

**WIWYNN CORPORATION AND SUBSIDIARIES****CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
for the Nine Months Ended September 30, 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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安侯建業聯合會計師事務所

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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 (“the Company”) and its subsidiaries (“the Group”) as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the changes in equity and cash flows for the nine months ended September 30, 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 the Group as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, as well as its consolidated cash flows for the nine months ended September 30, 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)  
November 10, 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 September 30, 2020 and 2019**

**Wiwynn Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2020, December 31, and September 30, 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2020		December 31, 2019		September 30, 2019		Liabilities and Equity		September 30, 2020		December 31, 2019		September 30, 2019	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 10,121,029	17	11,992,139	25	8,885,469	22	2100	Short-term borrowings (note 6(j))	\$ 15,607,279	26	8,638,393	18	931,260	2
1110	Financial assets at fair value through profit or loss-current (note 6(b))	16,738	-	-	-	308	-	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	14,361	-	-	-	295	-
1170	Accounts receivable, net (notes 6(c)(q))	15,219,658	25	13,655,018	28	8,378,157	21	2130	Contract liabilities-current (note 6(q))	1,696,013	3	861,503	2	792,070	2
1180	Accounts receivable - related parties, net (notes 6(c)(q) and 7)	377,974	1	415,932	1	448,960	1	2170	Notes payable and accounts payable	11,178,168	19	6,974,206	14	10,166,547	26
1200	Other receivables (note 6(d))	9,349	-	5,927	-	2,875	-	2180	Accounts payable - related parties (note 7)	5,062,999	8	7,253,909	15	5,972,330	15
1210	Other receivables-related parties (notes 6(d) and 7)	200,855	-	2,363,013	5	293,068	1	2200	Other payables (notes 6(r))	2,750,930	5	2,209,050	5	2,068,380	5
130X	Inventories (note 6(e))	31,767,971	53	17,442,078	36	20,204,730	51	2220	Other payables-related parties (note 7)	206,409	-	207,888	-	257,347	1
1479	Other current assets (note 6(i))	644,456	1	539,289	1	382,791	1	2230	Current tax liabilities	744,816	1	1,017,329	2	380,766	1
	<b>Total current assets</b>	<u>58,358,030</u>	<u>97</u>	<u>46,413,396</u>	<u>96</u>	<u>38,596,358</u>	<u>97</u>	2280	Lease liabilities-current (notes 6(k) and 7)	100,189	-	109,708	-	68,726	-
	<b>Non-current assets:</b>							2399	Other current liabilities	514,891	1	260,144	1	349,355	1
1600	Property, plant and equipment (note 6(f))	907,664	2	718,167	2	345,447	1		<b>Total current liabilities</b>	<u>37,876,055</u>	<u>63</u>	<u>27,532,130</u>	<u>57</u>	<u>20,987,076</u>	<u>53</u>
1755	Right-of-use assets (notes 6(g) and 7)	298,750	-	388,815	1	227,809	1		<b>Non-current liabilities:</b>						
1780	Intangible assets (note 6(h))	51,529	-	19,106	-	11,984	-	2570	Deferred tax liabilities	104,534	-	104,534	-	70,382	-
1840	Deferred tax assets	320,674	1	494,398	1	291,066	1	2580	Lease liabilities-non-current (notes 6(k) and 7)	209,217	-	288,827	1	164,971	-
1990	Other non-current assets (notes 6(i) and 8)	145,491	-	113,344	-	192,484	-	2640	Net defined benefit liabilities	2,922	-	2,870	-	625	-
	<b>Total non-current assets</b>	<u>1,724,108</u>	<u>3</u>	<u>1,733,830</u>	<u>4</u>	<u>1,068,790</u>	<u>3</u>		<b>Total non-current liabilities</b>	<u>316,673</u>	<u>-</u>	<u>396,231</u>	<u>1</u>	<u>235,978</u>	<u>-</u>
									<b>Total liabilities</b>	<u>38,192,728</u>	<u>63</u>	<u>27,928,361</u>	<u>58</u>	<u>21,223,054</u>	<u>53</u>
									<b>Equity (notes 6(n)(o)):</b>						
								3110	Common shares	1,748,408	3	1,746,368	4	1,745,888	5
								3200	Capital surplus	8,817,380	15	8,816,183	18	8,815,832	22
								3300	Retained earnings	11,458,594	19	9,602,400	20	7,655,476	19
								3400	Other equity	(134,972)	-	53,914	-	224,898	1
									<b>Total equity</b>	<u>21,889,410</u>	<u>37</u>	<u>20,218,865</u>	<u>42</u>	<u>18,442,094</u>	<u>47</u>
	<b>Total assets</b>	<u>\$ 60,082,138</u>	<u>100</u>	<u>48,147,226</u>	<u>100</u>	<u>39,665,148</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 60,082,138</u>	<u>100</u>	<u>48,147,226</u>	<u>100</u>	<u>39,665,148</u>	<u>100</u>

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

**Wiwynn Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the three months and nine months ended September 30, 2020 and 2019**

