

**Winbond Electronics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Introduction

We have reviewed the accompanying consolidated financial statements of Winbond Electronics Corporation and its subsidiaries (the Group) as of March 31, 2020 and 2019, and the consolidated statements of comprehensive income for the three-month periods ended March 31, 2020 and 2019, as well as the consolidated statements of changes in equity and cash flows for the three-month periods ended March 31, 2020 and 2019, and the 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 Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

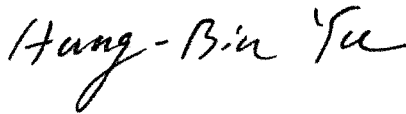
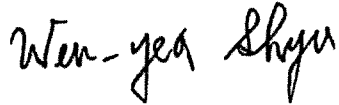
Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020 and 2019, its consolidated financial performance for the three-month periods ended March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2020 and 2019 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.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yea Shyu and Hung-Bin Yu.



Deloitte & Touche
Taipei, Taiwan
Republic of China

April 30, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 10,631,690	11	\$ 11,467,907	11	\$ 10,890,356	11
Current financial assets at fair value through profit or loss (Note 7)	7,274	-	75,462	-	-	-
Current financial assets at fair value through other comprehensive income (Note 8)	4,887,318	5	7,225,588	7	7,036,434	7
Notes and accounts receivable, net (Note 9)	6,230,678	6	6,085,003	6	6,036,755	6
Accounts receivable due from related parties, net (Note 26)	28,343	-	45,903	-	38,878	-
Other receivables (Note 6)	777,371	1	750,720	1	447,051	1
Inventories (Note 10)	10,568,598	10	10,332,143	10	11,313,062	11
Other current assets	1,654,459	2	1,574,560	1	894,336	1
Total current assets	34,785,731	35	37,557,286	36	36,656,872	37
NON-CURRENT ASSETS						
Non-current financial assets at fair value through other comprehensive income (Note 8)	1,483,183	1	1,501,756	2	916,514	1
Investments accounted for using equity method (Note 11)	2,925,809	3	4,548,939	4	3,824,477	4
Property, plant and equipment (Note 12)	55,409,113	56	56,977,114	54	53,626,917	54
Right-of-use assets (Note 13)	2,267,645	2	2,298,393	2	2,388,819	3
Investment properties (Note 14)	42,598	-	44,207	-	50,568	-
Intangible assets (Note 15)	833,651	1	407,722	-	256,608	-
Deferred income tax assets	953,240	1	923,902	1	818,658	1
Other non-current assets (Note 6)	565,247	1	545,581	1	318,500	-
Total non-current assets	64,480,486	65	67,247,614	64	62,201,061	63
TOTAL	\$ 99,266,217	100	\$ 104,804,900	100	\$ 98,857,933	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ -	-	\$ 1,000,000	1	\$ -	-
Current financial liabilities at fair value through profit or loss (Note 7)	707	-	-	-	10,819	-
Notes and accounts payable	4,674,927	5	4,786,251	5	3,926,205	4
Accounts payable to related parties (Note 26)	1,382,515	2	911,529	1	803,954	1
Payables on machinery and equipment	2,083,132	2	3,013,266	3	2,620,436	3
Other payables	3,094,592	3	3,125,368	3	3,423,702	3
Current tax liabilities (Note 4)	220,257	-	198,242	-	187,639	-
Lease liabilities - current (Note 13)	185,970	-	186,556	-	182,231	-
Long-term borrowings - current portion (Note 16)	4,123,520	4	4,123,520	4	4,563,520	5
Other current liabilities	181,801	-	170,736	-	129,844	-
Total current liabilities	15,947,421	16	17,515,468	17	15,848,350	16
NON-CURRENT LIABILITIES						
Bonds payable (Note 17)	9,934,754	10	9,931,746	10	9,922,754	10
Long-term borrowings (Note 16)	9,739,153	10	9,730,473	9	4,047,778	4
Lease liabilities - non-current (Note 13)	2,067,304	2	2,096,115	2	2,174,526	2
Net defined benefit liabilities, non-current (Note 4)	1,223,839	1	1,251,869	1	1,157,684	1
Other non-current liabilities	429,863	1	422,042	-	421,506	1
Total non-current liabilities	23,394,913	24	23,432,245	22	17,724,248	18
Total liabilities	39,342,334	40	40,947,713	39	33,572,598	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 19)						
Share capital	39,800,002	40	39,800,002	38	39,800,002	40
Capital surplus	7,536,396	7	7,536,396	7	7,540,472	8
Retained earnings						
Legal reserve	1,798,091	2	1,798,091	2	1,053,441	1
Unappropriated earnings	7,140,394	7	6,995,451	6	10,983,851	11
Exchange differences on translation of foreign financial statements	(114,775)	-	(119,246)	-	(24,826)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	949,643	1	5,009,928	5	4,439,258	5
Total equity attributable to owners of the parent	57,109,751	57	61,020,622	58	63,792,198	65
NON-CONTROLLING INTERESTS	2,814,132	3	2,836,565	3	1,493,137	1
Total equity	59,923,883	60	63,857,187	61	65,285,335	66
TOTAL	\$ 99,266,217	100	\$ 104,804,900	100	\$ 98,857,933	100

The accompanying notes are an integral part of the consolidated financial statements

(With Deloitte & Touche review report dated April 30, 2020)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings or Loss Per Share)

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 11,549,003	100	\$ 10,886,768	100
OPERATING COSTS (Note 10)	<u>8,762,549</u>	<u>76</u>	<u>7,438,319</u>	<u>68</u>
GROSS PROFIT	<u>2,786,454</u>	<u>24</u>	<u>3,448,449</u>	<u>32</u>
OPERATING EXPENSES				
Selling expenses	312,391	3	352,333	3
General and administrative expenses	531,792	5	466,552	5
Research and development expenses	1,911,335	16	1,986,477	18
Reversal of expected credit loss (gain) (Note 9)	<u>(873)</u>	<u>-</u>	<u>(8,950)</u>	<u>-</u>
Total operating expenses	<u>2,754,645</u>	<u>24</u>	<u>2,796,412</u>	<u>26</u>
INCOME FROM OPERATIONS	<u>31,809</u>	<u>-</u>	<u>652,037</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	16,528	-	25,292	-
Other income	11,776	-	8,430	-
Gains (losses) on disposal of property, plant and equipment	368	-	(987)	-
Foreign exchange gains (losses)	51,968	-	24,280	-
Share of profit (loss) of associates accounted for using equity method	(14,828)	-	(2,216)	-
Interest expense	(67,947)	(1)	(42,754)	(1)
Other expenses	(39,002)	-	(29,517)	-
Gains (losses) on financial instruments at fair value through profit or loss	<u>(51,769)</u>	<u>-</u>	<u>(40,255)</u>	<u>-</u>
Total non-operating income and expenses	<u>(92,906)</u>	<u>(1)</u>	<u>(57,727)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(61,097)	(1)	594,310	5
INCOME TAX EXPENSE (Notes 4 and 22)	<u>20,429</u>	<u>-</u>	<u>166,086</u>	<u>1</u>
NET PROFIT (LOSS)	<u>(81,526)</u>	<u>(1)</u>	<u>428,224</u>	<u>4</u>

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings or Loss Per Share)

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ (2,245,567)	(19)	\$ 693,216	7
Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,608,302)	(14)	241,365	2
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>2,091</u>	<u>-</u>	<u>33,177</u>	<u>-</u>
Other comprehensive income (loss)	<u>(3,851,778)</u>	<u>(33)</u>	<u>967,758</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (3,933,304)</u>	<u>(34)</u>	<u>\$ 1,395,982</u>	<u>13</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ (86,852)	(1)	\$ 415,229	4
Non-controlling interests	<u>5,326</u>	<u>-</u>	<u>12,995</u>	<u>-</u>
	<u>\$ (81,526)</u>	<u>(1)</u>	<u>\$ 428,224</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ (3,910,871)	(34)	\$ 1,349,591	12
Non-controlling interests	<u>(22,433)</u>	<u>-</u>	<u>46,391</u>	<u>1</u>
	<u>\$ (3,933,304)</u>	<u>(34)</u>	<u>\$ 1,395,982</u>	<u>13</u>
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	<u>\$ (0.02)</u>		<u>\$ 0.10</u>	
Diluted	<u>\$ (0.02)</u>		<u>\$ 0.10</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated April 30, 2020)

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Parent				Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2019	\$ 39,800,002	\$ 7,540,440	\$ 1,053,441	\$ 10,567,845	\$ (50,780)	\$ 3,533,423	\$ 62,444,371	\$ 1,446,726	\$ 63,891,097
Net profit for the three months ended March 31, 2019	-	-	-	415,229	-	-	415,229	12,995	428,224
Other comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	25,954	908,408	934,362	33,396	967,758
Total comprehensive income for the three months ended March 31, 2019	-	-	-	415,229	25,954	908,408	1,349,591	46,391	1,395,982
Other changes in equity surplus	-	32	-	-	-	-	32	20	52
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	777	-	(2,573)	(1,796)	-	(1,796)
BALANCE, MARCH 31, 2019	\$ 39,800,002	\$ 7,540,472	\$ 1,053,441	\$ 10,983,851	\$ (24,826)	\$ 4,439,258	\$ 63,792,198	\$ 1,493,137	\$ 65,285,335
BALANCE, JANUARY 1, 2020	\$ 39,800,002	\$ 7,536,396	\$ 1,798,091	\$ 6,995,451	\$ (119,246)	\$ 5,009,928	\$ 61,020,622	\$ 2,836,565	\$ 63,857,187
Net profit (loss) for the three months ended March 31, 2020	-	-	-	(86,852)	-	-	(86,852)	5,326	(81,526)
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	4,471	(3,828,490)	(3,824,019)	(27,759)	(3,851,778)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	(86,852)	4,471	(3,828,490)	(3,910,871)	(22,433)	(3,933,304)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	231,795	-	(231,795)	-	-	-
BALANCE, MARCH 31, 2020	\$ 39,800,002	\$ 7,536,396	\$ 1,798,091	\$ 7,140,394	\$ (114,775)	\$ 949,643	\$ 57,109,751	\$ 2,814,132	\$ 59,923,883

