

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

**WINWAY TECHNOLOGY CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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

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Independent Auditors' Review Report

To the Board of Directors
WINWAY TECHNOLOGY Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of WINWAY TECHNOLOGY Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of 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 causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the WINWAY TECHNOLOGY Co., Ltd. and its subsidiaries as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 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 review resulting in this independent auditors' review report are Cheng-Lung, Hsu and Guo-Yang, Tzang.

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents (note 6(a))	\$ 1,078,463	31	680,104	28	504,937	20	Short-term borrowings (note 6(l))	\$ -	-	-	-	10,000	-
Current financial assets at fair value through profit or loss (note 6(b))	600,207	18	-	-	180,114	7	Accounts payable	207,590	6	213,212	9	410,877	17
Financial assets measured at amortized cost (note 6(c))	99,000	3	-	-	-	-	Other payables (note 6(p))	624,372	18	209,860	8	205,817	8
Notes receivable (note 6(d))	8,418	-	11,327	-	5,609	-	Current provisions (note 6(n))	4,517	-	5,405	-	3,419	-
Accounts receivable, net (note 6(d))	503,209	14	530,003	22	663,015	26	Current lease liabilities (note 6(o))	19,797	-	20,123	1	17,175	1
Other receivables (note 6(e))	152	-	-	-	491	-	Current tax liabilities	52,865	2	39,642	2	144,806	6
Current tax assets	-	-	-	-	2,729	-	Other current liabilities (note 6(u))	1,881	-	2,623	-	5,255	-
Inventories, net (note 6(f))	340,328	10	417,221	17	436,199	18	Total current liabilities	<u>911,022</u>	<u>26</u>	<u>490,865</u>	<u>20</u>	<u>797,349</u>	<u>32</u>
Other current assets (note 6(k))	13,656	-	9,654	-	36,708	2	Non-Current liabilities:						
Total current assets	<u>2,643,433</u>	<u>76</u>	<u>1,648,309</u>	<u>67</u>	<u>1,829,802</u>	<u>73</u>	Long-term borrowings (notes 6(m) and 8)	-	-	40,000	2	-	-
Non-current assets:							Deferred tax liabilities	1,494	-	69	-	1,115	-
Property, plant and equipment (notes 6(g) and 8)	552,844	16	522,122	22	485,328	19	Non-current lease liabilities (note 6(o))	98,911	3	103,574	4	45,249	2
Right-of-use assets (note 6(h))	129,488	4	135,105	6	62,114	2	Total non-current liabilities	<u>100,405</u>	<u>3</u>	<u>143,643</u>	<u>6</u>	<u>46,364</u>	<u>2</u>
Intangible assets (note 6(i))	33,470	1	36,483	2	41,717	2	Total liabilities	<u>1,011,427</u>	<u>29</u>	<u>634,508</u>	<u>26</u>	<u>843,713</u>	<u>34</u>
Deferred tax assets	43,546	1	39,091	2	41,748	2	Equity attributable to owners of parent (notes 6(q)(r)(s)):						
Refundable deposits	8,052	-	7,652	-	6,915	-	Capital stock	338,390	10	305,710	13	302,980	12
Other non-current financial assets (notes 6(j) and 8)	51,511	1	1,511	-	1,510	-	Advance receipts for share capital	20	-	-	-	2,490	-
Other non-current assets (note 6(k))	32,683	1	15,805	1	52,180	2		<u>338,410</u>	<u>10</u>	<u>305,710</u>	<u>13</u>	<u>305,470</u>	<u>12</u>
Total non-current assets	<u>851,594</u>	<u>24</u>	<u>757,769</u>	<u>33</u>	<u>691,512</u>	<u>27</u>	Capital surplus	1,685,069	48	609,440	25	583,851	23
							Retained earnings	470,018	13	864,414	36	802,295	32
							Other equity	(9,897)	-	(7,994)	-	(14,015)	(1)
							Total equity	<u>2,483,600</u>	<u>71</u>	<u>1,771,570</u>	<u>74</u>	<u>1,677,601</u>	<u>66</u>
Total assets	<u>\$ 3,495,027</u>	<u>100</u>	<u>2,406,078</u>	<u>100</u>	<u>2,521,314</u>	<u>100</u>	Total liabilities and equity	<u>\$ 3,495,027</u>	<u>100</u>	<u>2,406,078</u>	<u>100</u>	<u>2,521,314</u>	<u>100</u>

See accompanying notes to financial statements.

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

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

	For the three months ended March 31			
	2021		2020	
	Amount	%	Amount	%
Operating revenues (notes 6(u) and 14)	\$ 546,516	100	598,868	100
Operating costs (notes 6(f)(i)(o)(p)(s) and 12)	351,942	64	366,670	61
Gross profit	194,574	36	232,198	39
Operating expenses (notes 6((d)(i)(n)(s), 7 and 12):				
Selling expenses	60,281	11	57,039	10
General and administrative expenses	33,869	6	39,867	7
Research and development expenses	40,516	7	29,070	5
Expected credit impairment gain	(1,115)	-	(34,226)	(6)
Total operating expenses	133,551	24	91,750	16
Net operating income	61,023	12	140,448	23
Non-operating income and expenses (notes 6(w)):				
Interest income	410	-	167	-
Other gains and losses	(1,076)	-	(7,163)	(1)
Finance costs	(396)	-	(163)	-
Total non-operating income and expenses	(1,062)	-	(7,159)	(1)
Profit before income tax	59,961	12	133,289	22
Income tax expenses (note 6(q))	14,450	3	31,007	5
Profit	45,511	9	102,282	17
Other comprehensive income (note 6(q)):				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(1,903)	-	(2,561)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	(1,903)	-	(2,561)	-
Other comprehensive income	(1,903)	-	(2,561)	-
Comprehensive income	<u>\$ 43,608</u>	<u>9</u>	<u>99,721</u>	<u>17</u>
Earnings per share (note 6(t)):				
Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.38</u>		<u>3.38</u>	
Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 1.35</u>		<u>3.26</u>	