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

	For the three months ended September 30				For the nine months ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(q) and 7)</b>							
	\$ 47,205,584	100	33,346,480	100	134,413,639	100	114,046,044	100
5000	<b>Operating costs (notes 6(e)(f)(g)(h)(k)(l), 7 and 12)</b>							
	<u>43,166,680</u>	<u>91</u>	<u>30,836,442</u>	<u>93</u>	<u>123,645,822</u>	<u>92</u>	<u>106,322,345</u>	<u>93</u>
	<b>Gross profit from operations</b>							
	<u>4,038,904</u>	<u>9</u>	<u>2,510,038</u>	<u>7</u>	<u>10,767,817</u>	<u>8</u>	<u>7,723,699</u>	<u>7</u>
	<b>Operating expenses (notes 6(c)(f)(g)(h)(k)(l)(o)(r), 7 and 12):</b>							
6100	285,416	1	219,184	1	950,903	1	666,253	1
6200	165,501	1	155,441	-	476,113	1	625,330	-
6300	598,848	1	407,957	1	1,622,054	1	1,072,756	1
6450	1,697	-	3,328	-	1,575	-	2,247	-
	<u>1,051,462</u>	<u>3</u>	<u>785,910</u>	<u>2</u>	<u>3,050,645</u>	<u>3</u>	<u>2,366,586</u>	<u>2</u>
	<b>Net operating income</b>							
	<u>2,987,442</u>	<u>6</u>	<u>1,724,128</u>	<u>5</u>	<u>7,717,172</u>	<u>5</u>	<u>5,357,113</u>	<u>5</u>
	<b>Non-operating income and expenses (notes 6(k)(s) and 7):</b>							
7100	7,812	-	15,417	-	25,813	-	47,188	-
7010	19	-	20	-	50	-	61	-
7020	(83,540)	-	16,088	-	(87,362)	-	123,404	-
7050	(54,936)	-	(42,007)	-	(243,319)	-	(226,573)	-
	<u>(130,645)</u>	<u>-</u>	<u>(10,482)</u>	<u>-</u>	<u>(304,818)</u>	<u>-</u>	<u>(55,920)</u>	<u>-</u>
7900	<b>Income before tax</b>							
	2,856,797	6	1,713,646	5	7,412,354	5	5,301,193	5
7950	<b>Income tax expense (note 6(m))</b>							
	<u>611,271</u>	<u>1</u>	<u>345,061</u>	<u>1</u>	<u>1,535,029</u>	<u>1</u>	<u>1,080,721</u>	<u>1</u>
	<b>Net income</b>							
	<u>2,245,526</u>	<u>5</u>	<u>1,368,585</u>	<u>4</u>	<u>5,877,325</u>	<u>4</u>	<u>4,220,472</u>	<u>4</u>
8300	<b>Other comprehensive income (note 6(n)):</b>							
8360	<b>Items that may be reclassified subsequently to profit or loss</b>							
8361	Exchange differences on translation of foreign financial statements							
	(94,628)	-	(11,685)	-	(188,886)	-	52,048	-
8399	Income tax related to items that may be reclassified to profit or loss							
	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>							
	<u>(94,628)</u>	<u>-</u>	<u>(11,685)</u>	<u>-</u>	<u>(188,886)</u>	<u>-</u>	<u>52,048</u>	<u>-</u>
8300	<b>Other comprehensive income (net of tax)</b>							
	<u>(94,628)</u>	<u>-</u>	<u>(11,685)</u>	<u>-</u>	<u>(188,886)</u>	<u>-</u>	<u>52,048</u>	<u>-</u>
8500	<b>Total comprehensive income</b>							
	<u>\$ 2,150,898</u>	<u>5</u>	<u>1,356,900</u>	<u>4</u>	<u>5,688,439</u>	<u>4</u>	<u>4,272,520</u>	<u>4</u>
	<b>Profit attributable to:</b>							
8610	Owners of parent							
	<u>\$ 2,245,526</u>	<u>5</u>	<u>1,368,585</u>	<u>4</u>	<u>5,877,325</u>	<u>4</u>	<u>4,220,472</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>							
8710	Owners of parent							
	<u>\$ 2,150,898</u>	<u>5</u>	<u>1,356,900</u>	<u>4</u>	<u>5,688,439</u>	<u>4</u>	<u>4,272,520</u>	<u>4</u>
	<b>Earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>							
9750	<b>Basic earnings per share</b>							
	<u>\$ 12.84</u>		<u>7.84</u>		<u>33.62</u>		<u>25.18</u>	
9850	<b>Diluted earnings per share</b>							
	<u>\$ 12.80</u>		<u>7.81</u>		<u>33.47</u>		<u>25.03</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 nine months ended September 30, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Other equity		Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
<b>Balance on January 1, 2019</b>	\$ 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	<u>1,520,288</u>	<u>2,853,756</u>	<u>195,198</u>	<u>8,137</u>	<u>6,024,354</u>	<u>6,227,689</u>	<u>172,850</u>	<u>10,774,583</u>
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	557,758	-	(557,758)	-	-	-
Special reserve	-	-	-	(8,137)	8,137	-	-	-
Cash dividends	-	-	-	-	(2,792,685)	(2,792,685)	-	(2,792,685)
Net income	-	-	-	-	4,220,472	4,220,472	-	4,220,472
Other comprehensive income	-	-	-	-	-	-	52,048	52,048
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220,472</u>	<u>4,220,472</u>	<u>52,048</u>	<u>4,272,520</u>
Cash subscription	188,100	5,769,888	-	-	-	-	-	5,957,988
Issue of common shares-employee stock options	37,500	28,226	-	-	-	-	-	65,726
Share-based payments	-	163,962	-	-	-	-	-	163,962
<b>Balance on September 30, 2019</b>	<u>\$ 1,745,888</u>	<u>8,815,832</u>	<u>752,956</u>	<u>-</u>	<u>6,902,520</u>	<u>7,655,476</u>	<u>224,898</u>	<u>18,442,094</u>
<b>Balance on January 1, 2020</b>	\$ 1,746,368	8,816,183	752,956	-	8,849,444	9,602,400	53,914	20,218,865
Appropriation and distribution of retain earnings:								
Legal reserve	-	-	616,925	-	(616,925)	-	-	-
Cash dividends	-	-	-	-	(4,021,131)	(4,021,131)	-	(4,021,131)
Net income	-	-	-	-	5,877,325	5,877,325	-	5,877,325
Other comprehensive income	-	-	-	-	-	-	(188,886)	(188,886)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,877,325</u>	<u>5,877,325</u>	<u>(188,886)</u>	<u>5,688,439</u>
Issue of common shares-employee stock options	2,040	1,197	-	-	-	-	-	3,237
<b>Balance on September 30, 2020</b>	<u>\$ 1,748,408</u>	<u>8,817,380</u>	<u>1,369,881</u>	<u>-</u>	<u>10,088,713</u>	<u>11,458,594</u>	<u>(134,972)</u>	<u>21,889,410</u>