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated April 30, 2020)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (61,097)	\$ 594,310
Adjustments for:		
Depreciation expense	2,258,889	2,058,519
Amortization expense	37,405	26,322
Expected credit (gain) loss recognized on accounts receivable	(873)	(8,950)
(Reversal of) provision for declines in market value, obsolescence and scraps of inventories	160,170	203,676
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	68,895	19,109
Interest expense	67,947	42,754
Interest income	(16,528)	(25,292)
Share of (profit) loss of associates accounted for using equity method	14,828	2,216
(Gains) losses on disposal of property, plant and equipment	(368)	987
Other adjustment to reconcile (profit) loss	(5)	-
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(145,035)	441,405
(Increase) decrease in accounts receivable due from related parties	17,560	5,419
(Increase) decrease in other receivables	(25,692)	(37,764)
(Increase) decrease in inventories	(396,625)	(608,632)
(Increase) decrease in other current assets	(86,870)	(16,332)
(Increase) decrease in other non-current assets	(20,143)	(4,223)
Increase (decrease) in notes and accounts payable	(111,324)	(391,661)
Increase (decrease) in accounts payable to related parties	470,986	174,273
Increase (decrease) in other payables	(420,097)	(372,836)
Increase (decrease) in other current liabilities	11,065	(12,700)
Increase (decrease) in other non-current liabilities	(20,209)	(3,381)
Cash generated from (used in) operations	1,802,879	2,087,219
Interest received	18,116	24,689
Interest paid	(77,268)	(47,957)
Income taxes paid	(28,924)	(23,188)
Net cash flows from (used in) operating activities	<u>1,714,803</u>	<u>2,040,763</u>

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (185,349)	\$ (176,446)
Proceeds from disposal of financial assets at fair value through other comprehensive income	297,845	26,538
Acquisition of property, plant and equipment	(1,521,316)	(3,346,494)
Proceeds from disposal of property, plant and equipment	521	313
Acquisition of intangible assets	<u>(91,220)</u>	<u>(54,483)</u>
Net cash flows from (used in) investing activities	<u>(1,499,519)</u>	<u>(3,550,572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,000,000)	-
Change in non-controlling interests	-	20
Repayments of lease liabilities	(50,033)	(50,642)
Other financing activities	<u>-</u>	<u>(134,968)</u>
Net cash flows from (used in) financing activities	<u>(1,050,033)</u>	<u>(185,590)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,468)</u>	<u>26,124</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(836,217)	(1,669,275)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,467,907</u>	<u>12,559,631</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,631,690</u>	<u>\$ 10,890,356</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated April 30, 2020)

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the “Company”) was incorporated in the Republic of China (ROC) on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications.

The Company’s shares have been listed on the Taiwan Stock Exchange Corporation since October 18, 1995. Walsin Lihwa Corporation is a major shareholder of the Company and held approximately 22% ownership interest in the Company as of March 31, 2020 and 2019.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on April 30, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements do not present all the disclosures required for a complete set of annual financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			March 31, 2020	December 31, 2019	March 31, 2019
The Company	Winbond Int'l Corporation ("WIC")	Investment holding	100.00	100.00	100.00
WIC	Winbond Electronics Corp. America ("WECA")	Design, sales and after-sales service of semiconductor	100.00	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark")	Investment holding	100.00	100.00	100.00
Landmark	Winbond Electronics Corp. Japan ("WEJ")	Research, development, sales and after-sales service of semiconductor	100.00	100.00	100.00
Landmark	Peaceful River Corp. ("PRC")	Investment holding	100.00	100.00	100.00
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100.00	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI")	Investment holding	100.00	100.00	100.00
The Company	Mobile Magic Design Corporation ("MMDC") (Note 1)	Design, development and marketing of Pseudo SRAM	-	-	100.00
The Company	Winbond Technology LTD ("WTL")	Design and service of semiconductor	100.00	100.00	100.00
The Company	Techdesign Corporation ("TDC") (Note 2)	Electronic commerce and product marketing	-	-	100.00
The Company	Callisto Holdings Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00	100.00
Callisto	Callisto Technology Limited ("CTL") (Note 3)	Electronic commerce and investment holding	100.00	100.00	-
The Company	Winbond Electronics Germany GmbH ("WEG") (Note 4)	Sales and service of semiconductor	100.00	100.00	-
The Company	Great Target Development Ltd. ("GTD") (Note 5)	Investment holding	100.00	100.00	-
GTD	GLMTD Technology Private Limited ("GLMTD") (Note 5)	Sales and service of semiconductor	99.99	99.99	-
The Company	Nuvoton Technology Corporation ("NTC")	Research, development, design, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	62.00	62.00	61.00
NTC	Marketplace Management Ltd. ("MML")	Investment holding	100.00	100.00	100.00
MML	Goldbond LLC ("GLLC")	Investment holding	100.00	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Provide project of sale in China and repair, test and consult of software	100.00	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. ("WENJ")	Computer software service (except I.C. design)	100.00	100.00	100.00
NTC	Nuvoton Technology Corp. America ("NTCA")	Design, sales and after-sales service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100.00	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. ("NTIL")	Design and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100.00	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00	100.00
NTC	Song Yong Investment Corporation ("SYI")	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology India Private Limited ("NTIPL")	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Singapore pte. Ltd. ("NTSPL") (Note 6)	Design, sales and service of semiconductor	100.00	-	-

Note 1: MMDC conducted a short-form merger with the Company on the effective date of October 1, 2019. The Company is the surviving company after the short-form merger.

Note 2: TDC filed for liquidation in June 2019 and the date of dissolution was set on June 10, 2019. The liquidation procedures has not been completed as of March 31, 2020.

Note 3: CTL was incorporated in October 2018 and Callisto had injected a capital in CTL in April 2019.

Note 4: A capital was injected in WEG, which was incorporated in November 2019.

Note 5: The Company purchased GTD in July 2019 and indirectly hold GLMTD with 99.99% ownership.

Note 6: NTSPL was incorporated in March 2020 and NTC had injected a capital.

Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

a. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the period adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group's critical accounting judgments and key sources of estimation uncertainty is below:

a. Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

b. Impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash and deposits in banks	\$ 9,294,690	\$ 9,758,907	\$ 9,987,356
Repurchase agreements collateralized by bonds	<u>1,337,000</u>	<u>1,709,000</u>	<u>903,000</u>
	<u>\$ 10,631,690</u>	<u>\$ 11,467,907</u>	<u>\$ 10,890,356</u>

- a. The Group has time deposits pledged to secure land and building leases, customs tariff obligations, export bill and sales deposits which are reclassified to "other non-current assets". Time deposits pledged as security at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Time deposits	<u>\$ 207,999</u>	<u>\$ 207,903</u>	<u>\$ 204,605</u>

- b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables". These partial time deposits at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Time deposits	<u>\$ 445,581</u>	<u>\$ 447,725</u>	<u>\$ 149,020</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets at FVTPL - current</u>			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ 7,274	\$ 64,001	\$ -
Foreign exchange swap contracts	<u>-</u>	<u>11,461</u>	<u>-</u>
	<u>\$ 7,274</u>	<u>\$ 75,462</u>	<u>\$ -</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial liabilities at FVTPL - current</u>			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ -	\$ -	\$ 10,819
Foreign exchange swap contracts	<u>707</u>	<u>-</u>	<u>-</u>
	<u>\$ 707</u>	<u>\$ -</u>	<u>\$ 10,819</u> (Concluded)

At the date of balance sheet, the outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2020</u>			
Sell forward exchange contracts	USD to NTD	2020.04.10-2020.05.08	USD83,000/NTD2,499,338
Sell forward exchange contracts	RMB to NTD	2020.04.10-2020.06.19	RMB154,000/USD659,184
Foreign exchange swap contracts	USD to NTD	2020.04.17	USD9,430/NTD283,791
<u>December 31, 2019</u>			
Sell forward exchange contracts	USD to NTD	2020.01.03-2020.03.05	USD162,000/NTD4,906,489
Sell forward exchange contracts	RMB to NTD	2020.01.10-2020.02.21	RMB75,000/NTD322,743
Foreign exchange swap contracts	USD to NTD	2020.01.09	USD23,280/NTD708,638
Foreign exchange swap contracts	RMB to NTD	2020.02.21	RMB5,100/NTD21,879
<u>March 31, 2019</u>			
Sell forward exchange contracts	USD to NTD	2019.04.12-2019.05.31	USD149,000/NTD4,577,051
Buy forward exchange contracts	NTD to USD	2019.04.21	NTD153,525/USD5,000

