

WIWYNN CORPORATION AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS**

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

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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 Wiwynn Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Wiwynn Corporation and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of 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 Wiwynn Corporation and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

May 8, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2020 and 2019

Wiiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

March 31, 2020, December 31, and March 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents (note 6(a))	\$ 12,467,486	26	11,992,139	25	8,278,402	24
1110 Financial assets at fair value through profit or loss-current (note 6(b))	14,444	-	-	-	1,067	-
1170 Accounts receivable, net (notes 6(c)(r))	6,114,059	12	13,655,018	28	8,052,697	23
1180 Accounts receivable - related parties, net (notes 6(c)(r) and 7)	795,986	2	415,932	1	269,123	1
1200 Other receivables (note 6(d))	9,668	-	5,927	-	18,962	-
1210 Other receivables-related parties (notes 6(d) and 7)	60,332	-	2,363,013	5	32,214	-
130X Inventories (note 6(e))	26,538,085	55	17,442,078	36	16,603,914	48
1479 Other current assets (note 6(i))	409,222	1	539,289	1	207,629	1
Total current assets	46,409,282	96	46,413,396	96	33,464,008	97
Non-current assets:						
1600 Property, plant and equipment (note 6(f))	722,118	2	718,167	2	132,455	-
1755 Right-of-use assets (notes 6(g) and 7)	335,712	1	388,815	1	242,213	1
1780 Intangible assets (note 6(h))	31,314	-	19,106	-	7,471	-
1840 Deferred tax assets	494,398	1	494,398	1	291,066	1
1990 Other non-current assets (notes 6(i) and 8)	121,969	-	113,344	-	199,730	1
Total non-current assets	1,705,511	4	1,733,830	4	872,935	3
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (note 6(j))	\$ 9,657,847	20	8,638,393	18	897,008	3
2120 Financial liabilities at fair value through profit or loss-current (note 6(b))	4,278	-	-	-	-	-
2130 Contract liabilities-current (note 6(r))	1,069,029	2	861,503	2	565,177	2
2170 Notes payable and accounts payable	8,228,360	17	6,974,206	14	6,389,414	18
2180 Accounts payable - related parties (note 7)	2,964,927	6	7,253,909	15	1,000,771	3
2200 Other payables (note 6(s))	2,214,706	5	2,209,050	5	843,097	2
2220 Other payables-related parties (note 7)	231,204	-	207,888	-	280,462	1
2230 Current tax liabilities	1,381,491	4	1,017,329	2	1,695,056	5
2280 Lease liabilities-current (notes 6(l) and 7)	99,826	-	109,708	-	59,388	-
2399 Other current liabilities	209,785	-	260,144	1	176,608	1
Total current liabilities	26,061,453	54	27,532,130	57	11,907,053	35
Non-current liabilities:						
2540 Long-term borrowings (note 6(k))	-	-	-	-	3,998,701	12
2570 Deferred tax liabilities	104,534	-	104,534	-	70,382	-
2580 Lease liabilities-non-current (notes 6(l) and 7)	249,786	1	288,827	1	185,447	-
2640 Net defined benefit liabilities	2,920	-	2,870	-	625	-
Total non-current liabilities	357,240	1	396,231	1	4,255,155	12
Total liabilities	26,418,693	55	27,928,361	58	16,162,208	47
Equity (note 6(o)):						
3110 Common shares	1,748,318	4	1,746,368	4	1,745,108	5
3200 Capital surplus	8,817,315	18	8,816,183	18	8,818,348	25
3300 Retained earnings	11,064,905	23	9,602,400	20	7,421,321	22
3400 Other equity	65,562	-	53,914	-	189,958	1
Total equity	21,696,100	45	20,218,865	42	18,174,735	53
Total liabilities and equity	\$ 48,114,793	100	\$ 48,147,226	100	\$ 34,336,943	100

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2020 and 2019

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

		For the three months ended March 31			
		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 35,137,124	100	38,436,340	100
5000	Operating costs (notes 6(e)(g)(l)(m), 7 and 12)	<u>32,493,414</u>	<u>93</u>	<u>36,097,568</u>	<u>94</u>
	Gross profit from operations	<u>2,643,710</u>	<u>7</u>	<u>2,338,772</u>	<u>6</u>
	Operating expenses (notes 6(c)(g)(l)(m)(p)(s), 7 and 12):				
6100	Selling expenses	243,507	1	247,945	1
6200	Administrative expenses	131,382	-	180,719	-
6300	Research and development expenses	458,642	1	361,847	1
6450	Expected credit gain	<u>(32)</u>	<u>-</u>	<u>(9,712)</u>	<u>-</u>
	Total operating expenses	<u>833,499</u>	<u>2</u>	<u>780,799</u>	<u>2</u>
	Net operating income	<u>1,810,211</u>	<u>5</u>	<u>1,557,973</u>	<u>4</u>
	Non-operating income and expenses (notes 6(l)(t) and 7):				
7010	Other income	12,388	-	15,781	-
7020	Other gains and losses	123,748	-	27,210	-
7050	Finance costs	<u>(112,080)</u>	<u>-</u>	<u>(104,422)</u>	<u>-</u>
	Total non-operating income and expenses	<u>24,056</u>	<u>-</u>	<u>(61,431)</u>	<u>-</u>
7900	Income before tax	1,834,267	5	1,496,542	4
7950	Income tax expense (note 6(n))	<u>371,762</u>	<u>1</u>	<u>302,910</u>	<u>1</u>
	Net income	<u>1,462,505</u>	<u>4</u>	<u>1,193,632</u>	<u>3</u>
8300	Other comprehensive income (note 6(o)):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	11,648	-	17,108	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>11,648</u>	<u>-</u>	<u>17,108</u>	<u>-</u>
8300	Other comprehensive income (net of tax)	<u>11,648</u>	<u>-</u>	<u>17,108</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,474,153</u>	<u>4</u>	<u>1,210,740</u>	<u>3</u>
	Profit attributable to:				
8610	Owners of parent	<u>\$ 1,462,505</u>	<u>4</u>	<u>1,193,632</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	<u>\$ 1,474,153</u>	<u>4</u>	<u>1,210,740</u>	<u>3</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	<u>\$ 8.37</u>		<u>7.77</u>	
9850	Diluted earnings per share	<u>\$ 8.34</u>		<u>7.71</u>	