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 nine months ended September 30, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 7,412,354	5,301,193
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	261,899	141,038
Amortization expense	12,690	3,970
Expected credit loss	1,575	2,247
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(297,133)	15,598
Interest expense	243,319	226,573
Interest income	(25,813)	(47,188)
Share-based payments	-	163,962
Losses on disposal of property, plant and equipment	-	16
Others	(7)	-
Total adjustments to reconcile profit	196,530	506,216
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss-current	280,395	(15,906)
Decrease (increase) in accounts receivable, net	(1,874,848)	1,127,046
Decrease (increase) in accounts receivable-related parties, net	37,958	(424,764)
Decrease (increase) in other receivable	(3,422)	4,882
Decrease (increase) in other receivable-related parties	2,124,097	(194,089)
Increase in inventories	(15,206,147)	(6,208,684)
Decrease (increase) in other current assets	(108,261)	2,408,168
Total changes in operating assets	(14,750,228)	(3,303,347)
Changes in operating liabilities:		
Increase in held-for-trading financial liabilities	14,361	295
Increase in contract liabilities-current	834,510	411,989
Increase in notes and accounts payable	4,430,433	9,039,831
Increase (decrease) in accounts payable-related parties	(1,759,222)	2,129,667
Increase in other payable	643,543	911,366
Decrease in other payable-related parties	(1,479)	(556,711)
Increase in other current liabilities	266,802	114,452
Increase in net defined benefit liabilities	51	-
Total changes in operating liabilities	4,428,999	12,050,889
Total changes in operating assets and liabilities	(10,321,229)	8,747,542
Total adjustments	(10,124,699)	9,253,758
Cash inflow (outflow) generated from operations	(2,712,345)	14,554,951
Interest received	25,624	49,001
Interest paid	(238,559)	(231,193)
Income taxes paid	(1,633,642)	(2,212,473)
<b>Net cash flows from (used in) operating activities</b>	(4,558,922)	12,160,286
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(305,947)	(247,625)
Proceeds from disposal of property, plant and equipment	-	27
Acquisition of intangible assets	(45,113)	(8,712)
Decrease in other non-current assets	470	127,351
Increase in prepayments for equipment	(113,755)	(194,277)
<b>Net cash used in investing activities</b>	(464,345)	(323,236)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	68,107,007	13,842,641
Decrease in short-term borrowings	(60,769,905)	(15,878,378)
Decrease in long-term borrowings	-	(5,522,236)
Cash dividends paid	(4,021,131)	(2,792,685)
Cash subscription	-	5,957,988
Exercise of employee stock options	3,237	65,726
Payment of lease liabilities	(75,226)	(38,533)
<b>Net cash from (used in) financing activities</b>	3,243,982	(4,365,477)
Effect of exchange rate changes on cash and cash equivalents	(91,825)	10,304
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,871,110)	7,481,877
<b>Cash and cash equivalents at beginning of period</b>	11,992,139	1,403,592
<b>Cash and cash equivalents at end of period</b>	\$ <b>10,121,029</b>	<b>8,885,469</b>

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 nine months ended September 30, 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 November 10, 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.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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- (b) The impact of IFRS issued by the FSC but not yet effective

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, 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

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.

- (c) 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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

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.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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**(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
			September 30, 2020	December 31, 2019	September 30, 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 %	-
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 statements 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.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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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.

**(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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash on hand	\$ 425	430	504
Demand and checking deposits	10,013,554	11,991,709	8,884,965
Time deposits	107,050	-	-
	<b><u>\$ 10,121,029</u></b>	<b><u>11,992,139</u></b>	<b><u>8,885,469</u></b>

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Foreign currency forward contracts	\$ 15,721	-	308
Foreign currency swap contracts	1,017	-	-
	<b><u>\$ 16,738</u></b>	<b><u>-</u></b>	<b><u>308</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<b>Held-for-trading financial liabilities:</b>			
Foreign currency forward contracts	\$ 8,809	-	295
Foreign currency swap contracts	<u>5,552</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,361</u>	<u>-</u>	<u>295</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:

	<u>September 30, 2020</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
<b>Foreign currency swap contracts:</b>			
Foreign currency swap sold	USD\$ <u>80,000</u>	USD to NTD	2020/10/19~2020/10/26
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>100,000</u>	NTD to USD	2020/10/19~2020/10/26
Foreign currency forward sold	USD\$ <u>15,000</u>	USD to NTD	2020/10/5
	<u>September 30, 2019</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
<b>Foreign currency forward contracts:</b>			
Foreign currency forward purchased	USD\$ <u>8,000</u>	NTD to USD	2019/10/15~2019/10/21

(c) Accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts receivable—measured at amortized cost	\$ 8,121,563	9,923,569	7,388,574
Accounts receivable-related parties—measured at amortized cost	377,974	415,932	451,945
Accounts receivable—measured at fair value through other comprehensive income	7,108,464	3,740,243	999,269
Less: loss allowance	<u>(10,369)</u>	<u>(8,794)</u>	<u>(12,671)</u>
	<u>\$ 15,597,632</u>	<u>14,070,950</u>	<u>8,827,117</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.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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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:

	<b>September 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 15,119,161	-	-
Past due under 30 days	365,305	-	-
Past due 31 to 60 days	91,790	-	-
Past due 61 to 90 days	23,378	9%	2,002
Past due 91 to 180 days	49	100%	49
Past due 181 to 270 days	-	-	-
Past due over 271 days	8,318	100%	8,318
Total	<u>\$ 15,608,001</u>		<u>10,369</u>
	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
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	8,701	100%	8,701
Total	<u>\$ 14,079,744</u>		<u>8,794</u>
	<b>September 30, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted - average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 8,675,008	-	-
Past due under 30 days	102,584	-	-
Past due 31 to 60 days	3,852	-	-
Past due 61 to 90 days	48,241	5%	2,568
Past due 91 to 180 days	9,527	100%	9,527
Past due 181 to 270 days	576	100%	576
Total	<u>\$ 8,839,788</u>		<u>12,671</u>

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

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance on January 1	8,794	10,424
Impairment losses recognized	10,374	12,676
Impairment losses reversed	(8,799)	(10,429)
Balance on September 30	<b>\$ 10,369</b>	<b>12,671</b>

As of September 30, 2020, December 31 and September 30, 2019, the accounts receivable were not pledged.

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

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 September 30, 2020, December 31 and September 30, 2019, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

<b>September 30, 2020</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
ING, Taipei branch	\$ 189,246	179,900	189,246	-	0.62%~3.65%	None
CITI, New York branch	114,960	<Note>	114,960	-	0.63%~2.40%	None
	<b>\$ 304,206</b>		<b>304,206</b>	<b>-</b>		
<b>December 31, 2019</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
ING, Taipei branch	\$ 129,758	194,310	129,758	-	2.06%~2.90%	None
CITI, New York branch	175,018	<Note>	175,018	-	2.12%~3.18%	None
	<b>\$ 304,776</b>		<b>304,776</b>	<b>-</b>		
<b>September 30, 2019</b>						
<b>Purchaser</b>	<b>Assignment Facility</b>	<b>Amount Advanced Unpaid</b>	<b>Amount Advanced Paid</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
ING, Taipei branch	\$ 123,827	276,173	123,827	-	2.60%~2.81%	None
CITI, New York branch	143,509	<Note>	143,509	-	2.57%~2.87%	None
	<b>\$ 267,336</b>		<b>267,336</b>	<b>-</b>		

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**Notes to the Consolidated Financial Statements**

<Note> The purchaser has the right to make factoring transactions with the company based on the amount allocated by the client under factoring agreement.