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total other equity interest	
	Ordinary shares	Captial collected in advance	Capital surplus	Retained earnings			Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2020	\$ 302,980	-	575,513	64,499	13	635,501	700,013	(11,454)	1,567,052
Profit	-	-	-	-	-	102,282	102,282	-	102,282
Other comprehensive income	-	-	-	-	-	-	-	(2,561)	(2,561)
Total comprehensive income	-	-	-	-	-	102,282	102,282	(2,561)	99,721
Exercise of employee stock options	-	2,490	6,225	-	-	-	-	-	8,715
Stock options compensation cost	-	-	2,113	-	-	-	-	-	2,113
Balance at March 31, 2020	\$ 302,980	2,490	583,851	64,499	13	737,783	802,295	(14,015)	1,677,601
Balance at January 1, 2021	\$ 305,710	-	609,440	120,203	11,454	732,757	864,414	(7,994)	1,771,570
Profit	-	-	-	-	-	45,511	45,511	-	45,511
Other comprehensive income	-	-	-	-	-	-	-	(1,903)	(1,903)
Total comprehensive income	-	-	-	-	-	45,511	45,511	(1,903)	43,608
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	-	(439,907)	(439,907)	-	(439,907)
Captial increase by cash	30,460	-	1,069,045	-	-	-	-	-	1,099,505
Exercise of employee stock options	2,220	20	5,600	-	-	-	-	-	7,840
Stock potions compensation cost	-	-	984	-	-	-	-	-	984
Balance at March 31, 2021	\$ 338,390	20	1,685,069	120,203	11,454	338,361	470,018	(9,897)	2,483,600

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from operating activities:		
Profit before income tax	\$ 59,961	133,289
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit impairment gain	(1,115)	(34,226)
Depreciation expense	28,532	25,493
Amortization expense	3,005	2,835
Gain on financial assets at fair value through profit or loss	(207)	(114)
Interest expense	396	163
Interest income	(410)	(167)
Share-based payment transactions	984	2,113
Gain on disposal of property, plant and equipment	28	5,539
Write-down of inventories	29,693	15,416
Unrealized foreign exchange loss	1,444	4,104
Gain on lease modification	-	(99)
Total adjustments to reconcile profit	62,350	21,057
Changes in operating assets and liabilities:		
Decrease in notes receivable	2,844	3,532
Decrease in accounts receivable	26,916	197,885
Increase in other receivable	(8)	(443)
Increase (decrease) in inventories	46,814	(112,138)
Increase in other current assets	(4,039)	(8,054)
Decrease (Increase) in accounts payable	(5,592)	75,932
Decrease in other payable	(27,843)	(15,497)
Increase (decrease) in current provisions	(888)	(2,010)
Decrease in other current liabilities	(728)	(109)
Total adjustments	99,826	160,155
Cash inflow generated from operations	159,787	293,444
Interest received	266	167
Interest paid	(396)	(159)
Income taxes (paid) received	(4,239)	1,214
Net cash flows from operating activities	155,418	294,666
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(600,000)	(180,000)
Acquisition of financial assets at amortized cost	(99,000)	-
Acquisition of property, plant and equipment	(41,253)	(5,141)
(Increase) decrease in refundable deposits	(417)	29
Acquisition of intangible assets	-	(10,250)
Increase in other financial assets	(50,000)	-
Increase in prepayments for equipment	(27,939)	(13,281)
Net cash used in investing activities	(818,609)	(208,643)
Cash flows from financing activities:		
Increase in short-term borrowings	-	10,000
Repayments of long-term borrowings	(40,000)	-
Payment of lease liabilities	(4,852)	(4,785)
Capital increase by cash	1,099,505	-
Proceeds from exercise of employee stock options	7,840	8,715
Net cash flows from financing activities	1,062,493	13,930
Effect of exchange rate changes on cash and cash equivalents	(943)	(1,084)
Net increase in cash and cash equivalents	398,359	98,869
Cash and cash equivalents at beginning of period	680,104	406,068
Cash and cash equivalents at end of period	\$ 1,078,463	504,937

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless otherwise specified)

(1) Company history:

Winway Technology Co., Ltd. (the Company) was incorporated on April 10, 2001 as a company limited by shares under the laws of the Republic of China (ROC). The Company and its subsidiaries (jointly referred to as the Group) are engaged in designing, processing, and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures and their key components, and the import and export trade of related products.

The Company shares have been listed on the Taiwan Stock Exchange since January 20, 2021.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Amendments to IAS 16 “A oneyear extension to the for COVID19 related rent concessions”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

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

(b) Basis of consolidation

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

Name of Investor	Name of Subsidiary	Business Activity	Percentage Ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	WINWAY INTERNATIONAL CO., LTD.	Investment holding	100 %	100 %	100 %	Significant subsidiary
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Non-significant subsidiary.
WINWAY INTERNATIONAL CO., LTD.	WINTEST ENTERPRISES LTD.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Non-significant subsidiary.
WINWAY INTERNATIONAL CO., LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Significant subsidiary

(ii) Subsidiaries which are not included in the consolidated financial statements: None.

(c) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized and allocated to current and deferred taxes based on its proportionate size.

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. The actual results may differ from these estimates.

In preparing the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with those described in note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and those described in note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash and cash on hand	\$ 474	512	457
Demand deposits	777,989	679,592	459,143
Time deposits	300,000	-	45,337
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,078,463</u>	<u>680,104</u>	<u>504,937</u>

Please refer to note 6(x) for the exchange rate risk and sensitivity analysis of the financial assets of the Group.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily measured at fair value through profit or loss — current:			
Open-end mutual funds	\$ <u>600,207</u>	<u>-</u>	<u>180,114</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the net gain or loss on financial assets measured at fair value, please refer to note 6(x).

The Group's financial assets measured at fair value through profit or loss mentioned above were not restricted nor pledged as collateral.

- (c) Financial assets measured at amortized cost

	March 31, 2021	December 31, 2020	March 31, 2020
Domestic time deposits	\$ 99,000	-	-

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investment were classified as financial assets measured at amortized cost.

The Group's financial assets measured at amortized costs were not restricted nor pledged as collateral.