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	\$ 1,520,288	2,853,756	195,198	8,137	6,026,558	6,229,893	172,850	10,776,787
Effects of retrospective application	-	-	-	-	(2,204)	(2,204)	-	(2,204)
Balance on January 1, 2019 after adjustments	1,520,288	2,853,756	195,198	8,137	6,024,354	6,227,689	172,850	10,774,583
Net income	-	-	-	-	1,193,632	1,193,632	-	1,193,632
Other comprehensive income	-	-	-	-	-	-	17,108	17,108
Total comprehensive income	-	-	-	-	1,193,632	1,193,632	17,108	-
Cash subscription	188,100	5,772,888	-	-	-	-	-	5,960,988
Issue of common shares-employee stock options	36,720	27,742	-	-	-	-	-	64,462
Share-based payments	-	163,962	-	-	-	-	-	163,962
Balance on March 31, 2019	\$ 1,745,108	8,818,348	195,198	8,137	7,217,986	7,421,321	189,958	18,174,735
Balance on January 1, 2020	\$ 1,746,368	8,816,183	752,956	-	8,849,444	9,602,400	53,914	20,218,865
Net income	-	-	-	-	1,462,505	1,462,505	-	1,462,505
Other comprehensive income	-	-	-	-	-	-	11,648	11,648
Total other comprehensive income	-	-	-	-	1,462,505	1,462,505	11,648	-
Issue of common shares-employee stock options	1,950	1,132	-	-	-	-	-	3,082
Balance on March 31, 2020	\$ 1,748,318	8,817,315	752,956	-	10,311,949	11,064,905	65,562	21,696,100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2020	2019
Cash flows from (used in) operating activities:		
Income before tax	\$ 1,834,267	1,496,542
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	83,472	37,434
Amortization expense	2,652	1,373
Expected credit gain	(32)	(9,712)
Net profit on financial assets or liabilities at fair value through profit or loss	(107,219)	(6,210)
Interest expense	112,080	104,422
Interest income	(12,373)	(15,761)
Share-based payments	-	163,962
Unrealized foreign exchange losses	-	13,690
Total adjustments to reconcile profit	78,580	289,198
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets mandatorily measured at fair value through profit or loss-current	92,774	5,143
Decrease in accounts receivable, net	7,558,392	1,441,962
Increase in accounts receivable-related parties, net	(380,054)	(244,927)
Increase in other receivable	(3,595)	(11,208)
Decrease in other receivable-related parties	2,296,038	66,770
Increase in inventories	(8,981,343)	(2,699,349)
Decrease in other current assets	124,955	2,518,393
Total changes in operating assets	707,167	1,076,784
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	4,278	72
Increase in contract liabilities-current	207,526	183,363
Increase in notes and accounts payable	1,229,410	5,266,351
Decrease in accounts payable-related parties	(4,288,982)	(2,841,892)
Increase (decrease) in other payable	6,893	(571,795)
Decrease in other payable-related parties	(30,078)	(202,714)
Decrease in other current liabilities	(50,631)	(56,726)
Increase in net defined benefit liabilities	50	-
Total changes in operating liabilities	(2,921,534)	1,776,659
Total changes in operating assets and liabilities	(2,214,367)	2,853,443
Total adjustments	(2,135,787)	3,142,641
Cash inflow (outflow) generated from operations	(301,520)	4,639,183
Interest received	12,124	14,613
Interest paid	(110,778)	(106,266)
Income taxes paid	(3,928)	(47,673)
Net cash flows from (used in) operating activities	(404,102)	4,499,857
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(46,749)	(2,786)
Acquisition of intangible assets	(14,860)	(1,602)
Increase in other non-current assets	(177)	(24,412)
Increase in prepayments for equipment	(26,581)	(9,955)
Net cash flows used in investing activities	(88,367)	(38,755)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	18,389,876	1,927,051
Decrease in short-term borrowings	(17,409,477)	(3,994,134)
Decrease in long-term borrowings	-	(1,537,225)
Cash subscription	-	5,960,988
Exercise of employee stock options	3,082	64,462
Payment of lease liabilities	(20,368)	(9,862)
Net cash flows from financing activities	963,113	2,411,280
Effect of exchange rate changes on cash and cash equivalents	4,703	2,428
Net increase in cash and cash equivalents	475,347	6,874,810
Cash and cash equivalents at beginning of period	11,992,139	1,403,592
Cash and cash equivalents at end of period	\$ 12,467,486	8,278,402

See accompanying notes to consolidated financial statements.

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

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019

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

(1) Company history

Wiwynn Corporation (the “Company”) was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of abovementioned products, semi-products, peripheral equipments and parts:

- (i) Computer and peripheral equipments
- (ii) Data storage media
- (iii) Electric appliances and media products
- (iv) Information software
- (v) Export business relating to the business of the Company
- (vi) Management consult services
- (vii) Information software services
- (viii) Data processing services

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

The consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2020.

(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 following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assessed that the initial application of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date 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

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

(4) Summary of significant accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to 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 in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

- (b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn International Corporation (WYUS)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities and sale of data storage equipment	100 %	100 %	100 %	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Technology Service Malaysia SDN. BHD. (WYMY)	Sales of data storage equipment	100 %	100 %	100 %	-
The Company	Wiwynn Mexico S.A.de C.V. (WYMX)	Human resource service provision	100 %	100 %	100 %	-
WYHK	Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of data storage equipment	100 %	100 %	100 %	-

Note: The financial statement of the aforementioned subsidiaries were reviewed by the certified accountant.

(ii) List of 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 International Financial Reporting Standards 34, Interim Reporting.

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

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.