The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria for hedge accounting; therefore, the Group did not apply hedge accounting treatment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at FVTOCI:

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic listed and emerging stocks			
Walsin Lihwa Corporation	\$ 2,398,000	\$ 3,357,200	\$ 3,706,500
Walsin Technology Corporation	1,384,619	2,342,228	1,960,023
Hannstar Display Corporation	570,148	890,443	750,658
Walton Advanced Engineering Inc.	394,994	583,230	540,676
FocalTech Systems Co., Ltd.	113,200	-	-
Nyquest Technology Co., Ltd.	45,870	60,720	129,149
Brightek Optoelectronic Co., Ltd.	463	485	381
Domestic unlisted stocks			
United Industrial Gases Co., Ltd.	387,200	440,000	448,800
Yu-Ji Venture Capital Co., Ltd.	13,365	16,605	20,370
Harbinger III Venture Capital Corp.	239	236	1,353
Others	17,220	17,240	17,430
Overseas listed stocks			
Everspin Technologies, Inc.	26,357	52,487	78,576
Overseas unlisted stocks			
Autotalks Ltd. - Preferred E. Share	604,500	599,600	-
LTIP Trust Fund	225,495	223,667	227,368
JVP VIII, L.P.	176,821	130,584	71,664
TEGNA Electronics Private Limited	12,010	12,619	-
	<u>\$ 6,370,501</u>	<u>\$ 8,727,344</u>	<u>\$ 7,952,948</u>
Current	\$ 4,887,318	\$ 7,225,588	\$ 7,036,434
Non-current	<u>1,483,183</u>	<u>1,501,756</u>	<u>916,514</u>
	<u>\$ 6,370,501</u>	<u>\$ 8,727,344</u>	<u>\$ 7,952,948</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

For the three months ended March 31, 2020, the Group disposed the shares for \$297,845 thousand at the fair value for the adjustment of the investment position. The unrealized gains on financial assets at fair value through other comprehensive income of \$231,710 thousand were transferred to retained earnings.

In August 2019, NTC resolved to invest in the Preferred E Share of the non-related party communication chip maker in Israel, Autotalks Ltd. The rights of the Preferred E Share were as follows:

- a. Each Preferred E Share grants its holder a number of votes equal to the number of votes per Ordinary Share.
- b. The Preferred E Share shall be prior to all other equity securities of Autotalks Ltd. in the event of liquidation.
- c. The holders of the Preferred E Share shall be entitled to receive non-cumulative cash dividends at the rate of eight percent.

- d. The investors shall have the right to appoint one non-voting observer (“Observer”) to attend Autotalks Ltd.’s board meetings.
- e. The holders of the Preferred E Share shall be entitled to preemptive right with respect to future issuance of new securities of Autotalks Ltd.
- f. The investors have the rights to obtain the annual financial statements, quarterly financial statements and etc.

9. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>	\$ -	\$ 21	\$ -
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	6,378,391	6,233,335	6,183,166
Less: Allowance for impairment loss	<u>(147,713)</u>	<u>(148,353)</u>	<u>(146,411)</u>
	<u>\$ 6,230,678</u>	<u>\$ 6,085,003</u>	<u>\$ 6,036,755</u>

The average credit period of sales of goods was 30 to 60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group’s different customer base.

The Group writes off notes and accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes and accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable based on the Group's provision matrix.

March 31, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31-90 days	Overdue 91-180 days	Over 181 days	Total
Expected credit loss rate	2%	2%	10%	20%	100%	
Gross carrying amount	\$ 5,879,468	\$ 473,897	\$ 5,900	\$ 282	\$ 18,844	\$ 6,378,391
Loss allowance (Lifetime ECL)	<u>(118,745)</u>	<u>(9,478)</u>	<u>(590)</u>	<u>(56)</u>	<u>(18,844)</u>	<u>(147,713)</u>
Amortized cost	<u>\$ 5,760,723</u>	<u>\$ 464,419</u>	<u>\$ 5,310</u>	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 6,230,678</u>

December 31, 2019

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 181 Days	Total
Expected credit loss rate	2%	2%	10%	20%	100%	
Gross carrying amount	\$ 5,753,824	\$ 448,004	\$ 12,540	\$ 144	\$ 18,844	\$ 6,233,356
Loss allowance (Lifetime ECL)	<u>(119,266)</u>	<u>(8,960)</u>	<u>(1,254)</u>	<u>(29)</u>	<u>(18,844)</u>	<u>(148,353)</u>
Amortized cost	<u>\$ 5,634,558</u>	<u>\$ 439,044</u>	<u>\$ 11,286</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 6,085,003</u>

March 31, 2019

	Not Overdue	Overdue under 30 Days	Overdue 31-90 days	Overdue 91-180 days	Over 181 Days	Total
Expected credit loss rate	2%	2%	10%	20%	100%	
Gross carrying amount	\$ 5,786,910	\$ 359,789	\$ 17,623	\$ -	\$ 18,844	\$ 6,183,166
Loss allowance (Lifetime ECL)	<u>(118,609)</u>	<u>(7,196)</u>	<u>(1,762)</u>	<u>-</u>	<u>(18,844)</u>	<u>(146,411)</u>
Amortized cost	<u>\$ 5,668,301</u>	<u>\$ 352,593</u>	<u>\$ 15,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,036,755</u>

The movements in the loss allowance for doubtful accounts recognized on accounts receivable were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 148,353	\$ 155,158
Less: Reversal of provision recognized on accounts receivable	(873)	(8,950)
Effect of exchange rate changes	<u>233</u>	<u>203</u>
Balance at March 31	<u>\$ 147,713</u>	<u>\$ 146,411</u>

10. INVENTORIES

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Finished goods	\$ 2,275,022	\$ 2,239,612	\$ 1,784,982
Work-in-process	7,523,647	7,381,909	8,735,555
Raw materials and supplies	766,332	702,423	791,562
Inventories in transit	<u>3,597</u>	<u>8,199</u>	<u>963</u>
	<u>\$ 10,568,598</u>	<u>\$ 10,332,143</u>	<u>\$ 11,313,062</u>

- a. Operating costs for the three months ended March 31, 2019 and 2018 included inventory write-downs for the decline in market value, obsolescence and scrap of inventories of \$160,170 thousand and \$203,676 thousand, respectively.
- b. Unallocated fixed manufacturing costs recognized as cost of sales in the three months ended March 31, 2020 and 2019, amounted to \$159,277 thousand and \$200,205 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	March 31, 2020	December 31, 2019	March 31, 2019
Associates that are not individually material			
Chin Xin Investment Co., Ltd.	\$ 2,925,097	\$ 4,548,224	\$ 3,823,756
Hwa Bao Botanic Conservation Corp.	<u>712</u>	<u>715</u>	<u>721</u>
	<u>\$ 2,925,809</u>	<u>\$ 4,548,939</u>	<u>\$ 3,824,477</u>

As of March 31, 2020, the Company subscribed the ordinary shares of Hwa Bao Botanic Conservation Corp. (“Hwa Bao”) in 75 thousand shares and owned 15% of directly ownership interest; because the main shareholders of Hwa Bao is Chin Xin Investment Co., Ltd., and its ownership interest were 70%. The Company accounted for the equity investment in Hwa Bao using equity method for its consolidated ownership interest of Hwa Bao was 41%.

As of March 31, 2020, the Company held 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

The investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the three months ended March 31, 2020 and 2019 were based on the associates’ financial statements reviewed by independent auditors.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 1,123,032	\$ 1,122,431	\$ 1,620,135
Buildings	11,402,802	11,605,854	9,988,624
Machinery and equipment	34,709,148	35,939,094	37,301,812
Other equipment	744,117	736,237	762,218
Construction in progress and prepayments for purchase of equipment	<u>7,430,014</u>	<u>7,573,498</u>	<u>3,954,128</u>
	<u>\$ 55,409,113</u>	<u>\$ 56,977,114</u>	<u>\$ 53,626,917</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 1,122,431	\$ 29,554,461	\$ 126,895,051	\$ 4,101,447	\$ 7,573,498	\$ 169,246,888
Additions	-	78,843	569,792	61,987	1,082,176	1,792,798
Disposals	-	-	(37,640)	(575)	-	(38,215)
Reclassified	-	60,468	947	-	(1,225,660)	(1,164,245)
Effect of exchange rate changes	601	2,190	(1,365)	(2,726)	-	(1,300)
Balance at March 31, 2020	<u>\$ 1,123,032</u>	<u>\$ 29,695,962</u>	<u>\$ 127,426,785</u>	<u>\$ 4,160,133</u>	<u>\$ 7,430,014</u>	<u>\$ 169,835,926</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 17,948,607	\$ 90,955,957	\$ 3,365,210	\$ -	\$ 112,269,774
Depreciation expense	-	342,980	1,800,183	53,441	-	2,196,604
Disposals	-	-	(37,487)	(575)	-	(38,062)
Effect of exchange rate changes	-	1,573	(1,016)	(2,060)	-	(1,503)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 18,293,160</u>	<u>\$ 92,717,637</u>	<u>\$ 3,416,016</u>	<u>\$ -</u>	<u>\$ 114,426,813</u>
<u>Cost</u>						
Balance at January 1, 2019	\$ 1,619,877	\$ 26,794,687	\$ 121,948,989	\$ 3,882,485	\$ 2,503,038	\$ 156,749,076
Additions	-	98,129	1,217,130	236,210	1,592,829	3,144,298
Disposals	-	-	(216,633)	(793)	-	(217,426)
Reclassified	-	101,296	158,433	(117,990)	(141,739)	-
Effect of exchange rate changes	258	930	3,951	7,373	-	12,512
Balance at March 31, 2019	<u>\$ 1,620,135</u>	<u>\$ 26,995,042</u>	<u>\$ 123,111,870</u>	<u>\$ 4,007,285</u>	<u>\$ 3,954,128</u>	<u>\$ 159,668,460</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ -	\$ 16,689,096	\$ 84,379,252	\$ 3,196,545	\$ -	\$ 104,264,893
Depreciation expenses	-	316,682	1,643,457	44,480	-	2,004,619
Disposals	-	-	(215,394)	(732)	-	(216,126)
Effect of exchange rate changes	-	640	2,743	4,774	-	8,157
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 17,006,418</u>	<u>\$ 85,810,058</u>	<u>\$ 3,245,067</u>	<u>\$ -</u>	<u>\$ 106,061,543</u>