- (d) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable from operating activities	\$ 8,418	11,327	5,609
Accounts receivable—measured as amortized cost	505,139	533,048	677,318
Less: Loss allowance	(1,930)	(3,045)	(14,303)
	\$ 511,627	541,330	668,624

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	March 31, 2021		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	\$ 414,479	0.02 %	69
1 to 30 days past due	29,477	0.00 %	-
31 to 60 days past due	43,600	0.00 %	1
61 to 90 days past due	12,431	0.01 %	1
91 to 180 days past due	10,438	6.94 %	724
181 to 365 days past due	2,853	30.00 %	856
More than 365 days past due	279	100.00 %	279
	\$ 513,557		1,930

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	\$ 420,401	0.03 %	130
1 to 30 days past due	61,835	0.00 %	1
31 to 60 days past due	32,728	0.00 %	1
61 to 90 days past due	7,469	0.01 %	1
91 to 180 days past due	21,017	9.45 %	1,987
181 to 365 days past due	-	0.00 %	-
More than 365 days past due	925	100.00 %	925
	\$ 544,375		3,045
	March 31, 2020		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	593,018	0.39 %	2,330
1 to 30 days past due	47,125	3.22 %	1,518
31 to 60 days past due	23,775	7.08 %	1,684
61 to 90 days past due	8,959	40.16 %	3,598
91 to 180 days past due	5,545	12.05 %	668
More than 181 days past due	4,505	100.00 %	4,505
	\$ 682,927		14,303

The movement in the allowance for notes receivable and accounts receivable was as follow:

	Three months ended March 31,	
	2021	2020
Balance on January 1	\$ 3,045	48,529
Impairment losses reversed	(1,115)	(34,226)
Balance on March 31	\$ 1,930	14,303

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's notes and accounts receivable were not restricted nor pledged as collateral.

For further credit risk information, please refer to note 6(x).

(e) Other receivables

	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	\$ 3,761	3,609	4,100
Less: Loss allowance	(3,609)	(3,609)	(3,609)
	\$ 152	-	491

For further credit risk information, please refer to note 6(x).

(f) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials and supplies	\$ 234,211	304,393	233,694
Work in progress	60,932	56,276	90,543
Finished goods	45,185	56,552	111,962
	\$ 340,328	417,221	436,199

The details of the cost of sales were as follows:

	Three months ended March 31,	
	2021	2020
Recognized as operating costs	\$ 307,833	336,803
Write-down of inventories	29,693	15,416
Income from sale of scrap and wastes	(25)	(91)
Others	14,441	14,542
	\$ 351,942	366,670

As of March 31, 2021 and December 31, and March 31, 2020, the Group did not provide any inventories as collateral or restricted.

(g) Property, plant and equipment

The movements of the property, plant and equipment of the Group were as follows:

	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:					
Balance at January 1, 2021	\$ 209,958	508,075	204,934	1,700	924,667
Additions	1,491	3,025	9,480	29,757	43,753
Reclassifications (note)	-	4,091	6,946	-	11,037
Disposal	-	(110)	(276)	-	(386)
Effect of movements in exchange rates	1	(918)	(284)	-	(1,201)
Balance at March 31, 2021	\$ 211,450	514,163	220,800	31,457	977,870

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2020	\$ 208,884	455,331	166,382	-	830,597
Additions	80	1,621	5,909	-	7,610
Reclassifications (note)	-	82	-	-	82
Disposal	-	(9,634)	-	-	(9,634)
Effect of movements in exchange rates	5	(1,058)	(333)	-	(1,386)
Balance at March 31, 2020	<u>\$ 208,969</u>	<u>446,342</u>	<u>171,958</u>	<u>-</u>	<u>827,269</u>
Depreciation:					
Balance at January 1, 2021	\$ 72,213	205,254	125,078	-	402,545
Depreciation	1,863	13,332	7,862	-	23,057
Disposal	-	(110)	(248)	-	(358)
Effect of movements in exchange rates	1	(122)	(97)	-	(218)
Balance at March 31, 2021	<u>\$ 74,077</u>	<u>218,354</u>	<u>132,595</u>	<u>-</u>	<u>425,026</u>
Balance at January 1, 2020	\$ 63,191	167,144	95,196	-	325,531
Depreciation	2,412	11,018	7,203	-	20,633
Disposal	-	(4,095)	-	-	(4,095)
Effect of movements in exchange rates	4	(69)	(63)	-	(128)
Balance at March 31, 2020	<u>\$ 65,607</u>	<u>173,998</u>	<u>102,336</u>	<u>-</u>	<u>341,941</u>
Carrying amounts:					
Balance at January 1, 2021	<u>\$ 137,745</u>	<u>302,821</u>	<u>79,856</u>	<u>1,700</u>	<u>522,122</u>
Balance at March 31, 2021	<u>\$ 137,373</u>	<u>295,809</u>	<u>88,205</u>	<u>31,457</u>	<u>552,844</u>
Balance at January 1, 2020	<u>\$ 145,693</u>	<u>288,187</u>	<u>71,186</u>	<u>-</u>	<u>505,066</u>
Balance at March 31, 2020	<u>\$ 143,362</u>	<u>272,344</u>	<u>69,622</u>	<u>-</u>	<u>485,328</u>

(note) Reclassifications are transferred from other non-current assets-prepayments for equipment.

As of March 31, 2021 and December 31, and March 31, 2020, the property, plant and equipment of the Group has been pledged as collateral for long-term borrowings and credit line, please refer to note 8.

(h) Right-of-use assets

The movements of right-of-use assets of the Group were as follows:

	Land	Buildings	Total
Cost :			
Balance at January 1, 2021	\$ 96,766	61,367	158,133
Effect of movements in exchange rates	-	(212)	(212)
Balance at March 31, 2021	<u>\$ 96,766</u>	<u>61,155</u>	<u>157,921</u>
Balance at January 1, 2020	\$ 20,444	55,408	75,852
Additions	-	6,859	6,859
Write-off	(195)	-	(195)
Effect of movements in exchange rates	-	(366)	(366)
Balance at March 31, 2020	<u>\$ 20,249</u>	<u>61,901</u>	<u>82,150</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Depreciation :			
Balance at January 1, 2021	\$ 1,029	21,999	23,028
Depreciation	649	4,826	5,475
Effect of movements in exchange rates	-	(70)	(70)
Balance at March 31, 2021	<u>\$ 1,678</u>	<u>26,755</u>	<u>28,433</u>
Balance at January 1, 2020	\$ 465	14,792	15,257
Depreciation	116	4,744	4,860
Effect of movements in exchange rates	-	(81)	(81)
Balance at March 31, 2020	<u>\$ 581</u>	<u>19,455</u>	<u>20,036</u>
Carrying amounts :			
Balance at January 1, 2021	<u>\$ 95,737</u>	<u>39,368</u>	<u>135,105</u>
Balance at March 31, 2021	<u>\$ 95,088</u>	<u>34,400</u>	<u>129,488</u>
Balance at January 1, 2020	<u>\$ 19,979</u>	<u>40,616</u>	<u>60,595</u>
Balance at March 31, 2020	<u>\$ 19,668</u>	<u>42,446</u>	<u>62,114</u>

