

**NANYA TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 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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## Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation :

### Introduction

We have reviewed the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, as well as the changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, 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.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,776,449 thousand and \$2,646,095 thousand, constituting 2.25% and 1.43% of the consolidated total assets; the total liabilities amounting to \$32,601 thousand and \$30,910 thousand, constituting 0.21% and 0.09% of the consolidated total liabilities as of June 30, 2020 and 2019, respectively; as well as the total comprehensive income amounting to the net income (loss) of \$10,117 thousand, \$(8,159) thousand, \$32,868 thousand and \$35,025 thousand, constituting 0.40%, (0.27)%, 0.74% and 0.52% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2020 and 2019, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, as well as of its consolidated cash flows for the six months ended June 30, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Other Matter**

We did not review the financial statements of Formosa Advanced Technologies Co., Ltd., an investment in other accounted for using the equity method of the Group. The financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Formosa Advanced Technologies Co., Ltd., is based solely on the review report of another auditor. The aforementioned investment accounted for using the equity method amounted to \$4,823,727 thousand and \$2,909,089 thousand, constituting 2.87% and 1.57% of the consolidated total assets as of June 30, 2020 and 2019, respectively; and the share of profit of associates accounted for using the equity method amounted to \$134,160 thousand, \$64,015 thousand, 252,566 thousand and 101,406thousand, constituting 3.90%, 1.88%, 4.38% and 1.45% of the consolidated total profit before tax for the three months and six months ended June 30, 2020 and 2019, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Chih Ko and Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
August 6, 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’ 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’ 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 June 30, 2020 and 2019**

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

**June 30, 2020, December 31 and June 30, 2019**  
 (Expressed in Thousands of New Taiwan Dollars)

	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets:</b>						
1100 Cash and cash equivalents (Note 6(a))	\$ 51,335,225	30	44,148,979	27	60,860,911	33
1150 Notes receivable, net (Notes 6(b)(n))	-	37	-	-	-	-
1160 Notes receivable due from related parties, net (Notes 6(b)(n) and 7)	-	-	41,545	-	-	-
1170 Accounts receivable, net (Notes 6(b)(n))	9,892,078	6	7,291,735	4	7,335,028	4