- a. As of March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amounts of \$20,436,285 thousand, \$21,230,163 thousand and \$20,137,592 thousand of land, buildings and manufacturing facilities and non-current assets classified as held for sale were pledged to secure long-term borrowings and corporate bonds.
- b. Information about capitalized interest

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Capitalized interest amounts	\$ 37,370	\$ 38,237
Capitalized interest rates	1.81%	1.79%

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 1,888,331	\$ 1,914,889	\$ 2,022,344
Buildings	315,322	334,224	338,114
Other equipment	<u>63,992</u>	<u>49,280</u>	<u>28,361</u>
	<u>\$ 2,267,645</u>	<u>\$ 2,298,393</u>	<u>\$ 2,388,819</u>
		<u>Three Months Ended March 31</u>	
		2020	2019
Additions to right-of-use assets		<u>\$ 36,311</u>	<u>\$ 6,491</u>
Depreciation charge for right-of-use assets			
Land		\$ 26,558	\$ 26,975
Buildings		26,126	22,492
Other equipment		<u>8,014</u>	<u>3,257</u>
		<u>\$ 60,698</u>	<u>\$ 52,724</u>
Income from the subleasing of right-of-use assets (recorded as "other income")		<u>\$ (617)</u>	<u>\$ (482)</u>

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 185,970</u>	<u>\$ 186,556</u>	<u>\$ 182,231</u>
Non-current	<u>\$ 2,067,304</u>	<u>\$ 2,096,115</u>	<u>\$ 2,174,526</u>

Range of discount rate for lease liabilities is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	1.76%-2.47%	1.76%-2.47%	1.76%-2.47%
Buildings	1.27%-3.75%	1.34%-3.75%	1.34%-3.69%
Other equipment	1.27%-3.61%	1.34%-3.61%	1.34%-2.19%

For the three months ended March 31, 2020 and 2019, the interest expense under lease liabilities amounted to \$13,384 thousand and \$13,889 thousand.

c. Material lease-in activities and terms

The Company and NTC leased lands from Science Park Administration, and the lease term will expire in 2023 to 2037 and 2027, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation. Under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of lease. The former chairman of NTC, is a joint guarantor of such lease, refer to Note 26.

The Group leased some of the offices in the United States, China, Hong Kong, Japan, Israel, India, Shen-Zhen and part in Taiwan, and the lease terms will expire between 2020 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases with lease terms between 1 to 5 years.

The maturity analysis of lease payments receivable under operating subleases is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Year 1	\$ 2,194	\$ 1,985	\$ 1,928
Year 2	2,194	1,985	1,928
Year 3	2,193	1,985	1,927
Year 4	1,645	1,985	1,927
Year 5	<u>-</u>	<u>-</u>	<u>1,446</u>
	<u>\$ 8,226</u>	<u>\$ 7,940</u>	<u>\$ 9,156</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 4,890</u>	<u>\$ 9,052</u>
Expenses relating to low-value asset leases	<u>\$ 212</u>	<u>\$ 563</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 7,478</u>	<u>\$ 2,928</u>
Total cash outflow for leases	<u>\$ (75,923)</u>	<u>\$ (71,582)</u>

The Group has elected to apply the recognition exemption for short-term leases and low-value assets leases, thus, not to recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for investment properties are set out in Note 14.

14. INVESTMENT PROPERTIES

	March 31, 2020	December 31, 2019	March 31, 2019
Investment properties, net	\$ <u>42,598</u>	\$ <u>44,207</u>	\$ <u>50,568</u>

The investment properties is in Shen-Zhen, China. As of March 31, 2019 and December 31, 2018, the fair value of such investment properties were both approximately \$200,000 thousand, which was referred by the neighborhood transactions. The Group's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties during the three months ended March 31, 2020 and 2019.

	Investment Properties
<u>Cost</u>	
Balance at January 1, 2020	\$ 98,511
Effect of exchange rate changes	<u>(1,144)</u>
Balance at March 31, 2020	<u>\$ 97,367</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 54,304
Depreciation expense	1,110
Effect of exchange rate changes	<u>(645)</u>
Balance at March 31, 2020	<u>\$ 54,769</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ 102,333
Effect of exchange rate changes	<u>2,471</u>
Balance at March 31, 2019	<u>\$ 104,804</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2019	\$ 51,806
Depreciation expense	1,175
Effect of exchange rate changes	<u>1,255</u>
Balance at March 31, 2019	<u>\$ 54,236</u>

The investment properties were leased out for 3 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Year 1	\$ 6,446	\$ 7,832	\$ 8,831
Year 2	4,072	4,120	3,321
Year 3	<u>1,226</u>	<u>2,270</u>	<u>-</u>
	<u>\$ 11,744</u>	<u>\$ 14,222</u>	<u>\$ 12,152</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

15. INTANGIBLE ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Deferred technical assets, net	\$ 736,931	\$ 371,074	\$ 252,206
Other intangible assets, net	<u>96,720</u>	<u>36,648</u>	<u>4,402</u>
	<u>\$ 833,651</u>	<u>\$ 407,722</u>	<u>\$ 256,608</u>
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 19,088,675	\$ 58,896	\$ 19,147,571
Additions	393,632	61,942	455,574
Effect of exchange rate changes	<u>(1,935)</u>	<u>221</u>	<u>(1,714)</u>
Balance at March 31, 2020	<u>\$ 19,480,372</u>	<u>\$ 121,059</u>	<u>\$ 19,601,431</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 18,717,601	\$ 22,248	\$ 18,739,849
Amortization expenses	26,795	1,980	28,725
Effect of exchange rate changes	<u>(955)</u>	<u>161</u>	<u>(794)</u>
Balance at March 31, 2020	<u>\$ 18,743,441</u>	<u>\$ 24,339</u>	<u>\$ 18,767,780</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 18,901,179	\$ 25,240	\$ 18,926,419
Additions	48,711	1,169	49,880
Disposals	-	(237)	(237)
Effect of exchange rate changes	<u>5,360</u>	<u>95</u>	<u>5,455</u>
Balance at March 31, 2019	<u>\$ 18,955,250</u>	<u>\$ 26,267</u>	<u>\$ 18,981,517</u>

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2019	\$ 18,675,462	\$ 21,762	\$ 18,697,224
Amortization expenses	22,553	264	22,817
Disposals	-	(237)	(237)
Effect of exchange rate changes	<u>5,029</u>	<u>76</u>	<u>5,105</u>
Balance at March 31, 2019	<u>\$ 18,703,044</u>	<u>\$ 21,865</u>	<u>\$ 18,724,909</u> (Concluded)

The amounts of deferred technical assets were the technical transfer fees in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production, and over the estimated useful life of the assets. The estimated useful lives of technical assets were based on the economic benefits generated from the assets or the terms of the technical asset contracts. The estimated useful lives of other intangible assets were 3 to 5 years.

16. BORROWINGS

a. Short-term borrowings

	<u>March 31, 2020</u>		<u>December 31, 2019</u>		<u>March 31, 2019</u>	
	Interest Rate %	Amount	Interest Rate %	Amount	Interest Rate %	Amount
Bank lines of credit	-	<u>\$ -</u>	1.00	<u>\$ 1,000,000</u>	-	<u>\$ -</u>

b. Long-term borrowings

	<u>Period</u>	<u>Interest Rate</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Secured borrowings</u>					
CTBC Bank Co., Ltd. syndicated loan (IV)	2014.07.07-2019.11.27	1.87%-2.23%	\$ -	\$ -	\$ 2,600,000
Bank of Taiwan secured medium-term loan	2014.12.29-2021.12.29	1.11%-1.70%	247,040	247,040	370,560
Bank of Taiwan syndicated loan (IV)	2016.08.15-2021.12.29	1.79%-1.81%	9,000,000	9,000,000	5,800,000
Bank of Taiwan syndicated loan (V)	2019.01.14-2026.09.19	1.89%	4,250,000	4,250,000	-
<u>Unsecured borrowings</u>					
The Export - Import Bank of ROC	2019.09.20-2026.09.21	1.16%	<u>500,000</u>	<u>500,000</u>	<u>-</u>
			13,997,040	13,997,040	8,770,560
Less: Current portion			(4,123,520)	(4,123,520)	(4,563,520)
Less: Syndication agreement management fee			<u>(134,367)</u>	<u>(143,047)</u>	<u>(159,262)</u>
			<u>\$ 9,739,153</u>	<u>\$ 9,730,473</u>	<u>\$ 4,047,778</u>

