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	250,000	100,000	25,000	100.00%	132,386	(35,557)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	18,275	12,125	-	100.00%	5,311	(2,296)	(Note 2)	(Note 1)
"	PhalanxBio, Inc.	USA	Selling of high-density gene chip and testing service	208,110	208,110	2,550	100.00%	19	(1)	(Note 2)	(Note 1)
"	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	81,727	14,238	100.00%	75,460	1,404	(Note 2)	(Note 1)
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	832,945	832,945	7,935	2.19%	901,965	115,571	(Note 2)	
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	"	568,005	568,005	4,230	1.17%	423,531	115,571	(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 the 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 at the June 30, 2023	Net income (losses) of the investee	Direct/Indirect percentage of ownership by the Company	Investment income (losses) (Note 5)(Note 7)	Carrying value at the end of this period (Note 6)	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)	3,309,022 (USD 113,043)	-	-	3,309,022 (USD 113,043)	(362,085) (USD (11,828))	81.23%	(362,085) (USD (11,828))	1,805,825 (USD 57,991)	-	(Note 11)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,314,369 (USD 43,790)	(Note 1)	1,291,505 (USD 43,046)	-	-	1,291,505 (USD 43,046)	(123,797) (USD (4,047))	81.23%	(123,797) (USD (4,047))	985,840 (USD 31,658)	-	(Note 11)
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)	(140,795) (USD (4,617))	39.80%	(68,990) (USD (2,262))	597,991 (USD 19,203)	-	(Note 11)
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	610,094 (USD 20,200)	(Note 4)	651,142 (USD 21,569)	-	-	651,142 (USD 21,569)	(53,192) (USD (1,728))	81.23%	(53,192) (USD (1,728))	235,610 (USD 7,566)	-	(Note 11)
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664 (USD 4,872)	-	-	149,664 (USD 4,872)	-	-	-	-	-	(Note 9)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 (RMB 16,177)	(Note 3)	41,009 (USD 1,335)	-	-	41,009 (USD 1,335)	9 (RMB 2)	81.23%	9 (RMB 2)	8,104 (RMB 1,893)	-	(Note 11)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,655,955 (USD 91,500)	(Note 1)	2,160,535 (USD 74,500)	300,400 (USD 10,000)	-	2,460,935 (USD 84,500)	(406,355) (USD (13,276))	81.23%	(406,355) (USD (13,276))	1,870,033 (USD 60,052)	-	(Note 11)
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)	(472) (USD (18))	81.23%	(472) (USD (18))	311,191 (USD 9,993)	-	(Note 11)
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 4)	-	-	-	-	(15,527) (RMB (3,466))	81.23%	(15,527) (RMB (3,466))	248,192 (RMB 57,965)	-	(Note 11)
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 4)	86,430 (USD 3,000)	-	-	86,430 (USD 3,000)	19,880 (USD 650)	81.23%	19,880 (USD 650)	278,984 (USD 65,157)	-	(Note 11)
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100 (USD 10,000)	(Note 4)	-	-	-	-	(3,796) (RMB (835))	81.23%	(3,796) (RMB (835))	287,481 (RMB 67,141)	-	(Note 11)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	88,173 (RMB 20,000)	(Note 3)	-	-	-	-	(25,286) (RMB (5,790))	81.23%	(25,286) (RMB (5,790))	49,939 (RMB 11,663)	-	(Note 11)
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400 (USD 10,000)	(Note 4)	221,120 (USD 8,000)	-	-	221,120 (USD 8,000)	12,053 (USD 394)	81.23%	12,053 (USD 394)	291,364 (USD 9,357)	-	(Note 11)
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860 (USD 1,000)	(Note 4)	27,860 (USD 1,000)	-	-	27,860 (USD 1,000)	(2,244) (RMB (501))	81.23%	(2,244) (RMB (501))	23,569 (RMB 5,505)	-	(Note 11)
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	111,560 (USD 4,000)	(Note 4)	-	-	-	-	(1,275) (USD (42))	81.23%	(1,275) (USD (42))	104,071 (USD 3,342)	-	(Note 11)
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)	1,420 (USD 46)	81.23%	1,420 (USD 46)	30,024 (USD 964)	-	(Note 11)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and testing service	18,125 (RMB 4,088)	(Note 2)	12,125 (USD 420)	6,150 (USD 200)	-	18,275 (USD 620)	(2,392) (RMB (544))	75.21%	(2,392) (RMB (544))	5,238 (RMB 1,224)	-	(Note 11)

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

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 8)(Note 9)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 10)
The Company and subsidiaries	9,754,106 ( USD 331,189 )	10,964,202 ( USD 352,094 )	20,438,646

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 Company invested in mainland China companies through Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.

Note 5: The amount of net income (losses) was recognized based on the reviewed financial statements of the investee companies.

Note 6: Carrying value as of June 30, 2023 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 7: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to June 30, 2023.

Note 8: 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 9: 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.

Note10: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

Note11: 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.	23,761,000	5.60%