1200 Other receivables (Note 6(g))	1,734,762	1	1,620,743	1	1,841,362	1
1210 Other receivables due from related parties (Note 7)	311,324	-	-	-	210,056	-
1310 Inventories (Note 6(c))	16,586,421	10	18,122,496	11	17,894,754	10
1410 Prepayments	1,613,675	1	1,637,129	1	1,456,451	-
<b>Total current assets</b>	<b>81,473,522</b>	<b>48</b>	<b>72,862,627</b>	<b>44</b>	<b>89,598,562</b>	<b>48</b>
<b>Non-current assets:</b>						
1550 Investments accounted for using equity method (Note 6(d))	4,823,727	3	5,019,236	3	2,909,089	2
1600 Property, plant and equipment (Notes 6(e) and 7)	80,497,815	48	85,530,112	52	90,742,617	49
1755 Right-of-use assets (Note 6(f))	-	-	99,222	-	198,444	-
1780 Intangible assets	258,282	-	296,710	-	258,716	-
1840 Deferred tax assets	519,150	-	555,885	-	817,459	1
194D Long-term financial lease payments receivable (Note 6(g))	589,351	1	689,886	1	785,316	-
1990 Other non-current assets (Note 8)	51,079	-	46,974	-	38,925	-
<b>Total non-current assets</b>	<b>86,739,404</b>	<b>52</b>	<b>92,238,025</b>	<b>56</b>	<b>95,750,566</b>	<b>52</b>
<b>Total assets</b>	<b>\$ 168,212,926</b>	<b>100</b>	<b>165,100,652</b>	<b>100</b>	<b>185,349,128</b>	<b>100</b>
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
Accounts payable	2,042,402	1	2,573,759	2	2,154,466	1
Accounts payable to related parties (Note 7)	95,815	-	133,199	-	282,938	-
Other payables	5,947,646	3	6,649,397	4	8,533,215	4
Dividends payable (Note 6(k))	4,600,756	3	756	-	21,700,503	12
Other payables to related parties (Note 7)	1,151,802	1	1,205,857	1	1,050,614	1
Current tax liabilities	1,163,028	1	1,515,896	1	1,065,847	1
Current lease liabilities (Notes 6(h) and 7)	-	-	99,924	-	199,145	-
Other current liabilities	1,044	-	92,754	-	1,059	-
<b>Total current liabilities</b>	<b>15,002,493</b>	<b>9</b>	<b>12,271,542</b>	<b>8</b>	<b>35,007,787</b>	<b>19</b>
<b>Non-Current liabilities:</b>						
Deferred tax liabilities	1,179	-	1,197	-	631	-
Net defined benefit liability, non-current	573,613	-	575,896	-	536,129	-
Other non-current liabilities	171,009	-	240,464	-	233,125	-
<b>Total non-current liabilities</b>	<b>745,801</b>	<b>-</b>	<b>817,557</b>	<b>-</b>	<b>769,885</b>	<b>-</b>
<b>Equity (Note 6(m)):</b>						
Ordinary share	30,746,609	18	30,733,649	19	30,535,049	17
Advance receipts for share capital	512,665	-	3,475	-	606,392	-
Capital surplus	32,086,782	19	32,005,339	20	31,487,280	17
Legal reserve	14,110,871	8	13,128,412	8	13,128,412	8
Special reserve	1,041,100	1	273,834	-	273,834	-
Unappropriated retained earnings	76,853,667	46	78,054,876	47	74,599,612	40
Other equity interest	(1,740,130)	(1)	(1,041,100)	(1)	87,809	(1)
Treasury shares	(1,146,932)	-	(1,146,932)	(1)	(1,146,932)	(1)
<b>Total equity</b>	<b>152,464,632</b>	<b>91</b>	<b>152,011,553</b>	<b>92</b>	<b>149,571,456</b>	<b>81</b>
<b>Total liabilities and equity</b>	<b>\$ 168,212,926</b>	<b>100</b>	<b>165,100,652</b>	<b>100</b>	<b>185,349,128</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**Nanya Technology Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