(d) Other receivables

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Other receivables	\$ 9,349	5,927	2,875
Other receivables - related parties	200,855	2,363,013	293,068
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 210,204</u></b>	<b><u>2,368,940</u></b>	<b><u>295,943</u></b>

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

(e) Inventories

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Raw materials	\$ 19,820,181	9,692,961	11,298,994
Finished goods	10,356,678	4,499,697	7,324,809
Inventory in transit	<u>1,591,112</u>	<u>3,249,420</u>	<u>1,580,927</u>
	<b><u>\$ 31,767,971</u></b>	<b><u>17,442,078</u></b>	<b><u>20,204,730</u></b>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Losses on valuation of inventories	\$ -	89,354	90,213	89,354
Royalty	15,878	12,026	39,630	37,080
Other	<u>4</u>	<u>(1,213)</u>	<u>(643)</u>	<u>(3,295)</u>
	<b><u>\$ 15,882</u></b>	<b><u>100,167</u></b>	<b><u>129,200</u></b>	<b><u>123,139</u></b>

As of September 30, 2020, December 31 and September 30, 2019, the inventories were not pledged.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2020 and 2019, were as follows:

	<b>Research and development equipment</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Lease improvements</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost or deem cost:							
Balance on January 1, 2020	\$ 120,084	455,663	63,214	186,061	176,293	-	1,001,315
Additions	1,793	204,372	23,461	24,608	46,027	5,686	305,947
Disposals	-	-	(1,127)	-	-	-	(1,127)
Reclassification (Note)	4,200	52,465	2,740	-	23,481	(3,362)	79,524
Effect of changes in foreign exchange rates	-	(1,078)	(718)	-	(1,445)	(54)	(3,295)
Balance on September 30, 2020	<u>\$ 126,077</u>	<u>711,422</u>	<u>87,570</u>	<u>210,669</u>	<u>244,356</u>	<u>2,270</u>	<u>1,382,364</u>
Balance on January 1, 2019	\$ 101,164	15,151	39,586	41,618	70,397	-	267,916
Additions	18,263	207,807	11,236	1,397	8,922	-	247,625
Disposals	-	-	(789)	(1,188)	-	-	(1,977)
Reclassification (Note)	-	-	-	15,997	54,961	-	70,958
Effect of changes in foreign exchange rates	-	146	109	-	56	-	311
Balance on September 30, 2019	<u>\$ 119,427</u>	<u>223,104</u>	<u>50,142</u>	<u>57,824</u>	<u>134,336</u>	<u>-</u>	<u>584,833</u>
Accumulated depreciation:							
Balance on January 1, 2020	\$ 84,640	20,297	29,074	40,209	108,928	-	283,148
Depreciation	11,266	73,563	10,819	45,774	52,344	-	193,766
Disposals	-	-	(1,127)	-	-	-	(1,127)
Effect of changes in foreign exchange rates	-	(405)	(293)	-	(389)	-	(1,087)
Balance on September 30, 2020	<u>\$ 95,906</u>	<u>93,455</u>	<u>38,473</u>	<u>85,983</u>	<u>160,883</u>	<u>-</u>	<u>474,700</u>
Balance on January 1, 2019	\$ 67,981	3,181	21,983	24,018	25,210	-	142,373
Depreciation	12,722	4,625	5,717	10,452	65,347	-	98,863
Disposals	-	-	(746)	(1,188)	-	-	(1,934)
Effect of changes in foreign exchange rates	-	30	36	-	18	-	84
Balance on September 30, 2019	<u>\$ 80,703</u>	<u>7,836</u>	<u>26,990</u>	<u>33,282</u>	<u>90,575</u>	<u>-</u>	<u>239,386</u>
Carrying value:							
Balance on January 1, 2020	<u>\$ 35,444</u>	<u>435,366</u>	<u>34,140</u>	<u>145,852</u>	<u>67,365</u>	<u>-</u>	<u>718,167</u>
Balance on September 30, 2020	<u>\$ 30,171</u>	<u>617,967</u>	<u>49,097</u>	<u>124,686</u>	<u>83,473</u>	<u>2,270</u>	<u>907,664</u>
Balance on January 1, 2019	<u>\$ 33,183</u>	<u>11,970</u>	<u>17,603</u>	<u>17,600</u>	<u>45,187</u>	<u>-</u>	<u>125,543</u>
Balance on September 30, 2019	<u>\$ 38,724</u>	<u>215,268</u>	<u>23,152</u>	<u>24,542</u>	<u>43,761</u>	<u>-</u>	<u>345,447</u>

(Note): Reclassified from prepayment for equipment and office equipment transferred to other equipment.

As of September 30, 2020, December 31 and September 30, 2019, the property, plant and equipment were not pledged.

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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>
<b>Cost:</b>			
Balance on January 1, 2020	\$ 471,846	5,664	477,510
Acquisitions	9,282	-	9,282
Disposals	(3,729)	-	(3,729)
Effect of changes in foreign exchange rates	(29,077)	(27)	(29,104)
Balance on September 30, 2020	<u>\$ 448,322</u>	<u>5,637</u>	<u>453,959</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	98,844	-	98,844
Acquisitions	196,511	3,159	199,670
Effect of changes in foreign exchange rates	107	(1)	106
Balance on September 30, 2019	<u>\$ 295,462</u>	<u>3,158</u>	<u>298,620</u>
<b>Accumulated depreciation:</b>			
Balance on January 1, 2020	\$ 88,285	410	88,695
Depreciation for the year	67,196	937	68,133
Effect of changes in foreign exchange rates	(1,608)	(11)	(1,619)
Balance on September 30, 2020	<u>\$ 153,873</u>	<u>1,336</u>	<u>155,209</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	28,615	-	28,615
Depreciation for the year	42,032	144	42,176
Effect of changes in foreign exchange rates	20	-	20
Balance on September 30, 2019	<u>\$ 70,667</u>	<u>144</u>	<u>70,811</u>
<b>Carrying amount:</b>			
Balance on January 1, 2020	<u>\$ 383,561</u>	<u>5,254</u>	<u>388,815</u>
Balance on September 30, 2020	<u>\$ 294,449</u>	<u>4,301</u>	<u>298,750</u>
Balance at September 30, 2019	<u>\$ 224,795</u>	<u>3,014</u>	<u>227,809</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 September 30, 2020	<u>\$ 50,489</u>	<u>1,040</u>	<u>51,529</u>
Balance on January 1, 2019	<u>\$ 7,242</u>	<u>-</u>	<u>7,242</u>
Balance on September 30, 2019	<u>\$ 10,944</u>	<u>1,040</u>	<u>11,984</u>

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There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the nine months ended September 30, 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