(d) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 597	430	453
Demand and checking deposits	12,383,349	11,991,709	8,277,949
Time deposits	83,540	-	-
	<u>\$ 12,467,486</u>	<u>11,992,139</u>	<u>8,278,402</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Mandatorily measured at fair value through profit or loss:			
Foreign currency forward contracts	\$ 8,786	-	1,067
Foreign currency swap contracts	5,658	-	-
	<u>\$ 14,444</u>	<u>-</u>	<u>1,067</u>
Held-for-trading financial liabilities:			
Foreign currency forward contracts	\$ 4,004	-	72
Foreign currency swap contracts	274	-	-
	<u>\$ 4,278</u>	<u>-</u>	<u>72</u>

The Group holds derivative financial instruments to hedge certain foreign exchange risk that the Group is exposed to, arising from its operating activities. The following derivative financial instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2020			
	Contract amount (in thousand)	Currency	Maturity date
Foreign currency swap contracts:			
Foreign currency swap sold	USD\$ <u>95,000</u>	NTD to USD	2020/4/6~2020/4/27
Foreign currency forward contracts:			
Foreign currency forward purchased	USD\$ <u>146,000</u>	USD to NTD	2020/4/6~2020/4/30
Foreign currency forward sold	USD\$ <u>2,000</u>	NTD to USD	2020/4/6
March 31, 2019			
	Contract amount (in thousand)	Currency	Maturity date
Foreign currency forward contracts:			
Foreign currency forward sold	USD\$ <u>30,000</u>	USD to NTD	2019/4/3~2019/4/30

(c) Accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable — measured at amortized cost	\$ 3,852,648	9,923,569	7,539,103
Accounts receivable-related parties — measured at amortized cost	795,986	415,932	269,123
Accounts receivable — measured at fair value through other comprehensive income	2,270,173	3,740,243	514,306
Less: loss allowance	<u>(8,762)</u>	<u>(8,794)</u>	<u>(712)</u>
	<u>\$ 6,910,045</u>	<u>14,070,950</u>	<u>8,321,820</u>

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, 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 were determined as follows:

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	March 31, 2020		
	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	\$ 6,875,453	-	-
Past due under 30 days	28,769	-	-
Past due 31 to 60 days	5,925	2%	102
Past due 61 to 90 days	-	-	-
Past due 91 to 180 days	7	100%	7
Past due 181 to 270 days	31	100%	31
Past due over 271 days	<u>8,622</u>	100%	<u>8,622</u>
Total	<u><u>\$ 6,918,807</u></u>		<u><u>8,762</u></u>

	December 31, 2019		
	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	\$ 13,892,703	-	-
Past due under 30 days	174,262	-	-
Past due 31 to 60 days	3,896	-	-
Past due 61 to 90 days	151	41%	62
Past due 91 to 180 days	31	100%	31
Past due 181 to 270 days	<u>8,701</u>	100%	<u>8,701</u>
Total	<u><u>\$ 14,079,744</u></u>		<u><u>8,794</u></u>

	March 31, 2019		
	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	\$ 8,291,558	-	-
Past due under 30 days	16,617	-	-
Past due 31 to 60 days	10	-	-
Past due 61 to 90 days	14,345	5%	710
Past due 91 to 180 days	<u>2</u>	100%	<u>2</u>
Total	<u><u>\$ 8,322,532</u></u>		<u><u>712</u></u>

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WIWYNN CORPORATION AND SUBSIDIARIES
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The movement in the allowance for accounts receivable was as follows:

	For the three months ended March 31	
	2020	2019
Balance on January 1	8,794	10,424
Impairment losses recognized	8,767	-
Impairment losses reversed	(8,799)	(9,712)
Balance on March 31	<u>\$ 8,762</u>	<u>712</u>

As of March 31, 2020, December 31 and March 31, 2019, the accounts receivable were not pledged.

For further credit risk information, please refers to note 6(u).

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As of March 31, 2020, December 31 and March 31, 2019, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

March 31, 2020						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	\$ 156,876	182,899	156,876	-	1.35%~1.55%	None
CITI, New York branch	162,119	137,881	162,119	-	1.14%~2.40%	None
	<u>\$ 318,995</u>	<u>320,780</u>	<u>318,995</u>	<u>-</u>		
December 31, 2019						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
ING, Taipei branch	\$ 129,758	194,310	129,758	-	2.06%~2.90%	None
CITI, New York branch	175,018	124,982	175,018	-	2.12%~3.18%	None
	<u>\$ 304,776</u>	<u>319,292</u>	<u>304,776</u>	<u>-</u>		
March 31, 2019						
Purchaser	Assignment Facility	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Yuanta Commercial Bank	\$ -	5,000	-	-	-	None
CITI, New York branch	168,333	131,667	168,333	-	3.07%~3.18%	None
	<u>\$ 168,333</u>	<u>136,667</u>	<u>168,333</u>	<u>-</u>		

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(d) Other receivables

	March 31, 2020	December 31, 2019	March 31, 2019
Other receivables	\$ 9,668	5,927	18,962
Other receivables - related parties	60,332	2,363,013	32,214
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,000</u>	<u>2,368,940</u>	<u>51,176</u>

For further credit risk information, please refers to note 6(u).

(e) Inventories

	March 31, 2020	December 31, 2019	March 31, 2019
Raw materials	\$ 18,009,374	9,692,961	8,958,643
Finished goods	6,953,803	4,499,697	6,036,193
Inventory in transit	<u>1,574,908</u>	<u>3,249,420</u>	<u>1,609,078</u>
	<u>\$ 26,538,085</u>	<u>17,442,078</u>	<u>16,603,914</u>

Except cost of goods sold, the remaining gains or losses which were recognized as cost sales were as follow:

	For the three months ended March 31	
	2020	2019
Losses on valuation of inventories	\$ 90,213	(669)
Royalty	10,351	11,763
Other	<u>(899)</u>	<u>-</u>
	<u>\$ 99,665</u>	<u>11,094</u>

As of March 31, 2020, December 31 and March 31, 2019, the inventories were not pledged.

(f) Property, plant and equipment

	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Construction in progress	Total
Carrying value :							
Balance on January 1, 2020	\$ 35,444	435,366	34,140	145,852	67,365	-	718,167
Balance on March 31, 2020	<u>\$ 34,636</u>	<u>447,769</u>	<u>38,663</u>	<u>140,372</u>	<u>59,053</u>	<u>1,625</u>	<u>722,118</u>
Balance on January 1, 2019	\$ 33,183	11,970	17,603	17,600	45,187	-	125,543
Balance on March 31, 2019	<u>\$ 29,837</u>	<u>11,239</u>	<u>17,348</u>	<u>29,971</u>	<u>44,060</u>	<u>-</u>	<u>132,455</u>

There were no significant additions, disposal, impairment loss or reversal gain for property, plant and equipment for the three months ended March 31, 2020 and 2019, please refer to the note 12 for the amounts of depreciation. For other related information, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2019.