(i) Intangible assets

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>other</u>	<u>Total</u>
Cost :					
Balance at January 1, 2021	\$ 82,509	140,970	67,666	3,400	294,545
Effect of movements in exchange rates	(14)	-	-	-	(14)
Balance at March 31, 2021	<u>\$ 82,495</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>294,531</u>
Balance at January 1, 2020	\$ 68,456	140,970	67,666	3,400	280,492
Additions	10,250	-	-	-	10,250
Effect of movements in exchange rates	(23)	-	-	-	(23)
Balance at March 31, 2020	<u>\$ 78,683</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>290,719</u>
Accumulated amortization and impairment losses :					
Balance at January 1, 2021	\$ 51,744	140,970	65,348	-	258,062
Amortization for the year	2,854	-	151	-	3,005
Effect of movements in exchange rates	(6)	-	-	-	(6)
Balance at March 31, 2021	<u>\$ 54,592</u>	<u>140,970</u>	<u>65,499</u>	<u>-</u>	<u>261,061</u>
Balance at January 1, 2020	\$ 40,458	140,970	64,743	-	246,171
Amortization for the year	2,684	-	151	-	2,835
Effect of movements in exchange rates	(4)	-	-	-	(4)
Balance at March 31, 2020	<u>\$ 43,138</u>	<u>140,970</u>	<u>64,894</u>	<u>-</u>	<u>249,002</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>other</u>	<u>Total</u>
Carrying value :					
Balance at January 1, 2021	\$ <u>30,765</u>	<u>-</u>	<u>2,318</u>	<u>3,400</u>	<u>36,483</u>
Balance at March 31, 2021	\$ <u>27,903</u>	<u>-</u>	<u>2,167</u>	<u>3,400</u>	<u>33,470</u>
Balance at January 1, 2020	\$ <u>27,998</u>	<u>-</u>	<u>2,923</u>	<u>3,400</u>	<u>34,321</u>
Balance at March 31, 2020	\$ <u>35,545</u>	<u>-</u>	<u>2,772</u>	<u>3,400</u>	<u>41,717</u>

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Costs of sales	\$ 641	821
Operating expenses	2,364	2,014
Total	<u>\$ 3,005</u>	<u>2,835</u>

As of March 31, 2021 and December 31, and March 31, 2020, the Group did not provide any intangible assets as collateral or restricted.

(j) Other non-current financial assets

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Restricted deposits	\$ <u>51,511</u>	<u>1,511</u>	<u>1,510</u>

Other non-current financial assets were restricted deposits, please refer to note 8 for details of collateral.

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

The other current assets and other non-current assets of the Group were as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Prepaid expenses	\$ 7,062	6,925	7,348
Prepayments	2,524	21	5,588
Offset against business tax payable	2,605	1,522	23,369
Prepayments for equipment	32,683	15,805	52,180
Other	1,465	1,186	403
	<u>\$ 46,339</u>	<u>25,459</u>	<u>88,888</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ 13,656	9,654	36,708
Non-current	32,683	15,805	52,180
	\$ 46,339	25,459	88,888

(i) Prepaid expenses

Prepaid expenses were primarily for prepayments for insurance and warranty of software.

(ii) Prepayments

Prepayments were primarily for prepayments for suppliers.

(iii) Others

Others were primarily for prepayments for business activities and machinery leasing.

(l) Short-term borrowings

The details of short-term borrowings of the Group were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loans	\$ -	-	10,000
Unused short-term credit lines	\$ 605,605	592,060	433,770
Range of interest rates	-	-	1.10%

(m) Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loans	\$ -	40,000	-
Less: current portion	-	-	-
Total	\$ -	40,000	-
Unused long-term credit lines	\$ 1,150,000	290,000	140,000
Range of interest rates	-	1.10%	-

The collateral for long-term borrowings, please refer to note 8.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Provisions

	Provisions for contingent
Balance at January 1, 2021	\$ 5,405
Provisions made during the period	4,517
Provision used and reversed during the period	(5,405)
Balance at March 31, 2021	<u>\$ 4,517</u>
Balance at January 1, 2020	\$ 5,429
Provisions made during the period	3,419
Provision used and reversed during the period	(5,429)
Balance at March 31, 2020	<u>\$ 3,419</u>

(o) Lease liabilities

The carrying value of lease liabilities of the Group were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 19,797</u>	<u>20,123</u>	<u>17,175</u>
Non-current	<u>\$ 98,911</u>	<u>103,574</u>	<u>45,249</u>

For the maturity analysis, please refer to note 6(x) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	Three months ended March 31, 2021	2020
Interest on lease liabilities	<u>\$ 377</u>	<u>160</u>
Expenses of short-term leases	<u>\$ 1,591</u>	<u>1,413</u>

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

	Three months ended March 31, 2021	2020
Total cash outflow for leases	<u>\$ 7,397</u>	<u>6,786</u>

(i) Land and buildings leases

The Group leases land and buildings for its factory and office, with lease terms of 10 years and 2 to 5 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Some leases provide for additional rent payments that are based on changes in local price indices, wherein the amounts are generally determined annually. The extension options held are exercisable only by the Group and not by the lessors. When the lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included in the lease liabilities.

(ii) Other leases

The Group leases some office equipment and staff dorm. These leases are short-term or leases of low-value items with a lease term of less than one year. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The employee retirement systems adopted by WINTEST ENTERPRISES LTD., WINWAY TECHNOLOGY (Suzhou) LTD. and WINWAY TECHNOLOGY INTERNATIONAL INC. are defined contribution plans based on their respective local regulations, wherein the costs are recognized in current profit or loss. Additionally, WINWAY INTERNATIONAL CO., LTD. never had any employee.

The expenses recognized in profit or loss for the Group were as follows:

	Three months ended March 31,	
	2021	2020
Operating cost	\$ 2,472	2,288
Selling expenses	1,718	1,338
Administration expenses	749	627
Research and development expenses	1,270	598
Total	<u><u>\$ 6,209</u></u>	<u><u>4,851</u></u>

(ii) Short-term benefit obligation

As of March 31, 2021 and December 31, and March 31, 2020, the Group's short-term benefit liabilities for paid leave were \$12,763, \$11,862 and \$10,530, respectively, which were recognized as other payables in the consolidated balance sheets.