- a. CTBC Bank Co., Ltd. Syndicated Loan (IV)
 - 1) On July 7, 2014, the Company entered into a syndicated loan, with a group of financial institutions to procure equipment for 12-inch fab and repay bank loans, credit line was divided into part A and B, which amounted to \$6.5 billion and \$2.5 billion, respectively; the total line of credit \$9 billion.
 - 2) Part A will be repaid every six months from November 27, 2017 until maturity, part B will be repaid every six months from November 27, 2016 until maturity.
 - 3) Refer to Note 12 for collateral on bank borrowings.
 - 4) On August 26, 2019, the loan be repaid in advance.
- b. The collateral on the Bank of Taiwan secured medium-term loan is the land and building of the Company in Zhubei. Refer to Note 12. The principal will be repaid every six months from June 29, 2017 until maturity.
- c. Bank of Taiwan Syndicated Loan (IV)
 - 1) On August 15, 2016, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for 12-inch fab, repay bank loans and augment medium-term working capital. The credit line was divided into part A and B, which amounted to \$10 billion and \$2 billion, respectively; and the total line of credit amounted to \$12 billion.
 - 2) Part A will be repaid every six months from December 29, 2019 until maturity, and part B will be repaid every six months from December 29, 2018 until maturity.
 - 3) Refer to Note 12 for collateral on bank borrowings.
- d. Bank of Taiwan Syndicated Loan (V)
 - a) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for fab. The credit line amounted to \$42 billion. The principal will be repaid every six months from September 19, 2022 until maturity.
 - b) Refer to Note 12 for collateral on bank borrowings.
- e. The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans except for the Bank of Taiwan secured medium - term loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements.
- f. The proceeds of the NTC's unsecured loan from the Export-Import Bank of ROC was invested in Autotalks Ltd. The principal will be repaid every six months from September 20, 2023 until maturity and the interest rate will be reviewed and may be adjusted every six months.

17. BONDS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic secured bonds	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Less: Discounts on bonds payable	<u>(65,246)</u>	<u>(68,254)</u>	<u>(77,246)</u>
	<u>\$ 9,934,754</u>	<u>\$ 9,931,746</u>	<u>\$ 9,922,754</u>

On July 10, 2018, the Company was approved by the SFB to offer and issue the first secured corporate bonds of 2018, with an aggregate principal amount of \$10,000,000 thousand. The terms of issuance, amounts and interest rate as follows:

Issuance Date	Period	Amount	Coupon Rate	Repayment and Interest Payment
2018.07.17	7 years	\$ 10,000,000	1%	The principal will be repaid upon maturity. The interest is payable once a year at the coupon rate accrued annually on a simple basis starting from the issue date.

Refer to Note 12 for collateral of 12-inch Fab Manufacturing facilities on corporate bonds.

18. RETIREMENT BENEFIT PLANS

The employee benefit expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018, and recognized \$21,940 thousand and \$22,659 thousand for the three months ended March 31, 2020 and 2019, respectively.

19. EQUITY

a. Share capital

	March 31, 2020	December 31, 2019	March 31, 2019
Number of shares authorized (in thousands)	<u>6,700,000</u>	<u>6,700,000</u>	<u>6,700,000</u>
Share authorized	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,980,000</u>	<u>3,980,000</u>	<u>3,980,000</u>
Share issued	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>

As of March 31, 2020, December 31, 2019 and March 31, 2019, the balance of the Company's capital account amounted to \$39,800,002 thousand, divided into 3,980,000 thousand shares with a par value of \$10.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to <u>share capital</u>			
Arising from issuance of share capital	\$ 4,787,673	\$ 4,787,673	\$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352	136,352
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries	1,998	1,998	6,074
Arising from share of changes in capital surplus of associates	29,137	29,137	29,137
Cash capital increase reserved for employee preemption	208,451	208,451	208,451
Others	<u>30,749</u>	<u>30,749</u>	<u>30,749</u>
	<u>\$ 7,536,396</u>	<u>\$ 7,536,396</u>	<u>\$ 7,540,472</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders held their regular meeting on June 14, 2019 and resolved the amendments to the Company's Articles of Incorporation. The amendments of the Company's dividend distribution policy as follows:

From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and may be distribution to the employees of subsidiaries of the Company meeting certain criteria.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The Company purchases its stock for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the board of directors.

If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the board of directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonus and dividends to shareholders.

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends, which may be distributed in stock dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The business report, the financial statements, and the proposal for distribution of earnings or making up loss shall be prepared by and then resolved by the board of directors. The Company, in distributing its profit according to the preceding paragraph, shall estimate and reserve employee and director remuneration and any taxes payable as well as cover any losses and set aside the legal reserve in accordance with the law; however, provided that the legal reserve amounts to the total paid-in capital, the legal reserve need not be set aside. Where the Company distributes the profit in cash, such distribution shall be resolved by the board of directors, but where the profit is distributed in the form of newly issued share, such distribution shall be resolved by the shareholders' meeting.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain (loss) from available-for-sale financial assets, net amount of fair value below the cost of the Company's ordinary shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2019 and 2018 were approved in the board of directors and the shareholders' meetings on March 12, 2020 and June 14, 2019, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Year 2019</u>	<u>For Year 2018</u>	<u>For Year 2019</u>	<u>For Year 2018</u>
Legal reserve appropriated	\$ 115,226	\$ 744,650		
Cash dividends	<u>398,000</u>	<u>3,980,000</u>	\$ 0.1	\$ 1.0
	<u>\$ 513,226</u>	<u>\$ 4,724,650</u>		

The appropriation of earnings for 2019 is subject to the resolution of shareholders' meeting to be held on June 12, 2020.

For information about the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 21 to the consolidated financial statements on employee benefits expenses.

d. Other equity items

1) Exchange differences on translation of foreign financial statements

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (119,246)	\$ (50,780)
Exchange differences arising on translating the financial statements of foreign operations	<u>4,471</u>	<u>25,954</u>
Balance at March 31	<u>\$ (114,775)</u>	<u>\$ (24,826)</u>

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

2) Unrealized gains (losses) on financial assets at FVTOCI

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 5,009,928	\$ 3,533,423
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(2,220,188)	667,043
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	(1,608,302)	241,365
Disposal of investments in equity instruments designated at FVTOCI	<u>(231,795)</u>	<u>(2,573)</u>
Balance at March 31	<u>\$ 949,643</u>	<u>\$ 4,439,258</u>

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

e. Non-controlling interests

	Three Months Ended March 31	
	2020	2019
Balance at January 1 (IFRS 9)	\$ 2,836,565	\$ 1,446,726
Share attributable to non-controlling interests		
Profit for the period	5,326	12,995
Exchange difference on translation of foreign financial statements	(2,380)	7,223
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(25,379)	26,173
Other capital surplus	<u>-</u>	<u>20</u>
Balance at March 31	<u>\$ 2,814,132</u>	<u>\$ 1,493,137</u>

20. REVENUE

Refer to Note 32 for the Group's revenue.

21. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	Three Months Ended March 31, 2020			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 650,819</u>	<u>\$ 1,297,060</u>	<u>\$ -</u>	<u>\$ 1,947,879</u>
Post-employment benefits	<u>\$ 33,230</u>	<u>\$ 81,411</u>	<u>\$ -</u>	<u>\$ 114,641</u>
Depreciation	<u>\$ 2,003,700</u>	<u>\$ 252,653</u>	<u>\$ 2,536</u>	<u>\$ 2,258,889</u>
Amortization	<u>\$ 8,340</u>	<u>\$ 20,385</u>	<u>\$ 8,680</u>	<u>\$ 37,405</u>
	Three Months Ended March 31, 2019			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 679,241</u>	<u>\$ 1,325,865</u>	<u>\$ -</u>	<u>\$ 2,005,106</u>
Post-employment benefits	<u>\$ 32,788</u>	<u>\$ 83,123</u>	<u>\$ -</u>	<u>\$ 115,911</u>
Depreciation	<u>\$ 1,888,794</u>	<u>\$ 167,871</u>	<u>\$ 1,854</u>	<u>\$ 2,058,519</u>
Amortization	<u>\$ 8,370</u>	<u>\$ 14,447</u>	<u>\$ 3,505</u>	<u>\$ 26,322</u>

In accordance with the Company Act and the Articles of Incorporation, it stipulates distribution of the compensation of employees and remuneration of directors at the rates no more than 1% and no less than 1%, respectively, of net profit before income tax, remuneration to directors and compensation of employees. The calculation for the rate mentioned above also include the Company's remuneration of supervisors before establishment of the Audit Committee. For the three months ended March 31, 2020 and 2019, the employees' compensation and remuneration of directors were as follows:

	Three Months Ended March 31			
	2020		2019	
	Amounts	Accrual Rate	Amounts	Accrual Rate
Employees' compensation	<u>\$ -</u>	-%	<u>\$ 11,551</u>	2%
Remuneration of directors	<u>\$ -</u>	-%	<u>\$ 5,776</u>	1%

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation to employees and remuneration to the directors of 2019 and 2018 were approved by the Company's board of directors on April 30, 2020 and March 25, 2019, respectively, were as below:

	For the Year Ended December 31	
	2019	2018
Employees' compensation	<u>\$ 28,038</u>	<u>\$ 163,650</u>
Remuneration of directors	<u>\$ 14,019</u>	<u>\$ 81,825</u>

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation to employees and remuneration to the directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	Three Months Ended March 31	
	2020	2019
Current income tax		
In respect of the current year	\$ 49,643	\$ 30,650
Adjustment for prior years' tax	124	368
Deferred income tax		
In respect of the current year	<u>(29,338)</u>	<u>135,068</u>
Income tax expense recognized in profit or loss	<u>\$ 20,429</u>	<u>\$ 166,086</u>

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. The Company's tax returns have been assessed by the tax authorities through 2018.