For the three months and six months ended June 30, 2020 and 2019

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

	For the three months ended June 30,				For the six months ended June 30,				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (Note 6(n))</b>								
	\$ 16,489,357	100	12,440,791	100	30,908,227	100	23,812,596	100	
5000	<b>Operating costs (Notes 6(b)(e)(f)(i)(l)(o) and 7)</b>								
	(11,447,186)	(69)	(8,092,944)	(65)	(22,429,857)	(73)	(14,832,185)	(62)	
	<b>Gross profit from operations</b>								
	5,042,171	31	4,347,847	35	8,478,370	27	8,980,411	38	
	<b>Operating expenses (Notes 6(e)(f)(i)(l)(o) and 7):</b>								
6100	Selling expenses	232,303	1	175,428	1	411,293	1	322,795	1
6200	Administrative expenses	342,048	2	307,996	2	695,941	2	625,487	3
6300	Research and development expenses	1,238,645	8	1,059,282	9	2,309,764	8	2,207,450	9
	<b>Total operating expenses</b>	<b>(1,812,996)</b>	<b>(11)</b>	<b>(1,542,706)</b>	<b>(12)</b>	<b>(3,416,998)</b>	<b>(11)</b>	<b>(3,155,732)</b>	<b>(13)</b>
	<b>Net operating income</b>	<b>3,229,175</b>	<b>20</b>	<b>2,805,141</b>	<b>23</b>	<b>5,061,372</b>	<b>16</b>	<b>5,824,679</b>	<b>25</b>
	<b>Non-operating income and expenses (Notes 6(b)(p)):</b>								
7100	Interest income	228,948	1	358,515	3	478,450	1	752,847	3
7020	Other gains and losses, net	(156,009)	(1)	177,822	1	(31,991)	-	304,719	2
7050	Finance costs	(195)	-	(901)	-	(567)	-	(1,991)	-
7055	Expected credit impairment gain	-	-	54	-	-	-	9,438	-
7060	Share of profit of associates accounted for using equity method, net	134,160	1	64,015	-	252,566	1	101,406	-
	<b>Total non-operating income and expenses</b>	<b>206,904</b>	<b>1</b>	<b>599,505</b>	<b>4</b>	<b>698,458</b>	<b>2</b>	<b>1,166,419</b>	<b>5</b>
7900	<b>Profit from continuing operations before tax</b>	<b>3,436,079</b>	<b>21</b>	<b>3,404,646</b>	<b>27</b>	<b>5,759,830</b>	<b>18</b>	<b>6,991,098</b>	<b>30</b>
7950	<b>Income tax expenses (Note 6(j))</b>	<b>215,837</b>	<b>1</b>	<b>656,719</b>	<b>5</b>	<b>(611,314)</b>	<b>(2)</b>	<b>(657,165)</b>	<b>(3)</b>
	<b>Profit</b>	<b>3,220,242</b>	<b>20</b>	<b>2,747,927</b>	<b>22</b>	<b>5,148,516</b>	<b>16</b>	<b>6,333,933</b>	<b>27</b>
8300	<b>Other comprehensive income: (Note 6(j))</b>								
8310	<b>Components of other comprehensive income (loss) income that will not be reclassified to profit or loss</b>								
8311	Remeasurements of the net defined benefit	-	-	-	-	-	-	-	-
8320	Share of other comprehensive income (loss) of associates accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	86,323	1	(22,196)	-	(136,751)	-	11,136	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<b>86,323</b>	<b>1</b>	<b>(22,196)</b>	<b>-</b>	<b>(136,751)</b>	<b>-</b>	<b>11,136</b>	<b>-</b>
8360	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	(749,080)	(5)	257,414	2	(562,279)	(2)	350,507	1
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>	<b>(749,080)</b>	<b>(5)</b>	<b>257,414</b>	<b>2</b>	<b>(562,279)</b>	<b>(2)</b>	<b>350,507</b>	<b>1</b>
8300	<b>Other comprehensive (loss) income, net</b>	<b>(662,757)</b>	<b>(4)</b>	<b>235,218</b>	<b>2</b>	<b>(699,030)</b>	<b>(2)</b>	<b>361,643</b>	<b>1</b>
8500	<b>Comprehensive income</b>	<b>\$ 2,557,485</b>	<b>16</b>	<b>2,983,145</b>	<b>24</b>	<b>4,449,486</b>	<b>14</b>	<b>6,695,576</b>	<b>28</b>
	<b>Earnings per share (Note 6(m))</b>								
9750	<b>Basic earnings per share</b>	<b>\$ 1.05</b>		<b>0.90</b>		<b>1.68</b>		<b>2.09</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 1.05</b>		<b>0.90</b>		<b>1.67</b>		<b>2.06</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**Nanya Technology Corporation and Subsidiaries**