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(g) Right-of-use assets

The Group leases buildings and other equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2020	\$ 471,846	5,664	477,510
Effect of changes in foreign exchange rates	(30,985)	4	(30,981)
Balance on March 31, 2020	<u>\$ 440,861</u>	<u>5,668</u>	<u>446,529</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	98,844	-	98,844
Acquisitions	181,255	647	181,902
Effect of changes in foreign exchange rates	121	-	121
Balance on March 31, 2019	<u>\$ 280,220</u>	<u>647</u>	<u>280,867</u>
Accumulated depreciation:			
Balance on January 1, 2020	\$ 88,285	410	88,695
Depreciation for the year	22,567	313	22,880
Effect of changes in foreign exchange rates	(760)	2	(758)
Balance on March 31, 2020	<u>\$ 110,092</u>	<u>725</u>	<u>110,817</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	28,615	-	28,615
Depreciation for the year	10,026	-	10,026
Effect of changes in foreign exchange rates	13	-	13
Balance on March 31, 2019	<u>\$ 38,654</u>	<u>-</u>	<u>38,654</u>
Carrying amount:			
Balance on January 1, 2020	<u>\$ 383,561</u>	<u>5,254</u>	<u>388,815</u>
Balance on March 31, 2020	<u>\$ 330,769</u>	<u>4,943</u>	<u>335,712</u>
Balance at March 31, 2019	<u>\$ 241,566</u>	<u>647</u>	<u>242,213</u>

(h) Intangible assets

	<u>Software</u>	<u>Other</u>	<u>Total</u>
Carrying amount :			
Balance on January 1, 2020	<u>\$ 18,066</u>	<u>1,040</u>	<u>19,106</u>
Balance on March 31, 2020	<u>\$ 30,274</u>	<u>1,040</u>	<u>31,314</u>
Balance on January 1, 2019	<u>\$ 7,242</u>	<u>-</u>	<u>7,242</u>
Balance on March 31, 2019	<u>\$ 7,471</u>	<u>-</u>	<u>7,471</u>

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the three months ended March 31, 2020 and 2019. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(g) of the consolidated financial statements for the year ended December 31, 2019

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

	March 31, 2020	December 31, 2019	March 31, 2019
Other current assets:			
Tax refundable	\$ 246,049	406,739	94,332
Other prepayments	105,805	71,432	106,006
Others	<u>57,368</u>	<u>61,118</u>	<u>7,291</u>
	<u>\$ 409,222</u>	<u>539,289</u>	<u>207,629</u>
Other non-current assets:			
Refundable deposits	34,784	35,367	28,066
Restricted deposits	29,145	29,002	154,125
Prepayments for equipment	<u>58,040</u>	<u>48,975</u>	<u>17,539</u>
	<u>\$ 121,969</u>	<u>113,344</u>	<u>199,730</u>

(j) Short-term borrowings

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

March 31, 2020			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	USD	1.29%~2.86%	2020/4/7~2020/5/29
Unused credit line			<u>\$ 10,339,920</u>
December 31, 2019			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	USD	2.06%~2.90%	2020/1/7~2020/2/22
Unused credit line			<u>\$ 6,195,382</u>
March 31, 2019			
	Currency	Interest rate collars	Expiration
Unsecured bank borrowings	USD	3.12%~3.18%	2019/4/29
Unused credit line			<u>\$ 8,016,768</u>

(k) Long-term borrowing

The details of the Group's for long-term borrowing were as follows:

March 31, 2019			
	Currency	Interest rate collars	Expiration
Unsecured syndicated bank borrowing	USD	3.75%	2021/5/27
Less: current portion			<u>-</u>
Total			<u>\$ 3,998,701</u>
Unused credit line			<u>\$ 1,541,250</u>

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April 20, 2018, the Group entered into a 3-year loan agreement with Yuanta Bank (the lead bank) and 13 other participating banks, with significant terms as follows:

Total credit facility: USD \$180,000

Maturity date: The date 3 years after the first drawdown date, which should be within 6 months from the date the agreement was signed.

Availability period: Since the facility is revolving, each availability period should be more than 2 months and less than 6 months.

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

- (i) Current ratio (current assets/current liabilities): shall not be lower than 100%.
- (ii) Net financial liability ratio [(financial liabilities-cash and cash equivalents)/tangible net assets value]: shall not be higher than 120%. The financial liabilities include long-term and short-term borrowings (include current portion of long-term borrowings), short-term notes and bills payable and bonds payable (include convertible bond).
- (iii) Interest coverage ratio [(income before tax + depreciation + amortization+ interest expense)/interest expense]: shall not be lower than 3 time.
- (iv) Tangible net assets value (equity minus intangible assets): shall not be lower than \$5,000,000 thousand during 2018 and shall not be lower than \$6,000,000 thousand during 2019.

According to the Group's syndicated loan agreement with the bank, during the credit term, the Group is committed to maintain the financial ratios. If a breach of covenant occurs, the Group may have to pay the penalty to the bank.

The aforementioned financial covenants were reviewed once every six months from December 31, 2018, based on the year-end consolidated financial statements audited by certified public accountant, and the semi-annual consolidated financial statements reviewed by certified public accountant. The Group was in compliance with the above financial covenants and restrictions in December 31, 2018. The Group had fully repaid its loan.

(I) Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Current	\$ <u>99,826</u>	<u>109,708</u>	<u>59,388</u>
Non-current	\$ <u>249,786</u>	<u>288,827</u>	<u>185,447</u>

For the maturity analysis, please refer to note 6(u).