23. EARNINGS (LOSS) PER SHARE

	Three Months Ended March 31					
	2020			2019		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to common shareholders	\$ (86,852)	3,980,000	<u>\$ (0.02)</u>	\$ 415,229	3,980,000	<u>\$ 0.10</u>
Effect of dilutive potential common share						
Employees' compensation	-	-		-	783	
Diluted earnings per share						
Net income attributed to common shareholders	<u>\$ (86,852)</u>	<u>3,980,000</u>	<u>\$ (0.02)</u>	<u>\$ 415,229</u>	<u>3,980,783</u>	<u>\$ 0.10</u>

If the Company offered to settle the compensation or bonuses paid to employees by cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development activities, debt repayments and dividends payments.

25. FINANCIAL INSTRUMENT

- a. Fair value of financial instruments

- 1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).
- Forward exchange contracts and foreign exchange swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- Domestic and overseas unlisted equity instrument at FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Fair value of financial instruments that are not measured at fair value

Fair value hierarchy as at March 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 9,934,754	\$ _____	\$ 9,934,754	\$ _____	\$ 9,934,754

Fair value hierarchy as at December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 9,931,746	\$ _____	\$ 9,931,746	\$ _____	\$ 9,931,746

Fair value hierarchy as at March 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 9,922,754	\$ _____	\$ 9,922,754	\$ _____	\$ 9,922,754

4) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy as at March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets (not under hedge accounting)	\$ <u> -</u>	\$ <u> 7,274</u>	\$ <u> -</u>	\$ <u> 7,274</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 4,907,294	\$ -	\$ -	\$ 4,907,294
Overseas listed securities	26,357	-	-	26,357
Domestic and overseas unlisted securities	<u> -</u>	<u> 17,220</u>	<u>1,419,630</u>	<u>1,436,850</u>
	<u>\$ 4,933,651</u>	<u>\$ 17,220</u>	<u>\$ 1,419,630</u>	<u>\$ 6,370,501</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities assets (not under hedge accounting)	\$ <u> -</u>	\$ <u> 707</u>	\$ <u> -</u>	\$ <u> 707</u>

Fair value hierarchy as at December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets (not under hedge accounting)	\$ <u> -</u>	\$ <u> 75,462</u>	\$ <u> -</u>	\$ <u> 75,462</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 7,234,306	\$ -	\$ -	\$ 7,234,306
Overseas listed securities	52,487	-	-	52,487
Domestic and overseas unlisted securities	<u> -</u>	<u> 17,240</u>	<u>1,423,311</u>	<u>1,440,551</u>
	<u>\$ 7,286,793</u>	<u>\$ 17,240</u>	<u>\$ 1,423,311</u>	<u>\$ 8,727,344</u>

Fair value hierarchy as at March 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 7,087,387	\$ -	\$ -	\$ 7,087,387
Overseas listed securities	78,576	-	-	78,576
Domestic and overseas unlisted securities	-	17,430	769,555	786,985
	<u>\$ 7,165,963</u>	<u>\$ 17,430</u>	<u>\$ 769,555</u>	<u>\$ 7,952,948</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities assets (not under hedge accounting)	\$ -	\$ 10,819	\$ -	\$ 10,819

b. Categories of financial instruments

Fair values of financial assets and liabilities were summarized as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Measured at amortized cost						
Cash and cash equivalents	\$ 10,631,690	\$ 10,631,690	\$ 11,467,907	\$ 11,467,907	\$ 10,890,356	\$ 10,890,356
Notes and accounts receivable (included related parties)	6,259,021	6,259,021	6,130,906	6,130,906	6,075,633	6,075,633
Other receivables	777,371	777,371	750,720	750,720	447,051	447,051
Refundable deposits (recorded in other non-current assets)	420,349	420,349	396,681	396,681	273,058	273,058
Financial assets at fair value through profit or loss	7,274	7,274	75,462	75,462	-	-
Financial assets at fair value through other comprehensive income (current and non-current)	6,370,501	6,370,501	8,727,344	8,727,344	7,952,948	7,952,948
<u>Financial liabilities</u>						
Measured at amortized cost						
Short-term borrowings	-	-	1,000,000	1,000,000	-	-
Notes and accounts payable (included related parties)	6,057,442	6,075,442	5,697,780	5,697,780	4,730,159	4,730,159
Payable on equipment and other payables	5,177,724	5,177,724	6,138,634	6,138,634	6,044,138	6,044,138
Bonds payable	9,934,754	9,934,754	9,931,746	9,931,746	9,922,754	9,922,754
Long-term borrowings (included current portion)	13,997,040	13,997,040	13,997,040	13,997,040	8,770,560	8,770,560
Guarantee deposits (recorded in other non-current liabilities)	67,754	67,754	64,347	64,347	60,118	60,118
Financial liabilities at fair value through profit or loss	707	707	-	-	10,819	10,819

c. Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income in the amounts of \$29,166 thousand and \$42,373 thousand for the three months ended March 31, 2020 and 2019, respectively.

b) Interest rate risk

The Group's interest rate risk arises primarily from floating rate borrowings.

The carrying amount of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Cash flow interest rate risk			
Financial assets	\$ 470,213	\$ 284,413	\$ 33,766
Financial liabilities	13,997,040	13,997,040	8,770,560

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Group's cash flows for the three months ended March 31, 2020 and 2019 would have increased by \$135,268 thousand and \$87,368 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group's non-derivative financial liabilities and their agreed repayment period were as follows:

	March 31, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 11,253,166	\$ 67,754	\$ -	\$ 11,302,920
Lease liabilities	237,505	222,895	2,296,201	2,756,601
Variable interest rate liabilities	4,123,520	5,123,520	4,750,000	13,997,040
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 15,596,191</u>	<u>\$ 5,414,169</u>	<u>\$ 17,046,201</u>	<u>\$ 38,056,561</u>
	December 31, 2019			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 11,836,414	\$ 64,347	\$ -	\$ 11,900,761
Lease liabilities	239,834	220,802	2,337,896	2,798,532
Variable interest rate liabilities	4,123,520	5,123,520	4,750,000	13,997,040
Fixed interest rate liabilities	<u>1,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>11,000,000</u>
	<u>\$ 17,199,768</u>	<u>\$ 5,408,669</u>	<u>\$ 17,087,896</u>	<u>\$ 39,696,333</u>
	March 31, 2019			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 10,774,298	\$ 60,118	\$ -	\$ 10,834,416
Lease liabilities	236,673	201,665	2,476,007	2,914,345
Variable interest rate liabilities	4,563,520	1,883,520	2,323,520	8,770,560
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 15,574,491</u>	<u>\$ 2,145,303</u>	<u>\$ 14,799,527</u>	<u>\$ 32,519,321</u>

26. RELATED PARTY TRANSACTIONS

- a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Group
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Hwa Bao Botanic Conservation Corp.	Associate
Nyquest Technology Co., Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou)	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
Walsin Technology Corporation	Related party in substance
TDC	Subsidiary (June 10, 2019 as the date of liquidation)

b. Operating activities

	Three Months Ended March 31		
	2020	2019	
1) Operating revenue			
Related party in substance	\$ 37,102	\$ 51,475	
2) Manufacturing expenses			
Related party in substance			
Walton Advanced Engineering Inc.	\$ 773,143	\$ 605,614	
Others	<u>130,657</u>	<u>137,232</u>	
	<u>\$ 903,800</u>	<u>\$ 742,846</u>	
3) General and administrative expenses			
Investor that exercises significant influence over the Group	\$ 2,797	\$ 2,238	
Related party in substance	<u>2,695</u>	<u>2,695</u>	
	<u>\$ 5,492</u>	<u>\$ 4,933</u>	
4) Other income			
Related party in substance	\$ 136	\$ -	
Associate	<u>30</u>	<u>28</u>	
	<u>\$ 166</u>	<u>\$ 28</u>	
	March 31, 2020	December 31, 2019	March 31, 2019
5) Accounts receivable due from related parties			
Related party in substance	\$ 28,343	\$ 45,903	\$ 38,878
6) Accounts payable to related parties			
Related party in substance			
Walton Advanced Engineering Inc.	\$ 1,251,566	\$ 773,107	\$ 645,840
Others	<u>130,949</u>	<u>138,422</u>	<u>158,114</u>
	<u>\$ 1,382,515</u>	<u>\$ 911,529</u>	<u>\$ 803,954</u>
7) Other receivables and other current assets			
Subsidiary	\$ 16,157	\$ 16,157	\$ -
Investor that exercises significant influence over the Group	227	-	225
Related party in substance	<u>143</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,527</u>	<u>\$ 16,157</u>	<u>\$ 225</u>