**Consolidated Statements of Changes in Equity**

**For the six months ended June 30, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest							Total equity		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares
<b>Balance at January 1, 2019</b>	\$ 31,032,389	6,488	33,557,005	9,192,249	39,163	94,136,513	(179,736)	(94,098)	(273,834)	164,907,298
Net profit for the six months ended June 30, 2019	-	-	-	-	-	6,333,933	-	-	-	6,333,933
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	350,507	11,136	361,643	361,643
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	6,333,933	350,507	11,136	361,643	6,695,576
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	3,936,163	-	(3,936,163)	-	-	-	-
Special reserve appropriated	-	-	-	-	234,671	(234,671)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(21,700,000)	-	-	-	(21,700,000)
Other changes in capital surplus:										
Recognized compensation costs on employee stock options	-	-	85,250	-	-	-	-	-	-	85,250
Repurchase of treasury share	-	-	-	-	-	-	-	-	(1,029,878)	(1,029,878)
Retirement of treasury share	(501,360)	-	(2,164,261)	-	-	-	-	-	2,665,621	-
Exercise of employee share options	4,020	599,904	9,286	-	-	-	-	-	-	613,210
<b>Balance at June 30, 2019</b>	\$ 30,535,049	606,392	31,487,280	13,128,412	273,834	74,599,612	170,771	(82,962)	87,809	149,571,456
<b>Balance at January 1, 2020</b>	\$ 30,733,649	3,475	32,005,339	13,128,412	273,834	78,054,876	(938,039)	(103,061)	(1,041,100)	152,011,553
Net profit for the six months ended June 30, 2020	-	-	-	-	-	5,148,516	-	(136,751)	(699,030)	5,148,516
Other comprehensive loss for the six months ended June 30, 2020	-	-	-	-	-	-	(562,279)	(136,751)	(699,030)	(699,030)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	5,148,516	(562,279)	(136,751)	(699,030)	4,449,486
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	982,459	-	(982,459)	-	-	-	-
Special reserve appropriated	-	-	-	-	767,266	(767,266)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,600,000)	-	-	-	(4,600,000)
Other changes in capital surplus:										
Recognized compensation costs on employee stock options	-	-	56,560	-	-	-	-	-	-	56,560
Exercise of employee share options	12,960	509,190	24,883	-	-	-	-	-	-	547,033
<b>Balance at June 30, 2020</b>	\$ 30,746,609	512,665	32,086,782	14,110,871	1,041,100	76,853,667	(1,500,318)	(239,812)	(1,740,130)	152,464,632

See accompanying notes to consolidated financial statements.

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**Nanya Technology Corporation and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2020 and 2019**

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

	For the six months ended June 30,	
	2020	2019
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 5,759,830	6,991,098
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	7,114,433	6,943,328
Amortization expense	44,826	39,714
Expected credit impairment gain	-	(9,438)
Interest expense	567	1,991
Interest income	(478,450)	(752,847)
Share-based payments	56,560	85,250
Share of profit of associates accounted for using equity method	(252,566)	(101,406)
Gain or loss on disposal of property, plant and equipment	(20)	287
Reversal of impairment loss on non-financial assets	-	(120,322)
Unrealized foreign exchange loss	60,436	108,735
Others	(30,748)	-
<b>Total adjustments to reconcile profit</b>	<b>6,515,038</b>	<b>6,195,292</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(2,613,671)	2,419,295
Other receivables	(88,060)	(308,616)
Inventories	1,536,075	(5,727,017)
prepayments	23,454	301,865
Other non-current assets	-	(9,500)
Accounts payable (including related parties)	(638,712)	(710,736)
Other payables (including related parties)	(736,395)	(146,867)
Other current liabilities	(91,710)	(509)
Net defined benefit liability	(2,283)	(1,174)
Other non-current liabilities	(6,838)	9,925
<b>Total changes in operating assets and liabilities</b>	<b>(2,618,140)</b>	<b>(4,173,334)</b>
Cash inflow generated from operations	9,656,728	9,013,056
Interest received	421,524	498,466
Interest paid	(217)	(325)
Income taxes paid	(928,282)	(2,004,555)
<b>Net cash flows from operating activities</b>	<b>9,149,753</b>	<b>7,506,642</b>
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(1,857,977)	(3,549,433)
Proceeds from disposal of property, plant and equipment	20	12
(Increase) decrease in refundable deposits	(4,399)	10,747
Acquisition of intangible assets	(53,327)	(79,529)
Decrease in lease and installment receivables	132,165	132,166
Increase in other non-current assets	(3,905)	(21)
<b>Net cash flows used in investing activities</b>	<b>(1,787,423)</b>	<b>(3,486,058)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in guarantee deposits received	(9,938)	(311,372)
Decrease in other payables to related parties	(122)	(4,016)
Payment of lease liabilities	(100,336)	(83,779)
Exercise of employee share options	547,033	613,210
Payments to acquire treasury shares	-	(1,029,878)
<b>Net cash flows from (used in) financing activities</b>	<b>436,637</b>	<b>(815,835)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(612,721)</b>	<b>272,156</b>
<b>Net increase in cash and cash equivalents</b>	7,186,246	3,476,905
<b>Cash and cash equivalents at beginning of period</b>	44,148,979	57,384,006
<b>Cash and cash equivalents at end of period</b>	<b>\$ 51,335,225</b>	<b>60,860,911</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**