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The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2020	2019
Interest expenses on lease liabilities	\$ <u>4,279</u>	<u>386</u>
Expenses relating to short-term leases	\$ <u>5,091</u>	<u>2,117</u>

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

	For the three months ended March 31	
	2020	2019
Total cash outflow for leases	\$ <u>29,738</u>	<u>12,365</u>

(i) Real estate leases

As of March 31, 2020, the Group leases land and buildings for its office space, factory and employee dormitory. The leases of office space typically run for a period of 5 to 10 years, factory for 5 years, and of employee dormitory for 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases other equipment, with lease terms of 2 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(m) Employee benefits

(i) Defined benefit plans

The expenses recognized in expense for the Group were as follows:

	For the three months ended March 31	
	2020	2019
Operating expense	\$ <u>93</u>	<u>21</u>

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(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months ended March 31, 2020 and 2019 were as follows:

	For the three months ended March 31	
	2020	2019
Operating expenses	7,719	2,147
Operating cost	\$ 7,958	7,139
	<u>\$ 15,677</u>	<u>9,286</u>

(n) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	For the three months ended March 31	
	2020	2019
Current tax expense		
Current period	\$ <u>371,762</u>	<u>302,910</u>

(ii) There were no income tax expense recognized in other comprehensive income for the three months ended March 31, 2020 and 2019.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2017.

(o) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the three months ended March 31, 2020 and 2019. For the related information, please refer to the note 6(o) of the consolidated financial statements for the year ended December 31, 2019.

(i) Common shares

On December 27, 2018, the Company's board of directors approved a resolution to distribute the cash subscription amounted to \$188,100 thousand, which consisted of 18,810 thousand shares. The Company apply for these shares to be traded and offered publicly by the total amount of \$5,960,988 thousand. The base date for capital subscription was set on March 26, 2019 and all related registration procedures had been completed.

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The Company issued 195 thousand and 3,672 thousand new shares of common shares with the amounts of \$3,082 thousand and \$64,462 thousand for the execution of employee stock options for the three months ended March 31, 2020 and 2019. All proceeds from outstanding shares have been collected and all related registration procedures had been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
A premium issuance of common shares for cash\$	8,436,510	8,436,510	8,439,510
Employee stock options	364,620	363,488	362,653
others	<u>16,185</u>	<u>16,185</u>	<u>16,185</u>
	<u>\$ 8,817,315</u>	<u>8,816,183</u>	<u>8,818,348</u>

(iii) Retained earnings

The Company's article of incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than 10% of profit from the currency year.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

1) Earnings distribution

On March 20, 2020, the Company's board of directors resolved to appropriate the 2019 earnings. On June 25, 2019, the shareholder's meetings resolved to distribute the 2018 earnings. These earnings were appropriated as follows:

	2019	2018
Dividends distributed to ordinary shareholders		
Cash	<u>\$ 4,021,131</u>	<u>2,792,685</u>

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(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	\$ 53,914
Exchange differences on translation of foreign financial statements	<u>11,648</u>
Balance on March 31, 2020	<u><u>\$ 65,562</u></u>
	Exchange differences on translation of foreign financial statements
Balance on January 1, 2019	\$ 172,850
Exchange differences on translation of foreign financial statements	<u>17,108</u>
Balance on March 31, 2019	<u><u>\$ 189,958</u></u>

(p) Share-based payment

Expect for the three-month ended March 31, 2019, the Group recognized \$163,962 thousand expense arisen from employee stock options and cash subscription reserve for employee, there were no significant differences in share-based payment transactions for the three months ended March 31, 2020 and 2019. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2019.

(q) Earnings per share

The calculation of basic and diluted earnings per share (unit: NTD in dollar) is as follows:

	For the three months ended March 31	
	2020	2019
Basic earnings per share:		
Profit attributable to common shareholders of the Company	\$ <u>1,462,505</u>	<u>1,193,632</u>
Weighted-average common stock outstanding (in thousands)	<u>174,727</u>	<u>153,528</u>
	<u><u>\$ 8.37</u></u>	<u><u>7.77</u></u>
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	\$ <u>1,462,505</u>	<u>1,193,632</u>
Weighted-average common stock outstanding (in thousands)	<u>174,727</u>	<u>153,528</u>
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	724	1,045
Employee stock option	<u>2</u>	<u>171</u>
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u><u>175,453</u></u>	<u><u>154,744</u></u>
	<u><u>\$ 8.34</u></u>	<u><u>7.71</u></u>

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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2020	2019
Primary geographical markets		
America	28,712,724	29,855,594
Europe	5,192,403	6,107,554
Asia	595,829	1,475,732
Other	636,168	997,460
	\$ 35,137,124	38,436,340
Major products		
Hyperscale data center	\$ 35,137,124	38,436,340

(ii) Contract balance

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable	\$ 6,122,821	13,663,812	8,053,409
Accounts receivable – related parties	795,986	415,932	269,123
Less: loss allowance	(8,762)	(8,794)	(712)
	\$ 6,910,045	14,070,950	8,321,820
	March 31, 2020	December 31, 2019	March 31, 2019
Contract liabilities - provisions for warranty	\$ 1,069,029	861,503	565,177

For details on accounts receivable and loss allowance, please refer to note 6(c).

The contract liabilities primarily related to the advance consideration received from customers for the electronic components under sales contracts, for which revenue is recognized when products are delivered to customers.

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the current period.

(s) Employee's and directors' compensation

According to the Company's Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

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- (i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.
- (ii) No more than 1% of profit as the compensation in cash to the Directors.

The Company accrued and recognized employees' compensation amounted to \$97,000 thousand and \$78,963 thousand, respectively, and directors' compensation amounted to \$3,750, based on the net income before tax which excluding the amounts of employees' and directors' compensation and the ratio stipulated in the Company's Article of Incorporation. The above are both accounted for under operating expense for the three months ended March 31, 2020 and 2019. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year.

For the years ended December 31, 2019 and 2018, the employees' compensation amounted to \$407,000 thousand and \$368,000 thousand, respectively, and directors' compensation amounted to \$18,174 thousand and \$15,000 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the board of directors resolved for 2020 and 2019. The related information can be available on Market Observation Post System Website.

- (t) Non-operating income and expenses

- (i) Other income

The details of other income were as follows:

	For the three months ended March 31	
	2020	2019
Interest income	\$ 12,373	15,761
Other	15	20
Total	<u><u>\$ 12,388</u></u>	<u><u>15,781</u></u>

- (ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2020	2019
Foreign exchange gains (losses), net	24,474	20,504
Gains on valuation of financial assets and liabilities at fair value	107,219	6,210
Others	(7,945)	496
	<u><u>\$ 123,748</u></u>	<u><u>27,210</u></u>

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(iii) Finance costs

	For the three months ended March 31	
	2020	2019
Interest expenses		
Bank loans	\$ (107,801)	(104,036)
Others	(4,279)	(386)
	<u>\$ (112,080)</u>	<u>(104,422)</u>

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of March 31, 2020, December 31 and March 31, 2019, 83.32%, 93.46% and 88.95% of the Group's accounts receivable were concentrated on 3, 2 and 3 specific customers, respectively. Accordingly, concentrations of credit risk exist.