(q) Income taxes

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the annual effective tax rate as forecasted by the management.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts of income tax were as follows:

	Three months ended March 31,	
	2021	2020
Current tax expense		
Current period	\$ 15,924	21,056
Adjustment for prior periods	1,556	-
	<u>17,480</u>	<u>21,056</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(3,030)	9,951
Income tax expense	<u>\$ 14,450</u>	<u>31,007</u>

For the three months ended March 31, 2021 and 2020, the Group did not directly recognize the income tax in equity or in other comprehensive income.

The Company's tax returns for the years through 2019 were examined and approved by the ROC tax authorities.

(r) Capital and other equities

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2020.

(i) Capital stock

The Company's total authorized shares of common stock of 50,000 thousand shares, with a par value of \$10 per share, included 33,841 thousand shares, 30,751 thousand shares and 30,547 thousand shares as of March 31, 2021 and December 31, and March 31, 2020, respectively. All issued shares were paid up upon issuance.

A resolution was passed during the board meeting held on November 12, 2020 for the issuance of 3,046 thousand shares for cash, with par value of \$10 per share, amounting to \$30,460, and the date of capital increases was January 18, 2021. The relevant statutory registration procedures have since been completed.

For the three months ended March 31, 2021 and 2020, the Company had issued 224 thousand shares and 249 thousand shares at par value, amounting to \$7,840 and \$8,715, respectively, for its employee stock options; of which, the relevant statutory registration procedures of 222 thousand shares and 0 thousand shares, respectively, had since been completed and all the capital had been received.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	\$ 1,657,092	575,847	558,538
Employee stock options	25,337	30,953	22,673
Employee stock options-expired	<u>2,640</u>	<u>2,640</u>	<u>2,640</u>
	<u>\$ 1,685,069</u>	<u>609,440</u>	<u>583,851</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained Earning

The Company's article of incorporation stipulated that annual earning shall be appropriated as follows:

- 1) pay income tax;
- 2) make up accumulated deficit;
- 3) retain 10% as legal reserve until the accumulated legal reserve equals the issued common stock;
- 4) appropriate of reverse a certain amount as special reverse according to the securities exchange act;
- 5) after 1~4 above, the remainder shall be distributed at the discretion of the board of directors and approved at the stockholders' meeting.

According to the ROC Company Act, the distribution of dividends, by way of cash, should first be approved by Board of Directors then reported during the shareholders' meeting; while the distribution of dividends, by way issuing new shares, should be submitted during the shareholders' meeting for review and approval.

The Company is in its growth stage. In order to coordinate with the Company's long-term financial planning, investment environment and industry competition in the future, the distribution of dividends should consider the budget of capital expenditures and demand for fund of company in the future. For dividends of at least 10% of such remaining amount, cash dividends shall not be less than 10% of the total amount dividends.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company initially adopted the IFRSs to apply for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards approved by the FSC, wherein its undistributed prior-period earnings shall be reclassified as unappropriated retained earnings at the adoption date, which will result in an increase in retained earnings amounting to \$13. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be retained as a special reserve. The amount to be retained should be equal to the current-period total reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of March 31, 2021, December 31, and March 31, 2020, the balance of special reserve amounted to \$11,454, \$11,454 and \$13, respectively.

3) Earnings distribution

The following are the appropriation of earnings in 2020 and 2019 which were approved during the Board of Directors' meeting held on March 19, 2021 and approved during the shareholders' meeting held on May 28, 2020, respectively:

	<u>2020</u>	<u>2019</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ <u><u>439,907</u></u>	<u><u>366,564</u></u>

(iv) Other equity interest

	<u>Exchange differences on foreign operations</u>
January 1, 2021	\$ (7,994)
Component entities of the Group	<u>(1,903)</u>
Balance at March 31, 2021	\$ <u><u>(9,897)</u></u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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	Exchange differences on foreign operations
January 1, 2020	\$ (11,454)
Component entities of the Group	(2,561)
Balance at March 31, 2020	\$ (14,015)

(s) Share-based payment

A resolution had been approved during the board meeting held on January 17, 2019 for the Company to issue 1,000 new shares in 2019 as employee stock option for its employees. Each share option represents the right to purchase 1,000 ordinary share of the Company when exercised.

(i) Details of the employee stock options are as follows:

Grant date	January 17, 2019
Number unit	1,000,000 shares
Exercise price	\$ 35 per share
Vesting conditions	Duration of one year and achieve the agreed performance
Expected volatility	36.50%~40.10%
Risk free interest rate	0.58%~0.64%
Expected life	2.5~3.5 years
Weighted-average fair value of grant date	\$ 31.93

(ii) The Company estimated to issue 1,000 units (1,000,000 shares common stock options) on January 17, 2019, under the Black-Scholes Options Pricing Model. The fair value of the options were \$75 per share.

Three months ended March 31,				
	2021		2020	
	Weighted average exercise price (price NTD)	Number of options (Units)	Weighted average exercise price (price NTD)	Number of options (Units)
Outstanding at January 1	35	689,000	35	965,000
Forfeited during the period	35	6,000	-	-
Exercised during the period	35	224,000	35	249,000
Outstanding at March 31	\$ 35	459,000	35	716,000
Exercisable at March 31	\$ 35	80,200	35	40,500

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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For the three months ended March 31, 2021 and 2020, the compensation cost resulting from granted employee share options were \$984 and \$2,113, respectively.

(iii) Issuance of new shares reserved for employee subscription

As of December 10, 2020, the issuance of new shares reserved for employee subscription were 457,000 shares, and the subscription price was \$317 per share.