**Nanya Technology Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**June 30, 2020 and 2019**

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

**(1) Company history**

Nanya Technology Corporation (the “Company”) was legally established with the approval of the Ministry of Economic Affairs on March 4, 1995, with registered address at No.98 Nanlin Road Dake Vil., Taishan District, New Taipei City, Taiwan. The main operating activities of the Company and its subsidiary (the “Group”) are researching, developing, manufacturing and selling semiconductor products, and the import and export of its machinery, equipment and raw materials.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 6, 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 assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

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

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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 17 “Insurance Contracts”	January 1, 2023

Those which may be relevant to the Group are set out below:

<b>Issuance / Release Dates</b>	<b>Standards or Interpretations</b>	<b>Content of amendment</b>
January 23, 2023	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

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

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.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY INTERNATIONAL LTD.	General investment business	100.00 %	100.00 %	100.00 %	
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzhen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note

Note: Company is a non-significant subsidiary, its financial statements have not been reviewed by independent auditors.

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

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

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

(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.

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

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

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

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(a) Cash and cash equivalents

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Petty cash	\$ 123	147	154
Checking accounts and demand deposit	9,950,341	4,119,539	10,398,469
Cash equivalents:			
Time deposits	38,397,222	39,215,453	44,471,933
Commercial paper	2,263,681	454,300	4,539,884
Repurchase agreements collateralized by corporate bonds	723,858	359,540	1,450,471
	<u>\$ 51,335,225</u>	<u>44,148,979</u>	<u>60,860,911</u>

(b) Notes and accounts receivable

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Notes receivable from non-operating activities	\$ 37	-	-
Notes receivable-related parties from non-operating activities	-	41,545	-
Accounts receivable-measured at amortized cost	9,892,078	7,291,735	7,335,028
	<u>\$ 9,892,115</u>	<u>7,333,280</u>	<u>7,335,028</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for notes and accounts receivables (including related parties). To measure the expected credit losses, notes and accounts receivables 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 for notes and account receivable (including related parties) was determined as follows:

<b>June 30, 2020</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 9,856,455	-	-
1 to 30 days past due	35,366	-	-
31 to 60 days past due	294	-	-
	<u>\$ 9,892,115</u>		<u>-</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2019</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 7,283,834	-	-
1 to 30 days past due	49,446	-	-
	<u>\$ 7,333,280</u>		<u>-</u>
<b>June 30, 2019</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 7,246,225	-	-
1 to 30 days past due	85,292	-	-
31 to 60 days past due	1,398	-	-
Over 91 days past due	2,113		-
	<u>\$ 7,335,028</u>		<u>-</u>

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

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Balance on January 1,	\$ -	9,298
Reversal of impairment losses	-	(9,438)
Foreign exchange gains	-	140
Balance on June 30,	<u>\$ -</u>	<u>-</u>

(c) Inventories

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Raw materials	\$ 353,603	381,848	597,973
Work in progress	6,796,604	7,329,074	7,100,380
Finished goods	9,436,214	10,411,574	10,196,401
	<u>\$ 16,586,421</u>	<u>18,122,496</u>	<u>17,894,754</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the three months and six months ended June 30, 2020 and 2019.

(d) Investments accounted for using equity method

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Associates	<u>\$ 4,823,727</u>	<u>5,019,236</u>	<u>2,909,089</u>

The related information of the major associate to the Group was as follows:

<b>Name of Associates</b>	<b>Nature of Relationship to the Group</b>	<b>Registration Country</b>	<b>Percentage of ownership</b>		
			<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Formosa Advanced Technologies Co., Ltd.(FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %	19.00 %

The fair value of major associates listed on the Stock Exchange was as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Formosa Advanced Technologies Co., Ltd.	<u>\$ 16,915,000</u>	<u>16,494,889</u>	<u>15,743,111</u>