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Other current assets:			
Tax refundable	\$ 500,772	406,739	236,845
Other prepayments	83,956	71,432	71,089
Others	<u>59,728</u>	<u>61,118</u>	<u>74,857</u>
	<b><u>\$ 644,456</u></b>	<b><u>539,289</u></b>	<b><u>382,791</u></b>
Other non-current assets:			
Refundable deposits	35,254	35,367	29,965
Restricted deposits	28,058	29,002	-
Prepayments for equipment	<u>82,179</u>	<u>48,975</u>	<u>162,519</u>
	<b><u>\$ 145,491</u></b>	<b><u>113,344</u></b>	<b><u>192,484</u></b>

(j) Short-term borrowings

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

	<b>September 30, 2020</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	USD	0.61%~1.50%	2020/10/5~2020/11/13	<b><u>\$ 15,607,279</u></b>
Unused credit line				<b><u>\$ 12,356,282</u></b>
	<b>December 31, 2019</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	USD	2.06%~2.90%	2020/1/7~2020/2/22	<b><u>\$ 8,638,393</u></b>
Unused credit line				<b><u>\$ 6,195,382</u></b>
	<b>September 30, 2019</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	USD	2.72%~3.10%	2019/10/17~2019/10/25	<b><u>\$ 931,260</u></b>
Unused credit line				<b><u>\$ 9,142,770</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(k) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Current	<u>\$ 100,189</u>	<u>109,708</u>	<u>68,726</u>
Non-current	<u>\$ 209,217</u>	<u>288,827</u>	<u>164,971</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest expenses on lease liabilities	<u>\$ 3,689</u>	<u>1,186</u>	<u>11,882</u>	<u>2,785</u>
Expenses relating to short-term leases	<u>\$ 4,199</u>	<u>640</u>	<u>23,869</u>	<u>4,060</u>

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

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Total cash outflow for leases	<u>\$ 110,977</u>	<u>45,378</u>

(i) Real estate leases

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 3 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.

(l) Employee benefits

(i) Defined benefit plans

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating expense	<u>\$ 258</u>	<u>22</u>	<u>557</u>	<u>65</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(ii) Defined contribution plans

The Group's expenses under the pension plan for the three months and nine months ended September 30, 2020 and 2019 were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating cost	\$ 10,694	5,085	26,839	10,930
Operating expenses	8,754	7,357	25,029	21,706
	<b><u>\$ 19,448</u></b>	<b><u>12,442</u></b>	<b><u>51,868</u></b>	<b><u>32,636</u></b>

(m) Income taxes

(i) Income tax expense

The components of income tax were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current tax expense	\$ 611,271	345,061	1,361,305	1,080,721
Deferred tax expense	-	-	173,724	-
Income tax expense	<b><u>\$ 611,271</u></b>	<b><u>345,061</u></b>	<b><u>1,535,029</u></b>	<b><u>1,080,721</u></b>

(ii) There were no income tax expense recognized in other comprehensive income for the nine months ended September 30, 2020 and 2019.

(iii) The ROC income tax authorities have examined the Company's income tax returns for all years through 2018.

(n) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the nine months ended September 30, 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 \$5,957,988 thousand (deducted issuance costs of \$3,000 thousands). The base date for capital subscription was set on March 26, 2019 and all related registration procedures had been completed.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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The Company issued 204 thousand and 3,750 thousand new shares of common shares with the amounts of \$3,237 thousand and \$65,726 thousand for the execution of employee stock options for the nine months ended September 30, 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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
A premium issuance of common shares for cash\$	8,436,510	8,436,510	8,436,510
Employee stock options	364,685	363,488	363,137
others	<u>16,185</u>	<u>16,185</u>	<u>16,185</u>
	<b><u>\$ 8,817,380</u></b>	<b><u>8,816,183</u></b>	<b><u>8,815,832</u></b>

(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

The appropriation of 2019 and 2018 earnings that were approved by the shareholders' meeting on June 15, 2020 and June 25, 2019, respectively, were as follows:

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

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(iv) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2020	\$ 53,914
Exchange differences on translation of foreign financial statements	(188,886)
Balance on September 30, 2020	<b>\$ (134,972)</b>
	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2019	\$ 172,850
Exchange differences on translation of foreign financial statements	52,048
Balance on September 30, 2019	<b>\$ 224,898</b>

(o) Share-based payment

Except for the nine-month ended September 30, 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 nine months ended September 30, 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.

(p) Earnings per share

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Basic earnings per share:				
Profit attributable to common shareholders of the Company	<b>\$ 2,245,526</b>	<b>1,368,585</b>	<b>5,877,325</b>	<b>4,220,472</b>
Weighted-average common stock outstanding (in thousands)	<b>174,841</b>	<b>174,567</b>	<b>174,802</b>	<b>167,619</b>
	<b>\$ 12.84</b>	<b>7.84</b>	<b>33.62</b>	<b>25.18</b>

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Diluted earnings per share:				
Profit attributable to common shareholders of the Company	\$ <u>2,245,526</u>	<u>1,368,585</u>	<u>5,877,325</u>	<u>4,220,472</u>
Weighted-average common stock outstanding (in thousands)	174,841	174,567	174,802	167,619
Effect of potentially dilutive common stock (in thousands):				
Employee compensation	597	634	803	912
Employee stock option	-	11	1	56
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	<u>175,438</u>	<u>175,212</u>	<u>175,606</u>	<u>168,587</u>
	<u>\$ 12.80</u>	<u>7.81</u>	<u>33.47</u>	<u>25.03</u>

## (q) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Primary geographical markets				
America	\$ 35,966,645	25,062,520	102,430,504	83,531,718
Europe	7,468,043	6,027,264	22,139,809	21,473,940
Asia	3,164,696	1,587,027	7,799,877	5,822,128
Other	<u>606,200</u>	<u>669,669</u>	<u>2,043,449</u>	<u>3,218,258</u>
	<u>\$ 47,205,584</u>	<u>33,346,480</u>	<u>134,413,639</u>	<u>114,046,044</u>
Major products				
Hyperscale data center	<u>\$ 47,205,584</u>	<u>33,346,480</u>	<u>134,413,639</u>	<u>114,046,044</u>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (ii) Contract balance

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Accounts receivable	\$ 15,230,027	13,663,812	8,387,843
Accounts receivable – related parties	377,974	415,932	451,945
Less: loss allowance	<u>(10,369)</u>	<u>(8,794)</u>	<u>(12,671)</u>
	<b><u>\$ 15,597,632</u></b>	<b><u>14,070,950</u></b>	<b><u>8,827,117</u></b>
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Contract liabilities – provisions for warranty	<b><u>\$ 1,696,013</u></b>	<b><u>861,503</u></b>	<b><u>792,070</u></b>

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.