3) Receivable and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(c). Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

As of March 31, 2020, December 31 and March 31, 2019, the other receivable were not accrue any loss allowance.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
March 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 9,657,847	9,672,066	9,672,066	-	-	-
Notes and accounts payable (including related parties)	11,193,287	11,193,287	11,193,287	-	-	-
Other payables (including related parties)	2,442,201	2,442,201	2,442,201	-	-	-
Lease liabilities (including current and non-current)	349,612	388,617	103,529	82,428	198,929	3,731
Subtotal	<u>23,642,947</u>	<u>23,696,171</u>	<u>23,411,083</u>	<u>82,428</u>	<u>198,929</u>	<u>3,731</u>
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	755,200	755,200	755,200	-	-	-
Inflow	(754,926)	(754,926)	(754,926)	-	-	-
Carrying amount	<u>274</u>	<u>274</u>	<u>274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	4,004	4,004	4,004	-	-	-
Carrying amount	<u>4,004</u>	<u>4,004</u>	<u>4,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>4,278</u>	<u>4,278</u>	<u>4,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,647,225</u>	<u>23,700,449</u>	<u>23,415,361</u>	<u>82,428</u>	<u>198,929</u>	<u>3,731</u>
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 8,638,393	8,649,208	8,649,208	-	-	-
Notes and accounts payable (including related parties)	14,228,115	14,228,115	14,228,115	-	-	-
Other payables (including related parties)	1,695,703	1,695,703	1,695,703	-	-	-
Lease liabilities (including current and non-current)	398,535	407,085	113,677	56,177	116,934	120,297
Total	<u>\$ 24,960,746</u>	<u>24,980,111</u>	<u>24,686,703</u>	<u>56,177</u>	<u>116,934</u>	<u>120,297</u>
March 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 897,008	899,493	899,493	-	-	-
Long-term borrowings	3,998,701	4,335,178	150,140	150,140	4,034,898	-
Accounts payable (including related parties)	7,390,185	7,390,185	7,390,185	-	-	-
Other payables (including related parties)	776,086	776,086	776,086	-	-	-
Lease liabilities (including current and non-current)	244,835	255,270	63,689	64,986	126,595	-
Subtotal	<u>13,306,815</u>	<u>13,656,212</u>	<u>9,279,593</u>	<u>215,126</u>	<u>4,161,493</u>	<u>-</u>
Derivative financial liabilities						
Foreign currency forward contracts:						
Outflow	72	72	72	-	-	-
Carrying amount	<u>72</u>	<u>72</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,306,887</u>	<u>13,656,284</u>	<u>9,279,665</u>	<u>215,126</u>	<u>4,161,493</u>	<u>-</u>

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
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(iii) Market risk

1) Currency risk

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

	March 31, 2020			December 31, 2019			March 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 502,885	30.254	15,214,289	752,516	30.106	22,655,220	469,012	30.825	14,457,291
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	218,400	30.254	6,607,464	520,203	30.106	15,661,246	196,413	30.825	6,054,428

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, notes and accounts payable (including related parties) and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the three months ended March 31, 2020 and 2019, the net income would be changed by \$344,273 thousand and \$336,115 thousand, respectively. The analysis assumes that all other variable remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended March 31, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$24,474 thousand and \$20,504 thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Group's net income would have been changed by \$4,863 thousand and \$8,746 thousand, respectively, for the three months ended March 31, 2020 and 2019, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

		March 31, 2020				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets	\$	<u>14,444</u>	<u>-</u>	<u>14,444</u>	<u>-</u>	<u>14,444</u>
Financial assets measured at amortized cost						
Cash and cash equivalents		12,467,486	-	-	-	-
Accounts receivable (including related parties)		6,910,045	-	-	-	-
Other receivable (including related parties)		70,000	-	-	-	-
Other non-current assets		<u>63,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$	<u>19,511,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities	\$	<u>4,278</u>	<u>-</u>	<u>4,278</u>	<u>-</u>	<u>4,278</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	9,657,847	-	-	-	-
Notes and accounts payable (including related parties)		11,193,287	-	-	-	-
Other payables (including related parties)		2,442,201	-	-	-	-
Lease liabilities (including current and non-current)		<u>349,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$	<u>23,642,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2019				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	11,992,139	-	-	-	-
Accounts receivable (including related parties)		14,070,950	-	-	-	-
Other receivable (including related parties)		2,368,940	-	-	-	-
Other non-current assets		<u>64,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$	<u>28,496,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2019			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 8,638,393	-	-	-	-
Accounts payable (including related parties)	14,228,115	-	-	-	-
Other payables (including related parties)	1,695,703	-	-	-	-
Long-term borrowings (including current portion)	398,535	-	-	-	-
Subtotal	<u>\$ 24,960,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		March 31, 2019			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	<u>\$ 1,067</u>	<u>-</u>	<u>1,067</u>	<u>-</u>	<u>1,067</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	8,278,402	-	-	-	-
Accounts receivable (including related parties)	8,321,820	-	-	-	-
Other receivable (including related parties)	51,176	-	-	-	-
Other non-current assets	182,191	-	-	-	-
Subtotal	<u>\$ 16,833,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 72</u>	<u>-</u>	<u>72</u>	<u>-</u>	<u>72</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	897,008	-	-	-	-
Long-term borrowings	3,998,701	-	-	-	-
Accounts payable (including related parties)	7,390,185	-	-	-	-
Other payables (including related parties)	776,086	-	-	-	-
Long-term borrowings (including current portion)	244,835	-	-	-	-
Subtotal	<u>\$ 13,306,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value:

a) Derivative financial instruments:

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of foreign currency forward and swap contracts are usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2: none

4) Changes between Level 3: none.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

March 31, 2020					
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)	
				Financial instruments	Cash collateral received
					Net amounts (e)=(c)-(d)
Other receivable	\$ 1,045,912	1,045,912	-	-	-

March 31, 2020					
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)	
				Financial instruments	Cash collateral received
					Net amounts (e)=(c)-(d)
Note payable and accounts payable	\$ 3,794,268	1,045,912	2,748,356	-	-

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the consolidated financial statements for the year ended December 31, 2019.