The Company used the Black-Scholes Option Pricing Model in measuring the fair value of the share-based payment at the grant date. The main inputs were as follows:

	Cash subscription reserved for employee subscription
Fair value at grant date (in dollar)	\$ 346
Subscription price at grant date (in dollar)	317
Risk free interest rate	0.42 %
Stock volatility	58.75 %
Cash dividend yield	0.00 %
Fair value per share at grant date (in dollar)	41

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	Three months ended March 31,	
	2021	2020
Basic earnings per share (expressed in New Taiwan dollars)		
Profit attributable to ordinary shareholders of the Company	\$ <u>45,511</u>	<u>102,282</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	<u>33,037</u>	<u>30,298</u>
Basic earnings per share	\$ <u>1.38</u>	<u>3.38</u>
Diluted earnings per share (expressed in New Taiwan dollars)		
Profit attributable to ordinary shareholders of the Company	\$ <u>45,511</u>	<u>102,282</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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	Three months ended March 31,	
Weighted-average number of ordinary shares outstanding (shares in thousands)	33,037	30,298
Effect of dilutive potential ordinary shares		
Effect of employee stock options (shares in thousands)	616	880
Effect of employee stock bonus (shares in thousands)	88	168
Weighted-average number of ordinary shares (diluted) (shares in thousands)	<u>33,741</u>	<u>31,346</u>
Diluted earnings per share	\$ <u>1.35</u>	<u>3.26</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Primary geographical markets:		
Taiwan	\$ 191,974	233,294
America	123,138	55,429
China	160,780	230,181
Europe	2,929	5,529
Canada	6,983	3,976
Asia	60,712	70,459
	\$ <u>546,516</u>	<u>598,868</u>
Major products/services lines:		
Test Socket	\$ 346,373	444,696
Contact Element	139,566	115,695
Probe Card	26,482	7,777
Other	34,095	30,700
	\$ <u>546,516</u>	<u>598,868</u>

(ii) Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 8,418	11,327	5,609
Accounts receivable	505,139	533,048	677,318
Less: loss allowance	(1,930)	(3,045)	(14,303)
	\$ <u>511,627</u>	<u>541,330</u>	<u>668,624</u>
Contract liabilities-advance collections (included in other current liabilities)	\$ <u>1,881</u>	<u>2,623</u>	<u>5,255</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For details on notes receivable, accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the three months ended March 31, 2021 and 2020 that was included in the contract liability balance at January 1, 2021 and 2020 were \$2,555 and \$96, respectively.

(v) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 5%~15% of the profit as employee compensation and a maximum of 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months ended March 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$3,028 and \$7,414, and directors' remuneration amounting to \$908 and \$1,483, respectively. The employee compensation and directors' remuneration were estimated as the income before tax, excluding the amount of employee compensation and directors' remuneration, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be accounted for as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2020 and 2019, the remuneration to employees amounted to \$34,337 and \$37,008, and the remuneration to directors amounted to \$3,068 and \$9,699, respectively. The aforementioned approved amounts were the same as the amounts charged against the earnings in 2020 and 2019. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	Three months ended March 31,	
	2021	2020
Interest income		
Bank deposits	\$ 406	162
Others	4	5
	<u>\$ 410</u>	<u>167</u>

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

Details of other gains and losses of the Group were as follows:

	Three months ended March 31,	
	2021	2020
Foreign exchange losses, net	\$ (2,198)	(2,617)
Net gains of financial assets / liabilities at fair value through profit or loss	207	114
Losses on disposal of property, plant and equipment, net	(28)	(5,539)
Government grants	191	261
Others	752	618
	\$ (1,076)	(7,163)

(iii) Finance costs

Details of finance costs of the Group were as follows:

	Three months ended March 31,	
	2021	2020
Interest expenses		
Bank loans	\$ 19	3
Lease liabilities	377	160
	\$ 396	163

(x) Financial Instruments

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

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The customers of the Group has a significant concentration on electronics industry. To reduce the credit risk, the Group regularly evaluates the collectability of accounts receivable and notes receivable. As of March 31, 2021 and December 31, and March 2020, the Group does not have a significant concentration of credit risk.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Credit risk of receivables and debt instruments

For credit risk exposure of notes and accounts receivables, please refer to note 6(d).

Other financial assets at amortized cost include other receivables, refundable deposits and other financial assets.

The following table presents whether assets measured at amortized cost were subject to a 12-months ECL or lifetime ECL allowance, and in the latter cost, whether they were credit-impaired:

March 31, 2021			
At amortized cost			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ 152	-	3,609
Refundable deposits	8,052	-	-
Other financial assets	51,511	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 59,715</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 59,715</u>	<u>-</u>	<u>-</u>
December 31, 2020			
At amortized cost			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ -	-	3,609
Refundable deposits	7,652	-	-
Other financial assets	1,511	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 9,163</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 9,163</u>	<u>-</u>	<u>-</u>

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2020		
	At amortized cost		
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ 491	-	3,609
Refundable deposits	6,915	-	-
Other financial assets	1,510	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 8,916</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 8,916</u>	<u>-</u>	<u>-</u>

The movements in the allowance for impairment for debt investments at amortized cost were as follows:

	For the three months ended March 31, 2021			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at January 1, 2021(equal to balance at March 31, 2021)	<u>\$ -</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>

	For the three months ended March 31, 2020			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at January 1, 2020(equal to balance at March 31, 2020)	<u>\$ -</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	over 5 years
March 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 207,590	207,590	207,590	-	-	-	-
Other payables (non-interest-bearing)	624,372	624,372	624,372	-	-	-	-
Lease liabilities(fix interest rate)	118,708	134,113	10,519	10,519	47,281	8,477	57,317
	<u>\$ 950,670</u>	<u>966,075</u>	<u>842,481</u>	<u>10,519</u>	<u>47,281</u>	<u>8,477</u>	<u>57,317</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Bank borrowings (interest-bearing)	\$ 40,000	41,222	120	120	240	24,258	16,484
Notes and accounts payable (non-interest-bearing)	213,212	213,212	213,212	-	-	-	-
Other payables (non-interest-bearing)	209,860	209,860	209,860	-	-	-	-
Lease liabilities (fix interest rate)	123,697	139,482	10,496	10,559	50,479	10,283	57,665
	<u>\$ 586,769</u>	<u>603,776</u>	<u>433,688</u>	<u>10,679</u>	<u>50,719</u>	<u>34,541</u>	<u>74,149</u>
March 31, 2020							
Non-derivative financial liabilities							
Bank borrowings (interest-bearing)	\$ 10,000	10,009	10,009	-	-	-	-
Notes and accounts payable (non-interest-bearing)	410,877	410,877	410,877	-	-	-	-
Other payables (non-interest-bearing)	205,817	205,817	205,817	-	-	-	-
Lease liabilities (fix interest rate)	62,424	68,679	9,680	8,144	14,863	13,737	22,255
	<u>\$ 689,118</u>	<u>695,382</u>	<u>636,383</u>	<u>8,144</u>	<u>14,863</u>	<u>13,737</u>	<u>22,255</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

The Group's significant exposure to foreign currency risk was as follow:

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 9,896	28.535	282,394	11,781	28.48	335,534	19,862	30.225	600,325
JPY	157,672	0.2577	40,632	20,234	0.2760	5,591	121,986	0.2788	34,010
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 3,012	28.535	85,938	3,237	28.48	92,183	8,490	30.225	256,621
JPY	94,022	0.2577	24,229	44,587	0.2760	12,319	55,965	0.2788	15,693

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables. As of March 31, 2021 and 2020, if the exchange rate TWD versus USD and JPY had increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by \$1,703 and \$2,897, for the three months ended March 31, 2021 and 2020, respectively. The method of analysis remains the same as 2020.