The aggregated financial information of the major associate was as follows:

The financial information of FATC was as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Current assets	\$ 7,290,803	6,631,748	7,081,112
Non-current assets	6,135,572	6,643,175	6,577,214
Current liabilities	(2,087,982)	(1,250,356)	(2,141,692)
Non-current liabilities	(576,774)	(594,494)	(606,914)
Net asset	<u>\$ 10,761,619</u>	<u>11,430,073</u>	<u>10,909,720</u>
Net asset contributed to FATC	<u>\$ 10,761,619</u>	<u>11,430,073</u>	<u>10,909,720</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating revenue	\$ <u>2,387,614</u>	<u>2,269,832</u>	<u>4,961,636</u>	<u>4,442,798</u>
Profit	\$ 344,127	343,975	731,783	600,189
Other comprehensive income	<u>269,757</u>	<u>(116,823)</u>	<u>(427,348)</u>	<u>58,608</u>
Total comprehensive (loss) income	\$ <u>613,884</u>	<u>227,152</u>	<u>304,435</u>	<u>658,797</u>
Comprehensive income contributed to FATC	\$ <u>613,884</u>	<u>227,152</u>	<u>304,435</u>	<u>658,797</u>

	For the six months ended	
	June 30,	
	2020	2019
Share of net assets of the major associate at January 1	\$ 3,657,624	2,157,732
Total comprehensive income contributed to the Group	97,419	125,171
Cash dividends contributed to the Group	<u>(311,324)</u>	<u>(210,056)</u>
Share of net assets of major associate at June 30	3,443,719	2,072,847
Add: good will	1,463,162	887,684
Less: unrealized profits on upstream sales net assets of the associates	<u>(83,154)</u>	<u>(51,442)</u>
Total carrying amount of the major associate	\$ <u>4,823,727</u>	<u>2,909,089</u>

## (e) Property, plant and equipment

	Machinery and equipment					
	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
<b>Cost:</b>						
Balance as of January 1, 2020	\$ 1,013,924	8,157,551	195,903,720	919,015	2,249,124	208,243,334
Additions	-	-	411,413	21,666	1,687,388	2,120,467
Disposals	-	-	(33,614)	(149,348)	-	(182,962)
Reclassification	-	-	1,005,593	14,808	(1,188,993)	(168,592)
Effect of exchange rate change	-	(18)	17	(559)	-	(560)
Balance as of June 30, 2020	\$ <u>1,013,924</u>	<u>8,157,533</u>	<u>197,287,129</u>	<u>805,582</u>	<u>2,747,519</u>	<u>210,011,687</u>
Balance as of January 1, 2019	\$ 1,013,924	7,740,635	180,746,435	1,132,778	13,886,443	204,520,215
Additions	-	-	981,560	26,902	1,098,757	2,107,219
Disposals	-	-	(55,149)	(4,738)	-	(59,887)
Reclassification	-	416,922	12,357,709	14,395	(12,789,026)	-
Effect of exchange rate change	-	73	(2,802)	5,554	-	2,825
Balance as of June 30, 2019	\$ <u>1,013,924</u>	<u>8,157,630</u>	<u>194,027,753</u>	<u>1,174,891</u>	<u>2,196,174</u>	<u>206,570,372</u>
<b>Accumulated depreciation / impairment:</b>						
Balance as of January 1, 2020	\$ -	2,295,380	119,651,185	766,657	-	122,713,222
Depreciation for the period	-	160,011	6,834,290	20,910	-	7,015,211
Disposals	-	-	(33,614)	(149,348)	-	(182,962)
Reclassification	-	-	(42,056)	10,559	-	(31,497)
Effect of exchange rate change	-	(15)	310	(397)	-	(102)
Balance as of June 30, 2020	\$ -	<u>2,455,376</u>	<u>126,410,115</u>	<u>648,381</u>	-	<u>129,513,872</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Balance as of January 1, 2019	\$ -	1,978,349	106,196,034	986,840	-	109,161,223
Depreciation for the period	-	157,018	6,667,600	19,325	-	6,843,943
Reversal of impairment loss	-	-	(120,322)	-	-	(120,322)
Disposals	-	-	(57,825)	(1,763)	-	(59,588)
Reclassification	-	-	(10,292)	10,292	-	-
Effect of exchange rate change	-	54	(337)	2,782	-	2,499
<b>Balance as of June 30, 2019</b>	<b>\$ -</b>	<b>2,135,421</b>	<b>112,674,858</b>	<b>1,017,476</b>	<b>-</b>	<b>115,827,755</b>
Carrying amounts:						
Balance as of June 30, 2020	<u>\$ 1,013,924</u>	<u>5,702,157</u>	<u>70,877,014</u>	<u>157,201</u>	<u>2,747,519</u>	<u>80,497,815</u>
Balance as of December 31, 2019	<u>\$ 1,013,924</u>	<u>5,862,171</u>	<u>76,252,535</u>	<u>152,358</u>	<u>2,249,124</u>	<u>85,530,112</u>
Balance as of June 30, 2019	<u>\$ 1,013,924</u>	<u>6,022,209</u>	<u>81,352,895</u>	<u>157,415</u>	<u>2,196,174</u>	<u>90,742,617</u>