(w) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2019. There were no significant changes in the quantified data for capital management as disclosed in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2019.

(x) Investing and financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the three months ended March 31, 2020 and 2019, were as follows:

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Addition	Foreign exchange movement	
Short-term borrowings	\$ 8,638,393	980,399	-	39,055	9,657,847
Lease liabilities	398,535	(20,368)	-	(28,555)	349,612
Total liabilities from financing activities	\$ 9,036,928	960,031	-	10,500	10,007,459

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			<u>Non-cash changes</u>		
	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Addition</u>	<u>Foreign exchange movement</u>	<u>March 31, 2019</u>
Short-term borrowings	\$ 2,962,661	(2,067,083)	-	1,430	897,008
Long-term borrowings	5,522,236	(1,537,225)	-	13,690	3,998,701
Lease liabilities	72,409	(9,862)	181,902	386	244,835
Total liabilities from financing activities \$	<u>8,557,306</u>	<u>(3,614,170)</u>	<u>181,902</u>	<u>15,506</u>	<u>5,140,544</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is the parent company and the ultimate controlling party of the Group. As of March 31, 2020, December 31 and March 31, 2019, it owns 44.85%, 44.90% and 44.59%, respectively, of all shares outstanding of the Company.

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech). s.r.o. (WCCZ)	Other related parties
Wistron Optronics (Kunshan) Co., Ltd. (WOK)	Other related parties
Wistron Mexico S.A. de C.V. (WMX)	Other related parties
Cowin Worldwide Corporation (COWIN)	Other related parties
ICT Service Management Solutions (India) Private Limited (WIN)	Other related parties
Wibase Industrial Solutions (WIS)	Other related parties
International Standards Labs. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS InfoComm Corporation (WTX)	Other related parties
Wistron InfoCommon Technology (Texas) corporation (WITT)	Other related parties
Wistron InfoCommon Technology (America) corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K. (WJP)	Other related parties
Wistron NeWeb corporation (WNC)	Other related parties
Wistron Information Technology & Services Corporation (WITS)	Other related parties
T-CONN Precision Corporation (TPE)	Other related parties

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties		
	For the three months ended March 31		March 31,	December 31,	March 31,
	2020	2019	2020	2019	2019
WHQ	\$ 39	189	-	5	73
Other related parties	792,454	269,550	795,986	415,927	269,050
	<u>\$ 792,493</u>	<u>269,739</u>	<u>795,986</u>	<u>415,932</u>	<u>269,123</u>

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties		
	For the three months ended March 31		March 31,	December 31,	March 31,
	2020	2019	2020	2019	2019
WHQ	\$ 7,110,098	8,641,212	2,748,356	7,081,552	530,384
Other related parties:					
WCCZ	-	6,167,338	-	-	392,901
Other related parties	887	-	891	8	-
	<u>\$ 7,110,985</u>	<u>14,808,550</u>	<u>2,749,247</u>	<u>7,081,560</u>	<u>923,285</u>

Trading terms of purchase transactions with related parties can't be compared with third-party vendors due to product specifications.

(iii) Processing Fee

The amounts of processing and outstanding balance between the Group and related parties were as follows:

	Processing Fee		Payables to related parties		
	For the three months ended March 31		March 31,	December 31,	March 31,
	2020	2019	2019	2018	2018
WMX	\$ 214,841	201,454	215,680	172,349	77,486

Trading terms of processing fee transactions with related parties can't be compared with third-party vendors due to product specifications.

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Operating Expense

The amounts of operating expense between the Group and related parties were as follow:

	For the three months ended March 31,	
	2020	2019
WHQ	\$ 106,043	82,127
Other related parties	32,002	9,928
	\$ 138,045	92,055

Trading terms of operating expense with related parties are not significantly different from those with third-party vendors.

(v) Other receivables

The Group purchased raw materials on behalf of related parties, provide of human outsourcing service and etc. The outstanding balance were as follows:

	Other receivables from related parties		
	March 31, 2020	December 31, 2019	March 31, 2019
WHQ	\$ -	2,292,978	-
Other related parties:			
WMX	43,965	48,457	11,028
COWIN	13,156	21,511	3,598
WCCZ	104	-	17,588
Others related parties	3,107	67	-
Total	\$ 60,332	2,363,013	32,214

(vi) Other payable

The Group purchased research and development materials and related parties paid traveling expenses on behalf of the Group, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties		
	March 31, 2020	December 31, 2019	March 31, 2019
WHQ	\$ 163,825	192,940	274,289
Other related parties	67,379	14,948	6,173
Total	\$ 231,204	207,888	280,462

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Leases

The Group signed a lease contract for two year with WNC during January 2019, and recognized the right-of-use assets and liabilities amounted to \$168,400 thousand. For the three months ended March 31, 2020 and 2019, the Group recognized its interest expense amounted to \$685 thousand and \$0 thousand, respectively. As of March 31, 2020, December 31 and March 31, 2019, the balance of lease liabilities was \$134,779 thousand, \$143,064 thousand and \$165,306 thousand.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2020	2019
Short-term employee benefits	\$ 18,348	17,093
Post-employment benefits	213	236
	<u>\$ 18,561</u>	<u>17,329</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	March 31, 2020	December 31, 2019	March 31, 2019
Other non-current assets	Bank loans and guarantee	<u>\$ 29,145</u>	<u>29,002</u>	<u>154,125</u>

(9) Commitments and contingencies:

Alacritech Inc. filed a patent infringement complaint against the Company in the United States District Court - East District of Texas in June 2016. The Company had appointed an attorney to deal with the matter. The litigation is still in process and a decision has yet to be made by the US Patent trial and Appeal Board.