With varieties of functional currencies within the consolidated entities of the Group, the information of foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,198 and \$2,617, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following sensitivity analysis is based on the risk exposure to interest rate on the non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.5%, the net profit after tax would have increased or decreased by \$0 and \$10, for the three months ended March 31, 2021 and 2020, respectively, which would be mainly resulted from the borrowings with variable interest rates.

(v) Other market price risk

For the three months ended March 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	Three months ended March 31,			
	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ -	14,405	-	4,323
Decreasing 3%	\$ -	14,405	-	4,323

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

	March 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Open fund	\$ 600,207	600,207	-	-	600,207
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,078,463	-	-	-	-
Domestic-time deposits	99,000	-	-	-	-
Notes and accounts receivable	511,627	-	-	-	-
Other receivables	152	-	-	-	-
Other financial assets	51,511	-	-	-	-
Refundable deposits	8,052	-	-	-	-
Subtotal	1,748,805				
Total	\$ 2,349,012				

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2021					
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Notes and accounts payables	\$ 207,590	-	-	-	-
Other payables	624,372	-	-	-	-
Lease liabilities	118,708	-	-	-	-
Total	<u>\$ 950,670</u>				

December 31, 2020					
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 680,104	-	-	-	-
Notes and accounts receivable	541,330	-	-	-	-
Other financial assets	11,511	-	-	-	-
Refundable deposits	7,652	-	-	-	-
Total	<u>\$ 1,230,597</u>				
Financial liabilities measured at amortized cost:					
Notes and accounts payables	\$ 213,212	-	-	-	-
Other payables	209,860	-	-	-	-
Lease liabilities	123,697	-	-	-	-
Long-term borrowings	40,000	-	-	-	-
Total	<u>\$ 586,769</u>				

March 31, 2020					
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open fund	\$ 180,114	180,114	-	-	180,114
Financial assets measured at amortized cost:					
Cash and cash equivalents	504,937	-	-	-	-
Notes and accounts receivable	668,624	-	-	-	-
Other receivables	491	-	-	-	-
Other financial assets	1,510	-	-	-	-
Refundable deposits	6,915	-	-	-	-
Subtotal	1,182,477				
Total	<u>\$ 1,362,591</u>				
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 10,000	-	-	-	-
Notes and accounts payables	410,877	-	-	-	-
Other payables	205,817	-	-	-	-
Lease liabilities	62,424	-	-	-	-
Total	<u>\$ 689,118</u>				

When the Group evaluated its assets and liabilities, it used market observable input values as much as possible. The fair value of different levels were classified based on the input values used in the evaluation technology as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b) Level 2: 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).

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).
- 2) Valuation techniques of financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

- b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

- 3) Valuation techniques of financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments traded in active market are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained readily and regularly from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and regularly occurring in the market. Then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

- (y) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(aa) Investing and financing activities not affecting the current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-Cash changes			March 31, 2021
			Foreign exchange movement	Increase in right-of-use assets	Changes in lease payments	
Long-term borrowings	\$ 40,000	(40,000)	-	-	-	-
Lease liabilities	123,697	(4,852)	(137)	-	-	118,708
	<u>\$ 163,697</u>	<u>(44,852)</u>	<u>(137)</u>	<u>-</u>	<u>-</u>	<u>118,708</u>

	January 1, 2020	Cash flows	Non-Cash changes			March 31, 2020
			Foreign exchange movement	Increase in right-of-use assets	Changes in lease payments	
Short-term borrowings	\$ -	10,000	-	-	-	10,000
Lease liabilities	60,933	(4,785)	(289)	6,859	(294)	62,424
	<u>\$ 60,933</u>	<u>5,215</u>	<u>(289)</u>	<u>6,859</u>	<u>(294)</u>	<u>72,424</u>

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended March 31,	
	2021	2020
Short-term employee benefits	\$ 9,378	12,883
Post-employment benefits	81	81
	<u>\$ 9,459</u>	<u>12,964</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledge to secure</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other financial assets-non-current-demand deposits	Guarantee for customs duty	\$ 1,511	1,511	1,510
Other financial assets-non-current-time deposits	Construction of plant	50,000	-	-
Property, plant, and equipment	Bank borrowings	137,373	137,745	143,317
		<u>\$ 188,884</u>	<u>139,256</u>	<u>144,827</u>

(9) Commitments and contingencies:

- (a) MPI Corporation (hereinafter referred to as MPI) filed a business secret civil lawsuit against the Group and the chair of the board in the Intellectual Property Court on September 19, 2018, and jointly claimed \$44,000 compensation from the Group, \$9,270 from 4 employees and the interest was calculated at 5% per annum from the day after the complaint was served to the settlement date.

After the prosecution was filed, MPI applied for evidence preservation. The Intellectual Property Court approved the application on February 6, 2019 and executed the Group for evidence preservation on March 5, 2019. The assets of the Group were not be frozen and no seizure. The Intellectual Property Court held its first session on August 14, 2019 to determine the jurisdiction of the court, and there is no further progress.

In addition, MPI added a lawsuit and petition to stop the trial in December 2020 and raised the claim amount to \$158,910. The Group has appointed lawyers to handle it and it is not yet possible to judge the final possible outcome. The Group is continuously evaluating the substance of these lawsuits.

The main products of the Group are mostly highly customized and the Group always respects intellectual property rights and are committed to technology research and development. There is no statement by MPI that the Group illegally obtained or used business secrets or related infringing intellectual property rights.

- (b) As at March 31, 2021 and December 31, and March 31, 2020, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$342,375, \$28,788 and \$0.