## (r) Employees' 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.

- (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's estimated of employees' and directors' compensation as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	\$ 149,000	90,485	390,000	279,700
Directors' compensation	<u>5,000</u>	<u>3,750</u>	<u>15,000</u>	<u>11,250</u>
	<b><u>\$ 154,000</u></b>	<b><u>94,235</u></b>	<b><u>405,000</u></b>	<b><u>290,950</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder's meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the 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.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest income from bank deposits	\$ <u>7,812</u>	<u>15,417</u>	<u>25,813</u>	<u>47,188</u>

(ii) Other income

The details of other income were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Others	\$ <u>19</u>	<u>20</u>	<u>50</u>	<u>61</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Foreign exchange gains (losses), net	\$ (205,875)	6,847	(381,284)	138,830
Gains (losses) on valuation of financial assets and liabilities at fair value	118,194	9,158	297,133	(15,598)
Others	<u>4,141</u>	<u>83</u>	<u>(3,211)</u>	<u>172</u>
	<b>\$ <u>(83,540)</u></b>	<b><u>16,088</u></b>	<b><u>(87,362)</u></b>	<b><u>123,404</u></b>

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest expenses				
Bank loans	\$ (51,247)	(40,821)	(231,437)	(223,788)
Others	(3,689)	(1,186)	(11,882)	(2,785)
	<u>\$ (54,936)</u>	<u>(42,007)</u>	<u>(243,319)</u>	<u>(226,573)</u>

## (t) 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 September 30, 2020, December 31 and September 30, 2019, 84.16%, 93.46% and 90.65% 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 September 30, 2020, December 31 and September 30, 2019, the other receivable were not accrue any loss allowance.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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(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
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 15,607,279	15,619,036	15,619,036	-	-	-
Notes and accounts payable (including related parties)	16,241,167	16,241,167	16,241,167	-	-	-
Other payables (including related parties)	2,947,885	2,947,885	2,947,885	-	-	-
Lease liabilities (including current and non-current)	<u>309,406</u>	<u>359,983</u>	<u>103,302</u>	<u>93,603</u>	<u>160,119</u>	<u>2,959</u>
Subtotal	<u>35,105,737</u>	<u>35,168,071</u>	<u>34,911,390</u>	<u>93,603</u>	<u>160,119</u>	<u>2,959</u>
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	1,160,468	1,160,468	1,160,468	-	-	-
Inflow	<u>1,154,916</u>	<u>1,154,916</u>	<u>1,154,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>5,552</u>	<u>5,552</u>	<u>5,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	<u>8,809</u>	<u>8,809</u>	<u>8,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>8,809</u>	<u>8,809</u>	<u>8,809</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>14,361</u>	<u>14,361</u>	<u>14,361</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 35,120,098</u>	<u>35,182,432</u>	<u>34,925,751</u>	<u>93,603</u>	<u>160,119</u>	<u>2,959</u>
<b>December 31, 2019</b>						
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)	<u>398,535</u>	<u>407,085</u>	<u>113,677</u>	<u>56,177</u>	<u>116,934</u>	<u>120,297</u>
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>
<b>September 30, 2019</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 931,260	933,143	933,143	-	-	-
Accounts payable (including related parties)	16,138,877	16,138,877	16,138,877	-	-	-
Other payables (including related parties)	1,622,254	1,622,254	1,622,254	-	-	-
Lease liabilities (including current and non-current)	<u>233,697</u>	<u>242,258</u>	<u>72,654</u>	<u>66,359</u>	<u>103,245</u>	<u>-</u>
Subtotal	<u>18,926,088</u>	<u>18,936,532</u>	<u>18,766,928</u>	<u>66,359</u>	<u>103,245</u>	<u>-</u>
Foreign currency forward contracts:						
Outflow	<u>295</u>	<u>295</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>295</u>	<u>295</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18,926,383</u>	<u>18,936,827</u>	<u>18,767,223</u>	<u>66,359</u>	<u>103,245</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.

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(iii) Market risk

1) Currency risk

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

	September 30, 2020			December 31, 2019			September 30, 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	\$ 692,873	29.126	20,180,615	752,516	30.106	22,655,220	627,595	31.042	19,481,801
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	372,301	29.126	10,538,310	520,203	30.106	15,661,246	262,914	31.042	8,161,373

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 nine months ended September 30, 2020 and 2019, the net income would be changed by \$373,479 thousand and \$452,817 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 three-months ended September 30, 2020 and 2019, and nine-months ended September 30, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(205,875) thousand, \$6,847 thousand, \$(381,284) thousand and \$138,830 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 \$10,906 thousand and \$552 thousand, respectively, for the nine months ended September 30, 2020 and 2019, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

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**WIWYNN CORPORATION AND SUBSIDIARIES**  
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## (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.

	<b>September 30, 2020</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 16,738	-	16,738	-	16,738
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	10,121,029	-	-	-	-
Accounts receivable (including related parties)	15,597,632	-	-	-	-
Other receivable (including related parties)	210,204	-	-	-	-
Other non-current assets	63,312	-	-	-	-
Total	<u>\$ 25,992,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 14,361	-	14,361	-	14,361
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 15,607,279	-	-	-	-
Notes and accounts payable (including related parties)	16,241,167	-	-	-	-
Other payables (including related parties)	2,947,885	-	-	-	-
Lease liabilities (including current and non-current)	309,406	-	-	-	-
Total	<u>\$ 35,105,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2019</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at amortized cost</b>					
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	64,369	-	-	-	-
Total	<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				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 8,638,393	-	-	-	-
Accounts payable (including related parties)	14,228,115	-	-	-	-
Other payables (including related parties)	1,695,703	-	-	-	-
Lease liabilities (including current and non-current)	398,535	-	-	-	-
Total	<u>\$ 24,960,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2019				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	<u>\$ 308</u>	<u>-</u>	<u>308</u>	<u>-</u>	<u>308</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	8,885,469	-	-	-	-
Accounts receivable (including related parties)	8,827,117	-	-	-	-
Other receivable (including related parties)	295,943	-	-	-	-
Other non-current assets	29,965	-	-	-	-
Total	<u>\$ 18,038,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	<u>\$ 295</u>	<u>-</u>	<u>295</u>	<u>-</u>	<u>295</u>
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	931,260	-	-	-	-
Accounts payable (including related parties)	16,138,877	-	-	-	-
Other payables (including related parties)	1,622,254	-	-	-	-
Lease liabilities (including current and non-current)	233,697	-	-	-	-
Total	<u>\$ 18,926,088</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.