	March 31, 2020	December 31, 2019	March 31, 2019
8) Other payables and other current liabilities			
Related party in substance Investor that exercises significant influence over the Group	\$ 38,482	\$ 34,923	\$ 60,220
	<u>1,048</u>	<u>1,117</u>	<u>1,116</u>
	<u>\$ 39,530</u>	<u>\$ 36,040</u>	<u>\$ 61,336</u>
9) Refundable deposits (recorded as “other non-current assets”)			
Related party in substance Investor that exercises significant influence over the Group	\$ 1,722	\$ 1,722	\$ 1,722
	<u>203</u>	<u>203</u>	<u>203</u>
	<u>\$ 1,925</u>	<u>\$ 1,925</u>	<u>\$ 1,925</u>

The Group’s transactions with the related party were conducted under normal terms.

c. Lease arrangements

	March 31, 2020	December 31, 2019	March 31, 2019
1) Lease liabilities			
Related party in substance Investor that exercises significant influence over the Group	\$ 30,280	\$ 32,869	\$ 40,573
	<u>4,535</u>	<u>5,160</u>	<u>7,023</u>
	<u>\$ 34,815</u>	<u>\$ 38,029</u>	<u>\$ 47,596</u>
		<u>Three Months Ended March 31</u>	
		2020	2019
2) Interest expense			
Related party in substance Investor that exercises significant influence over the Group		\$ 125	\$ 167
		<u>19</u>	<u>28</u>
		<u>\$ 144</u>	<u>\$ 195</u>

d. Guarantee

As of March 31, 2020, the prior chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 13.

e. Compensation of key management personnel

	Three Months Ended March 31	
	2020	2019
Short-term employment benefits	\$ 68,515	\$ 71,469
Post-employment benefits	<u>16,662</u>	<u>2,246</u>
	<u>\$ 85,177</u>	<u>\$ 73,715</u>

The remuneration of directors and key management personnel was suggested by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

27. PLEDGED AND COLLATERALIZED ASSETS

Refer to Note 6 and Note 12 to the consolidated financial statements.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Amounts available under unused letters of credit as of March 31, 2020 and 2019 were approximately US\$1,490 thousand and US\$12,788 thousand, JPY389,870 thousand and JPY1,305,330 thousand and EUR 0 thousand and EUR122 thousand, respectively.

b. Signed construction contract

	Total Contract Price	Payment as of March 31, 2020
TASA Construction Corporation	<u>\$ 8,375,092</u>	<u>\$ 6,392,780</u>

c. For business purpose, on March 12, 2020 NTC's board of directors resolved to issue NTC's first non-guarantee convertible bonds, which the total bond issuance limit amounts to 2,000,000 thousand. Once the case obtain approval from the government authorities, the issuance will come effective and NTC expect to issue the bond in the second quarter of the year 2020.

d. Microchip Technology Inc. (listed company in the United States) filed a first amended complaint in January 2019, which alleges that NTC and NTCA infringed six patents of Microchip Technology Inc. The case is proceeding in the United States District Court for the Northern District of California where NTC and NTCA filed their statement of defense. The parties reach an settlement in March 2020, Microchip Technology Inc. agreed to withdraw the complaint.

29. SIGNIFICANT CONTRACTS

On November 28, 2019, NTC's board of directors resolved to acquire the semiconductor business of Panasonic Corporation. Consequently, NTC and Panasonic Corporation reached an agreement and signed a contract for NTC's acquisition of the semiconductor business of Panasonic Corporation. Both parties will obtain approval from their government authorities and estimate to complete the contract settlement in June 2020. The total contract amount is US\$250,000 thousand (approximately NT\$7,627,500 thousand), which will be adjusted on or after the settlement in accordance with the regulated price formula in the contract.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2020			December 31, 2019			March 31, 2019		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>									
Monetary items									
USD	\$ 200,872	30.225	\$ 6,071,369	\$ 209,636	29.98	\$ 6,284,877	\$ 235,422	30.82	\$ 7,255,694
USD	289	108.41	8,727	23,628	108.62	708,381	15,474	110.74	476,920
		(Note 2)			(Note 2)			(Note 2)	
EUR	4,391	33.24	145,960	591	33.59	19,847	1,699	34.61	58,791
JPY	1,415,021	0.2788	394,508	1,615,538	0.2760	445,888	1,966,531	0.2783	547,286
RMB	145,132	4.225	617,536	75,469	4.305	324,895	14,756	4.58	67,581
RMB	106,680	0.1408	432,647	68,803	0.1436	296,199	45	0.1486	204
		(Note 3)			(Note 3)			(Note 3)	
ILS	19,791	8.5045	168,316	14,128	8.6652	122,421	19,637	8.4878	166,678
Non-monetary items									
USD	7,461	30.225	225,495	7,461	29.98	223,667	7,377	30.82	227,368
<u>Financial liabilities</u>									
Monetary items									
USD	104,620	30.225	3,162,165	132,119	29.98	3,960,917	97,589	30.82	3,007,685
USD	6,885	108.41	208,110	14,739	108.62	441,864	6,463	110.74	119,186
		(Note 2)			(Note 2)			(Note 2)	
EUR	4,674	33.24	155,364	2,683	33.59	90,135	2,296	34.61	79,460
JPY	1,368,076	0.2788	381,420	1,636,729	0.2760	451,737	2,108,869	0.2783	586,898
RMB	62,581	0.1408	266,284	47,882	0.1436	206,132	14	0.1486	62
		(Note 3)			(Note 3)			(Note 3)	
ILS	21,765	8.5045	185,103	24,104	8.6652	208,865	23,519	8.4878	199,624

Note 1: Except as otherwise noted, exchange rate represents the number of New Taiwan dollars for which one unit of foreign currency could be exchanged.

Note 2: The exchange rate represents the number of JPY for which one U.S. dollar could be exchanged.

Note 3: The exchange rate represents the number of U.S. dollar for which one RMB could be exchanged.

For the three months ended March 31, 2020 and 2019, realized and unrealized net foreign exchange gain (loss) were gain of \$51,968 thousand, and \$24,280 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

31. ADDITIONAL DISCLOSURE

- a. Following are the additional disclosures for material transactions and; b. investments required by the Securities and Futures Bureau for the Company:

1)	Financings provided	None
2)	Endorsement and guarantee provided	None
3)	Marketable securities held (excluding investments in subsidiaries and associates)	Table 1
4)	Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital	None
5)	Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital	Table 2
6)	Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital	None
7)	Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital	Table 3
8)	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 4
9)	Information about the derivative financial instruments transaction	Note 7
10)	Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in Mainland China)	Table 5
11)	Major Shareholders	Table 8

- c. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 6
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.	Table 6

- d. Information on intercompany relationships and significant intercompany transactions: Refer to Table 7 attached.

32. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" and IAS 34 "Interim Financial Reporting" was as follows:

a) Segment of DRAM IC product

The DRAM IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Mobile RAM and Specialty DRAM.

b) Segment of Flash Memory product

The Flash Memory product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Flash Memory product.

c) Segment of Logic IC product

The Logic IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Logic IC product.

2) Principles of measuring reportable segments, profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. Individual segment assets are disclosed as zero since those measures are not reviewed by the chief operating decision maker. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

The following was an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue		Segment Profit and Loss	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019
DRAM IC product	\$ 4,196,411	\$ 4,769,680	\$ (271,954)	\$ 480,922
Flash Memory product	5,254,132	4,088,730	1,061,798	907,838
Logic IC product	2,098,422	2,027,961	223,038	237,138
Total of segment revenue	11,548,965	10,886,371	1,012,882	1,625,898
Other revenue	38	397	38	397
Operating revenue	<u>\$ 11,549,003</u>	<u>\$ 10,886,768</u>		
Unallocated expenditure				
Administrative and supporting expenses			(531,792)	(466,552)
Sales and other common expenses			(449,319)	(507,706)
Income from operations			31,809	652,037
Non-operating income and expenses				
Interest income			16,528	25,292
Other income			11,776	8,430
Gains (losses) on disposal of property, plant and equipment			368	(987)
Foreign exchange gains (losses)			51,968	24,280
Share of profit (loss) of associates accounted for using equity method			(14,828)	(2,216)
Interest expense			(67,947)	(42,754)
Other expenses			(39,002)	(29,517)
Gains (losses) on financial instruments at fair value through profit or loss			(51,769)	(40,255)
Profit before income tax			<u>\$ (61,097)</u>	<u>\$ 594,310</u>

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2020

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Winbond Electronics Corp. (WEC)	<u>Shares</u> Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22% ownership interest in WEC	Current financial assets at fair value through other comprehensive income	218,000,000	\$ 2,398,000	7	\$ 2,398,000	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	110,067,210	570,148	4	570,148	
	Walton Advanced Engineering Inc.	The investee chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director.	"	50,062,641	394,994	10	394,994	
	Walsin Technology Corporation	The investee's chairmans are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's supervisor.	"	8,600,117	1,384,619	2	1,384,619	
	FocalTech Systems Co., Ltd.	None	"	4,000,000	113,200	1	113,200	
	<u>Shares</u> His Chu Golf Country Club	None	Non-current financial assets at fair value through other comprehensive income	3	9,120	-	9,120	
	Linkou Golf Course	"	"	1	8,100	-	8,100	
	Smart Catch International Co., Ltd.	"	"	4,000,000	-	16	-	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	"	5,440	239	5	239	
	WECA	<u>Shares</u> Everspin Technologies, Inc.	None	Current financial assets at fair value through other comprehensive income	332,834	USD 872	2	USD 872
<u>Funds</u> JVP VIII, L.P.		None	Non-current financial assets at fair value through other comprehensive income	-	USD 5,850	7	USD 5,850	
WECJ	<u>Shares</u> Nihon Computer Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10	JPY -	1	JPY -	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
GLMTD	<u>Shares</u> TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	3,001,000	INR 30,010	10	INR 30,010	
NTC	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,350,000	13,365	5	13,365	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	387,200	4	387,200	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	463	-	463	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	604,500	8	604,500	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	45,870	5	45,870	

Note: Refer to Tables 5 and 6 for information of investment in subsidiaries, investments in associates and investment in Mainland China.