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

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WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

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

By function By item	For the three months ended March 31					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	104,801	281,334	386,135	18,593	374,512	393,105
Labor and health insurance	12,648	19,506	32,154	3,104	19,163	22,267
Pension	7,719	8,051	15,770	2,147	7,160	9,307
Remuneration of directors	-	3,750	3,750	-	3,750	3,750
Others	4,846	5,432	10,278	3,555	5,244	8,799
Depreciation	48,248	35,224	83,472	7,599	29,835	37,434
Amortization	1,141	1,511	2,652	-	1,373	1,373

- (b) Seasonality of operations

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

(13) Other disclosures:

- (a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2020:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.
- (iii) Securities held as of March 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (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: Table 2 attached.

(Continued)

WIWYNN CORPORATION 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: Table 3 attached.

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

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries: Table 4 attached.

(b) Information on investments:

The following are the information on investments for the three months ended March 31, 2020 (excluding information on investments in mainland China): Table 5 attached.

(c) Information on investment in mainland China: Table 6 attached.

(d) Major shareholders:

	Shareholding	Shares	Percentage
Shareholder's Name			
Wistron Corporation		78,418,129	44.85 %

(14) Segment information:

The Group's core profession is to provide the products and service in data center, and there is no significant segment division. Therefore, the Group's operating decision maker considered it has one reportable segment. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 1 Guarantees and endorsements for other parties:
(March 31, 2020)

No.	Name of guarantor	Counter - party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	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	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYMX	2	6,508,830 (Note 2)	197,857	197,361	197,361	-	0.91%	10,848,050	Y	N	N

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's latest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's latest net worth, which was audited or reviewed by Certified Public Accountant.

(Note 3) Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

WIWYNN CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 2 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(March 31, 2020)

Name of company	Related Party	Nature of relationship	Transaction details			Transaction with terms different from others		Notes/ Accounts receivable (payable)		Note	
			Purchase/Sales	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment Terms	Ending balance		Percentage of total notes / accounts receivable (payable)
The Company	WYUS	The Company's subsidiary	Sale	7,229,635	53.16%	OA120	-	-	11,033,020	78.95%	(Note)
"	WYJP	The Company's subsidiary	Sale	117,996	0.87%	OA90	-	-	34,184	0.24%	(Note)
"	WYKR	The Company's subsidiary	Sale	103,901	0.76%	OA90	-	-	99,547	0.71%	(Note)
"	WHQ	The Company's parent company	Purchase	7,049,264	55.19%	OA45	-	-	(2,747,116)	(50.85)%	-
WYUS	WBR	WYUS's other related company	Sale	792,277	2.75%	OA120	-	-	795,786	19.49%	-
"	WYHQ	WYUS's parent company	Purchase	7,229,635	19.32%	OA120	-	-	(11,033,020)	(65.44)%	(Note)
"	WMX	WYUS's other related company	Processing fee	214,841	0.58%	OA90	-	-	(215,680)	(1.28)%	-
WYJP	The Company	WYJP's parent company	Purchase	117,996	100.00%	OA90	-	-	(34,184)	(100.00)%	(Note)
WYKR	The Company	WYKR's parent company	Purchase	103,901	100.00%	OA90	-	-	(99,547)	(100.00)%	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES **Notes to the Consolidated Financial Statements**

Table 3 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(March 31, 2020)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance	Notes
					Amount	Action taken			
The Company	WYUS	The Company's subsidiary	11,033,020	235.31%	-	-	-	-	(Note)
WYUS	WBR	WYUS's other related company	795,786	525.01%	-	-	-	-	-
Other Receivables									
The Company	WYUS	The Company's subsidiary	117,847	-	-	-	-	-	(Note)

(Note): The aforementioned inter - company transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4 Significant intercompany transactions and business relationships between parent company and its subsidiaries:

(March 31, 2020)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions		
				Account name	Amount	Trading Terms
0	The Company	WYUS	1	Sales	7,229,635	OA120
0	"	WYJP	1	Sales	117,996	OA90
0	"	WYKR	1	Sales	103,901	OA90
0	"	WYUS	1	Accounts Receivable	11,033,020	OA120
0	"	WYJP	1	Accounts Receivable	34,184	OA90
0	"	WYKR	1	Accounts Receivable	99,547	OA90
						Percentage of the consolidated net revenue or total assets (Note 3)
						20.58%
						0.34%
						0.30%
						22.93%
						0.07%
						0.21%

Note 1: relationship:

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

Note 2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note 3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Information on investments (excluding investees in mainland China):
The following are the information on investments for the three months ended March 31, 2020 (excluding information on investments in mainland China):

Name of the investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of March 31, 2020			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				March 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of data storage equipment	6,620	6,620	-	100.00%	130,033	1,597	1,597	(Note)
"	WYUS	U.S.A	Sales of data storage equipment	5,021,581	5,021,581	169,010	100.00%	5,294,691	4,477	4,477	(Note)
"	WYHK	Hong Kong	Investing activities and sale of data storage equipment	12,181	12,181	400	100.00%	163,832	2,641	2,641	(Note)
"	WYKR	South Korea	Sales of data storage equipment	2,903	2,903	20	100.00%	67,232	2,241	2,241	(Note)
"	WYMY	Malaysia	Sales of data storage equipment	15,109	15,109	2,050	100.00%	13,922	(82)	(82)	(Note)
"	WYMX	Mexico	Human resources service provision	49,285	49,285	31,053	100.00%	46,177	9,171	9,171	(Note)

(Note): The aforementioned transactions have been eliminated in the consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statements

Table 6 Information on investment in mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment Flows		Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow						
WYKS	Sales of data storage equipment	10,659	2	10,659 (Note 1)	-	-	579	100%	579	56,486	-	(Note 5)
(ii) Limitation on investment in mainland China												
Accumulated Investment in mainland China as of March 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 4)										
10,659(USD 350,000)	10,589(USD 350,000)	13,017,660										

(Note 1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.

(Note 2) Ways to invest in mainland China:

1. Direct investment in mainland China.
2. Reinvestment in mainland China through third place.
3. Others

(Note 3) The three categories of investment income (losses) recognized were as follows:

1. The financial statements of the investee company were audited by the global accounting firm in cooperation with ROC accounting firm.
2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.
3. Others

(Note 4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.

(Note 5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Note 6) Translated using the ending rates on March 31, 2020.

(iii) Significant transactions

For the three months ended March 31, 2020, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".