September 30, 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other receivable	\$ 1,676,043	1,676,043	-	-	-	-

September 30, 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)		Net amounts (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Note payable and accounts payable	\$ 6,636,215	1,676,043	4,960,172	-	-	4,960,172

(u) 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.

(v) 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.

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

The Group's financing activities which did not affect the current cash flow in the nine months ended September 30, 2020 and 2019, were as follows:

	January 1, 2020	Cash flows	Non-cash changes		September 30, 2020
			Change in lease payments	Foreign exchange movement	
Short-term borrowings	\$ 8,638,393	7,337,102	-	(368,216)	15,607,279
Lease liabilities	398,535	(75,226)	5,553	(19,456)	309,406
Total liabilities from financing activities	\$ 9,036,928	7,261,876	5,553	(387,672)	15,916,685

(Continued)



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

	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>September 30, 2019</u>
			<u>Change in lease payments</u>	<u>Foreign exchange movement</u>	
Short-term borrowings	\$ 2,962,661	(2,035,737)	-	4,336	931,260
Long-term borrowings	5,522,236	(5,522,236)	-	-	-
Lease liabilities	72,409	(38,533)	199,670	151	233,697
Total liabilities from financing activities	<u>\$ 8,557,306</u>	<u>(7,596,506)</u>	<u>199,670</u>	<u>4,487</u>	<u>1,164,957</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 September 30, 2020, December 31 and September 30, 2019, it owns 44.85%, 44.90% and 44.92%, 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 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
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
SMS InfoComm (Singapore) Pte. Ltd (WSSG)	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 September 30		For the nine months ended September 30		September 30, December 31, September 30,		
	2020	2019	2020	2019	2020	2019	2019
WHQ	\$ 185	1,818	8,321	2,007	186	5	1,973
Other related parties	371,708	292,751	1,378,528	879,824	377,788	415,927	446,987
	<u>\$ 371,893</u>	<u>294,569</u>	<u>1,386,849</u>	<u>881,831</u>	<u>377,974</u>	<u>415,932</u>	<u>448,960</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 September 30		For the nine months ended September 30		September 30, December 31, September 30,		
	2020	2019	2020	2019	2020	2019	2019
WHQ	\$ 11,946,502	6,948,374	34,191,349	22,647,169	4,963,263	7,081,552	5,705,608
Other related parties:							
WCCZ	-	1,569,420	-	16,070,438	-	-	133,200
Other related parties	260	-	1,183	-	259	8	-
	<u>\$ 11,946,762</u>	<u>8,517,794</u>	<u>34,192,532</u>	<u>38,717,607</u>	<u>4,963,522</u>	<u>7,081,560</u>	<u>5,838,808</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 September 30		For the nine months ended September 30		September 30, December 31, September 30,		
	2020	2019	2020	2019	2020	2019	2019
WMX	\$ 301,966	298,229	804,221	749,488	99,477	172,349	133,522

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

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

(iv) Operating Expense

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
WHQ	\$ 153,601	1,622	540,138	155,366
Other related parties	<u>32,751</u>	<u>19,816</u>	<u>150,444</u>	<u>51,942</u>
	<b><u>\$ 186,352</u></b>	<b><u>21,438</u></b>	<b><u>690,582</u></b>	<b><u>207,308</u></b>

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:

	<b>Other receivables from related parties</b>		
	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
WHQ	\$ 107,596	2,292,978	199,669
Other related parties:			
WMX	40,481	48,457	41,597
COWIN	102	21,511	51,802
WCCZ	52,676	-	-
Others related parties	<u>-</u>	<u>67</u>	<u>-</u>
Total	<b><u>\$ 200,855</u></b>	<b><u>2,363,013</u></b>	<b><u>293,068</u></b>

(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:

	<b>Other payables to related parties</b>		
	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
WHQ	\$ 173,854	192,940	249,339
Other related parties	<u>32,555</u>	<u>14,948</u>	<u>8,008</u>
Total	<b><u>\$ 206,409</u></b>	<b><u>207,888</u></b>	<b><u>257,347</u></b>

(Continued)

**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 September 30, 2020 and 2019, and nine-months ended September 30, 2020 and 2019, the Group recognized its interest expense amounted to \$582 thousand, \$770 thousand, \$1,890 thousand and \$1,582 thousand, respectively. As of September 30, 2020, December 31 and September 30, 2019, the balance of lease liabilities was \$113,690 thousand, \$143,064 thousand and \$151,417 thousand, respectively.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 28,382	19,421	74,248	58,294
Post-employment benefits	<u>232</u>	<u>241</u>	<u>675</u>	<u>716</u>
	<u>\$ 28,614</u>	<u>19,662</u>	<u>74,923</u>	<u>59,010</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Other non-current assets	Guarantee	\$ <u>28,058</u>	<u>29,002</u>	<u>-</u>

(9) Commitments and contingencies:

(a) Significant commitments:

As of September 30, 2020 and December 31 and September 30, 2019, the unused letters of credit were as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Unused letters of credit	\$ <u>-</u>	<u>-</u>	<u>131,354</u>

(b) 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.

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

**(11) Subsequent events:**

- (a) In order to improve its working capital, the Company applied for the issuance of the 1st unsecured corporate bonds amounting to \$5,000,000 thousand on October 5, 2020, with Decree No. 10900118351 issued by Taipei Exchange (TPEX), and the effective registration date on October 8, 2020. On October 20, 2020, the Company was permitted to issue the above unsecured corporate bonds, with Decree No. 10960120732 issued by TPEX on October 15, 2020.
- (b) Acqis LLC. filed a patent infringement complaint against the Company in the United States District Court-West District of Texas in October 2020. The Company had appointed an attorney to deal with the matter, with the case is still pending in the court.

**(12) Other:**

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

By function	For the three months ended September 30					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	162,323	337,986	500,309	52,468	366,819	419,287
Labor and health insurance	18,611	20,650	39,261	7,302	16,989	24,291
Pension	10,694	9,012	19,706	5,085	7,379	12,464
Remuneration of directors	-	5,000	5,000	-	3,860	3,860
Others	9,675	6,033	15,708	3,888	5,178	9,066
Depreciation	65,422	28,469	93,891	12,546	43,793	56,339
Amortization	1,948	4,049	5,997	168	1,128	1,296

By function	For the nine months ended September 30					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	411,839	955,013	1,366,852	103,702	1,149,411	1,253,113
Labor and health insurance	45,605	55,797	101,402	15,314	50,286	65,600
Pension	26,839	25,586	52,425	10,930	21,771	32,701
Remuneration of directors	-	15,000	15,000	-	11,490	11,490
Others	22,071	17,040	39,111	9,047	15,210	24,257
Depreciation	167,126	94,773	261,899	30,827	110,211	141,038
Amortization	4,968	7,722	12,690	215	3,755	3,970

- (b) Seasonality of operations

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

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2020:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Table 1 attached.
- (iii) Securities held as of September 30, 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.
- (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 nine months ended September 30, 2020 (excluding information on investments in mainland China): Table 5 attached.