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

(In Thousands of New Taiwan Dollars)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
WEC	Buildings	2020.02.05-2020.03.24	\$ 621,392	Monthly settlement by the construction progress and acceptance	TASA Construction Corporation	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	\$ 2,640,493	28	Net 90 days from invoice date	N/A	N/A	\$ 1,082,059	24	
	WECJ	Indirect subsidiary with 100% ownership	Sales	981,477	11	Net 90 days from invoice date	N/A	N/A	201,909	4	
	WECN	Indirect subsidiary with 100% ownership	Sales	381,970	4	Net 90 days from invoice date	N/A	N/A	61,342	1	
	WECA	Indirect subsidiary with 100% ownership	Sales	161,573	2	Net 90 days from invoice date	N/A	N/A	8,690	-	
WEHK	WEC	Parent company	Purchases	USD 88,009	100	Net 90 days from invoice date	N/A	N/A	USD (35,800)	(100)	
WECJ	WEC	Parent company	Purchases	JPY 3,573,741	98	Net 90 days from invoice date	N/A	N/A	JPY (726,926)	(94)	
WECN	WEC	Parent company	Purchases	RMB 89,219	100	Net 90 days from invoice date	N/A	N/A	RMB (14,416)	(100)	
WECA	WEC	Parent company	Purchases	USD 5,397	100	Net 90 days from invoice date	N/A	N/A	USD (296)	(97)	
NTC	NTHK	Subsidiary	Sales	609,262	29	Net 90 days from invoice date	N/A	N/A	53,961	7	
NTHK	NTC	Parent company	Purchases	USD 20,350	100	Net 90 days from invoice date	N/A	N/A	USD (1,785)	(100)	

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	\$ 1,082,059	10.22	\$ -	-	\$ 205,529	\$ -
	WECJ	Indirect subsidiary with 100% ownership	201,909	12.51	-	-	-	-

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Winbond Electronics Corp.	Nuvoton Technology Corporation	Taiwan	Research, development, design, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	\$ 2,994,644	\$ 2,994,644	177,000,000	62	\$ 4,488,937	\$ 11,215	\$ 8,608	
	Winbond Int'l Corporation	British Virgin Islands	Investment holding	2,992,157	2,992,157	95,410,000	100.00	1,622,750	9,999	9,999	
	Winbond Electronics (HK) Limited	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	455,758	35,851	35,845	
	Landmark Group Holdings Ltd.	British Virgin Islands	Investment holding	168,755	168,755	5,343,000	100.00	430,591	16,413	16,413	
	Callisto Holding Limited	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	140,026	(3,844)	(3,844)	
	Great Target Development Ltd.	Seychelles	Investment Holding	155,367	155,367	4,460,000	100.00	141,074	(289)	(289)	
	Winbond Electronics Germany GmbH	Germany	Sales and service of semiconductor	28,679	28,679	850,000	100.00	28,254	-	-	
	Winbond Technology Ltd.	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	71,213	2,418	2,418	
	Pine Capital Investment Limited	Hong Kong	Investment holding	2,967	2,967	780,000	100.00	3,360	(46)	(46)	
	Chin Xin Investment Co., Ltd.	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	2,925,096	(10,722)	(14,825)	
Hwa Bao Botanic Conservation Corp.	Taiwan	Agriculture and forestry botanic conservation	750	750	75,000	15.00	712	(17)	(3)		
Winbond Int'l Corporation	Winbond Electronics Corporation America	United States of America	Design, sales and after-sales service of semiconductor	1,683,207	1,683,207	3,067	100.00	1,427,693	10,104	10,104	
Landmark Group Holdings Ltd.	Winbond Electronics Corporation Japan	Yokohama, Japan	Research, development, sales and after-sales service of semiconductor	112,644	112,644	2,970	100.00	442,898	16,530	16,530	
	Peaceful River Corp.	British Virgin Islands	Investment holding	20,044	20,044	5,660,000	100.00	(13,188)	7	7	(Note 1)
Callisto Holding Limited	Callisto Technology Limited	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	30,425	43	43	
				USD 1,000	USD 1,000			USD 1,007	USD 1	USD 1	
Great Target Development Ltd.	GLMTD Technology Private Limited	India	Sales and service of semiconductor	135,415	135,415	27,998,400	99.99	111,413	(215)	(215)	
Nuvoton Technology Corporation	Nuvoton Electronics Technology (H.K.) Limited	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	455,991	(3,386)	(3,386)	
	Marketplace Management Limited	British Virgin Islands	Investment holding	273,418	273,418	8,842,789	100.00	77,468	536	536	
	Nuvoton Investment Holding Ltd.	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100.00	281,437	8,960	8,960	
	Song Yong Investment Corporation	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	63,938	(46)	(46)	
	Nuvoton Technology India Private Limited	India	Design, sales and after-sales service of semiconductor	30,211	30,211	600,000	100.00	21,447	302	302	
	Nuvoton Technology Corp. America	United States of America	Design, sales and after-sales service of semiconductor	190,862	190,862	60,500	100.00	188,660	1,077	1,077	
	Nuvoton Technology Singapore pte. Ltd.	Singapore	Design, sales and after-sales service of semiconductor	3,044	-	100,000	100.00	3,044	-	-	
Marketplace Management Limited	Goldbond LLC	United States of America	Investment holding	1,472,903	1,472,903	-	100.00	77,241	613	613	
Nuvoton Investment Holding Ltd.	Nuvoton Technology Israel Ltd.	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	282,518	9,014	9,014	

Note 1: PRC has a negative net book value as of March 31, 2019, which is reclassified to other non-current liabilities.

Note 2: Refer to Table 7 for information on investment in Mainland China.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Dollars)

1. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020
						Outward	Inward						
WEC	Winbond Electronics (Suzhou) Limited	Design, development and marketing of VLSI integrated ICs	\$ 276,435 USD 9,000	Through investing in WEHK in the third area, which then invested in the investee in Mainland China indirectly	\$ 276,435 USD 9,000	\$ -	\$ -	\$ 276,435 USD 9,000	\$ 5,877	100	\$ 5,877	\$ 295,552	\$ 35,880
NTC	Nuvoton Electronics Technology (Shanghai) Limited	Provide project of sale in China and repair, test and consult of software	68,036 USD 2,000	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	68,036 USD 2,000	-	-	68,036 USD 2,000	687	62	423	48,407	-
	Winbond Electronics (Nanjing) Ltd.	Computer software service (except I.C. design)	16,429 USD 500	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	16,429 USD 500	-	-	16,429 USD 500	-	62	-	(1,040) (Note 2)	-
	Nuvoton Electronics Technology (Shenzhen) Limited	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 USD 6,000	Through investing in NTHK in the third area, which then invested in the investee in Mainland China indirectly	197,670 USD 6,000	-	-	197,670 USD 6,000	1,730	62	1,065	126,861	-

Note 1: Investment profit or loss for the three months ended March 31, 2020 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: WENJ has a negative net book value as of March 31, 2020, which is reclassified to other non-current liabilities.

2. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 34,265,850
NTC	282,135 (USD8,500)	282,135 (USD8,500)	4,398,628

Note 3: Upper limit on the amount of 60% of the investee's net book value.

3. Refer to Table 3 for significant transactions with the investee in Mainland China directly and indirectly through investing in companies in the third area.
4. Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
5. Financing of funds to investee in Mainland China directly and indirectly through investing in companies in the third area: None.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)	
				Financial Statement Account	Amount	Terms		
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 2,640,493	-	23	
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,082,059	-	1	
		WECA	Transactions between parent company and subsidiaries	Operating revenue	161,573	-	1	
		WECA	Transactions between parent company and subsidiaries	Other payables	137,297	-	-	
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	981,477	-	8	
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	201,909	-	-	
1	NTC	WECN	Transactions between parent company and subsidiaries	Operating revenue	381,970	-	3	
		NTHK	Transactions between parent company and subsidiaries	Operating revenue	609,262	-	5	
		NTIL	Transactions between parent company and subsidiaries	Research and development expenses	192,766	-	2	
		NTIL	Transactions between parent company and subsidiaries	Other payables	147,533	-	-	

Note 1: There is no significant difference between the sales conditions of parent-subsidiary sales and general sales, and the rest of the transactions have no similar transactions to follow, thus the transactions between the two parties are based on the agreement.

Note 2: Significant intercompany transactions refers to transactions amounted to \$100 million.

TABLE 8**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	883,848,423	22.21
Chin Xin Investment Co., Ltd.	221,003,072	5.55

Note 1: Table 8 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.