(10) Losses Due to Major Disasters: none

(11) Significant Subsequent Events: none

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	Three months ended March 31,					
By function	2021			2020		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	63,894	74,151	138,045	67,967	74,975	142,942
Labor and health insurance	6,654	5,692	12,346	5,762	3,966	9,728
Pension	2,472	3,737	6,209	2,288	2,563	4,851
Remuneration of directors	-	908	908	-	1,515	1,515
Others	3,954	2,923	6,877	4,213	2,471	6,684
Depreciation	23,128	5,404	28,532	20,685	4,808	25,493
Amortization	641	2,364	3,005	821	2,014	2,835

- (b) Seasonality of operations

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

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2021.

(i) Lending to other parties:

Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
												Item	Value			
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Other receivables-related parties	Y	14,268	14,268 (USD 500,000) (Note 3)	-	2.616	Short-term financing	-	Operating requirements	-	-	-	496,720 (Note 2)	993,440 (Note 3)	(Note 1)

Note 1: It was eliminated in the consolidation.

Note 2: The aggregate loan amount and the individual loans were limited to 40% and 20%, respectively, of the Company net equity.

Note 3: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 2021.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a enterprise individual	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net equity of the latest financial statements	Maximum amount for guarantees and endorsements	Endorsements/ guarantees by parent company	Subsidiary endorsements/ guarantees by a subsidiary	Endorsements/ guarantees to a subsidiary in Mainland China
		Name	Relationship with the Company										
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	248,360 (Note 1)	25,682 USD (900,000)	25,682 USD (900,000)	-	-	1.03 %	496,720 (Note 2)	Y		Y
0	The Company	WINTEST ENTERPRISES LTD.	Subsidiary	248,360 (Note 1)	59,924 USD (2,100,000)	59,924 USD (2,100,000)	-	-	2.41 %	496,720 (Note 2)	Y		Y

Note 1: The endorsement/guarantee provided to individual party shall not exceed 10% of the most recent reviewed net equity of the company.

Note 2: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent reviewed net worth of the company.

Note 3: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 2021.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	8,790,242.88	120,034	-	120,034	-
The Company	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss	3,490,669.40	50,020	-	50,020	-
The Company	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	14,224,276.48	180,065	-	180,065	-
The Company	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	555,858.19	100,035	-	100,035	-
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss	9,585,567.98	100,036	-	100,036	-
The Company	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	3,073,254.10	50,017	-	50,017	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	Note
The Company	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	8,790,242.88	120,000	-	-	-	-	8,790,242.88	120,034	-
The Company	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	14,224,276.48	180,000	-	-	-	-	14,224,276.48	180,065	-
The Company	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	555,858.19	100,000	-	-	-	-	555,858.19	100,035	-
The Company	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	9,585,567.98	100,000	-	-	-	-	9,585,567.98	100,036	-

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Hinchu Tai-Yuen presold offices	January 27, 2021	281,363	27,524	WEN SHENG DEVELOPMENT CO., LTD.	Non-related party				-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	February 28, 2021	71,000	-	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party				-	Bidding	Plant expansion	

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WINTEST ENTERPRISES LTD.	Subsidiary	Sale	87,014	17.53 %	150 Days	(Note 1)	The main customers are 60 to 120 days	187,735	33.39 %	(Note)
WINTEST ENTERPRISES LTD.	The Company	Parent company	Purchase	87,014	86.04 %	150 Days	(Note 1)	The main suppliers are 60 to 120 days	(187,735)	93.16 %	(Note)

Note : It was eliminated in the consolidation.

Note 1: No comparable transactions as the goods were specific.

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	WINTEST ENTERPRISES LTD.	Subsidiary	Accounts receivable \$187,735	167.17 %	-	-	Accounts receivable \$20,132	-

Note : It was eliminated in the consolidation.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	1	Accounts payable Other payable Sales expenses	6 12,803 12,698	Commissions are not comparable with similar transactions.	0.00 % 0.37 % 2.32 %
0	The Company	WINTEST ENTERPRISES LTD.	1	Accounts receivable Other payable Sales revenue Sales expenses	187,735 2,006 87,014 1,339	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 150 days; were not significantly different from those with third-party customers. Commissions are not comparable with similar transactions.	5.37 % 0.06 % 15.92 % 0.25 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable Accounts payable Other payable Sales revenue Cost of goods sold	59 756 121 97 876	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 60 days; were not significantly different from those with third-party customers.	0.00 % 0.02 % 0.00 % 0.02 % 0.16 %
1	WINTEST ENTERPRISES LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD.	3	Accounts payable Cost of goods sold	13,337 16,600	No other trading terms for comparison.	0.38 % 3.04 %

Note : No. 1 represents transactions from parent company to subsidiaries.

No. 2 represents transactions from subsidiaries to parent company.

No. 3 represents transactions between subsidiaries.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value				
The Company	WINWAY INTERNATIONAL CO., LTD.	SAMOA	Investment holding	204,599	204,599	6,580,000	100 %	233,124	100 %	3,719	3,719	Subsidiary (Note)
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	America	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	73,785	73,785	781,934	100 %	16,608	100 %	956	956	Subsidiary (Note)

Note : It was eliminated in the consolidation.

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated remittance from Taiwan as of January 1, 2021	Investment flows		Accumulated remittance from Taiwan as of March 31, 2021	Net income (Losses) of investee (Note 2)	Indirect investment holding percentage	Share of profit/losses of investee (Note 2&5)	Book value (Note)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
WINTEST ENTERPRISES LTD.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	9,200	Indirect investment in Mainland China through an existing company registered in the third country.	9,200	-	-	9,200	7,136	100%	7,136	93,082	-
WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	195,399	Indirect investment in Mainland China through an existing company registered in the third country.	195,399	-	-	195,399	(3,417)	100%	(3,417)	162,230	-

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated remittance from Taiwan to China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs
204,599 (USD6,580,000)	187,760 (USD6,580,000)	1,490,160

Note 1: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 2021.

Note 2: Investment income (loss) recognized was based on financial statements reviewed by the member audit firm of the Company.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in (13) (a) "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
HE WEI INVESTMENT CO., LTD.		3,499,559	10.43 %

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered nonphysical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

Note: (2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self-owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

(14) Segment information:

The Group has one reportable segment. This segment is mainly in manufacturing and sales of optoelectronic products test fixtures. Accounting policies for the operating segments correspond to those stated in note 4. The profit after tax of the operating segment of the Group is measured by earnings after taxes and as the basis for performance measurement.