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

(d) Major shareholders:

Unit: Share

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

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

**(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:  
(September 30, 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 endorsements/guarantees to subsidiary	Subsidiary endorsement s/guarantees to parent company	Endorsements/guarantees to subsidiary in Mainland China
		Name	Relationship with the company (Note 3)										
0	The Company	WYMX	2	6,566,823	197,857	190,003	190,003	-	0.87%	10,944,705	Y	N	N
0	The Company	WYUS	2	6,566,823	126,467	126,467	-	-	0.58%	10,944,705	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:  
(September 30, 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	26,486,497	45.37%	OA120	-	-	14,474,318	69.56%	(Note)
"	WYJP	The Company's subsidiary	Sale	1,275,022	2.18%	OA90	-	-	744,949	3.58%	(Note)
"	WYKR	The Company's subsidiary	Sale	521,143	0.89%	OA90	-	-	190,976	0.92%	(Note)
"	WYHK	The Company's subsidiary	Sale	621,459	1.06%	OA90	-	-	100,678	0.48%	(Note)
"	WYKS	The Company's subsidiary	Sale	724,511	1.24%	OA90	-	-	276,113	1.33%	(Note)
"	WHQ	The Company's parent company	Purchase	34,080,616	67.80%	OA45	-	-	(4,960,172)	(61.13%)	-
"	WYUS	The Company's subsidiary	Purchase	563,434	1.12%	OA90	-	-	(158,787)	(1.96%)	(Note)
WYUS	The Company	WYUS's parent company	Sale	563,434	0.50%	OA90	-	-	158,787	1.48%	(Note)
"	WBR	WYUS's other related company	Sale	1,369,978	1.33%	OA120	-	-	372,539	3.72%	-
"	WHQ	The Company's parent company	Purchase	110,733	0.09%	OA45	-	-	(3,091)	(0.01%)	-
"	The Company	WYUS's parent company	Purchase	26,486,497	22.49%	OA120	-	-	(14,474,318)	(63.42%)	(Note)
"	WMX	WYUS's other related company	Processing fee	804,221	0.69%	OA90	-	-	(99,477)	(0.44%)	-
WYJP	The Company	WYJP's parent company	Purchase	1,275,022	100.00%	OA90	-	-	(744,949)	(100%)	(Note)
WYKR	The Company	WYKR's parent company	Purchase	521,143	100.00%	OA90	-	-	(190,976)	(100%)	(Note)
WYHK	The Company	WYHK's parent company	Purchase	621,459	100.00%	OA90	-	-	(100,678)	(100%)	(Note)
WYKS	The Company	WYKS's parent company	Purchase	724,511	100.00%	OA90	-	-	(276,113)	(100%)	(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:  
(September 30, 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	14,474,318	252.07%	161	-	-	-	(Note)
"	WYJP	The Company's subsidiary	744,949	220.35%	-	-	-	-	(Note)
"	WYKR	The Company's subsidiary	190,976	453.34%	-	-	-	-	(Note)
"	WYHK	The Company's subsidiary	100,678	371.95%	-	-	-	-	(Note)
"	WYKS	The Company's subsidiary	276,113	326.58%	-	-	-	-	(Note)
WYUS	The company	WYUS's parent company	158,787	314.66%	-	-	-	-	(Note)
"	WBR	WYUS's other related company	372,539	461.54%	-	-	-	-	-
<b>Other Receivables</b>									
The Company	WYUS	The Company's subsidiary	119,893	-	-	-	-	-	(Note)
WYUS	The company	WYUS's parent company	346,438	-	-	-	-	-	(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:

(September 30, 2020)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUS	1	Sales	26,486,497	OA120	19.71%
0	The Company	WYJP	1	Sales	1,275,022	OA90	0.95%
0	The Company	WYKR	1	Sales	521,143	OA90	0.39%
0	The Company	WYHK	1	Sales	621,459	OA90	0.46%
0	The Company	WYKS	1	Sales	724,511	OA90	0.54%
1	WYUS	The Company	2	Sales	563,434	OA90	0.42%
0	The Company	WYUS	1	Accounts Receivable	14,474,318	OA120	24.09%
0	The Company	WYJP	1	Accounts Receivable	744,949	OA90	1.24%
0	The Company	WYKR	1	Accounts Receivable	190,976	OA90	0.32%
0	The Company	WYHK	1	Accounts Receivable	100,678	OA90	0.17%
0	The Company	WYKS	1	Accounts Receivable	276,113	OA90	0.46%
1	WYUS	The Company	2	Accounts Receivable	158,787	OA90	0.26%

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 nine months ended September 30, 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 September 30, 2020			Net income (losses) of the investee	Share of profits/losses of investee	Notes
				September 30, 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%	140,945	14,124	14,124	(Note)
"	WYUS	U.S.A	Sales of data storage equipment	5,021,581	5,021,581	169,010	100.00%	5,110,521	17,983	17,983	(Note)
"	WYHK	Hong Kong	Investing activities and sale of data storage equipment	12,181	12,181	400	100.00%	188,035	30,806	30,806	(Note)
"	WYKR	South Korea	Sales of data storage equipment	2,903	2,903	20	100.00%	77,545	12,247	12,247	(Note)
"	WYMY	Malaysia	Sales of data storage equipment	15,109	15,109	2,050	100.00%	13,808	(183)	(183)	(Note)
"	WYMX	Mexico	Human resources service provision	49,285	49,285	31,053	100.00%	43,772	4,342	4,342	(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:

(i) 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		Accumulated Outflow of Investment from Taiwan as of September 30, 2020	Net income (loss) of the investee	Percentage of ownership	Investment income (losses) (Note 3)2	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)	-	-	10,659	17,888	100%	17,888	74,065	-	(Note 5)

(ii) Limitation on investment in mainland China :

Accumulated Investment in mainland China as of September 30, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 4)
10,659(USD 350,000)	10,194(USD 350,000)	13,133,646

(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 September 30, 2020.

(iii) Significant transactions

For the nine months ended September 30, 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".