## (f) Right-of-use assets

	<u>Land</u>
Cost :	
Balance at January 1, 2020	\$ 297,829
Decrease	<u>(297,829)</u>
Balance at June 30, 2020	<u>\$ -</u>
Balance at January 1, 2019	\$ -
Additions	300,605
Decrease	<u>(2,776)</u>
Balance at June 30, 2019	<u>\$ 297,829</u>
Accumulated depreciation:	
Balance at January 1, 2020	\$ 198,607
Depreciation for the period	99,222
Decrease	<u>(297,829)</u>
Balance at June 30, 2020	<u>\$ -</u>
Balance at January 1, 2019	\$ -
Depreciation for the period	<u>99,385</u>
Balance at June 30, 2019	<u>\$ 99,385</u>
Carrying Amount:	
Balance at June 30, 2020	<u>\$ -</u>
Balance at December 31, 2019	<u>\$ 99,222</u>
Balance at June 30, 2019	<u>\$ 198,444</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased building (including facilities and land) were USD13,010 thousand and USD1,990 thousand, respectively from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased building (including facilities and land) will be USD8,010 thousand and USD1,990 thousand, respectively, from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased building (including facilities and land) will be USD10 thousand and USD1,990 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.
- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months and six months ended June 30, 2020 and 2019, the Group recognized the interest revenue of \$20,200, \$24,742, \$41,581 and \$50,548, respectively, from the amortization of unrealized interest revenue.

A maturity analysis of lease receivables, showing the undiscounted lease receivables to be received after the reporting date is as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Less than one year	\$ 264,330	264,330	264,330
One to two years	264,330	264,330	264,330
Two to three years	264,330	264,330	264,330
Three to four years	132,165	264,330	264,330
Four to five years	-	-	132,165
Total lease payments receivable	925,155	1,057,320	1,189,485
Unearned finance income	(139,839)	(181,420)	(227,601)
Present value of lease payments receivable	<u>\$ 785,316</u>	<u>875,900</u>	<u>961,884</u>

For credit risk information, please refers to Note 6(q).

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Lease liabilities

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Current	\$ <u>-</u>	<u>99,924</u>	<u>199,145</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>118</u>	<u>821</u>	<u>412</u>	<u>1,818</u>
Expenses relating to short-term leases and low-value lease assets	\$ <u>20,119</u>	<u>18,581</u>	<u>42,459</u>	<u>33,445</u>

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

	<u>For the six months ended</u> <u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>142,795</u>	<u>116,340</u>

(i) Land lease

As of June 30, 2020, the Group leases its land with a period of 3 years. The lease included an option to terminate, which are exercisable only by the Group and not by the lessors. The lease payment changes annually based on a local price index.

(ii) Other leases

The Group leases staff dorm, factory, parking lots and office spaces with contract terms ranging from one to five years. These leases are short-term or with low-value items. The Group applied the recognition exemptions and elected not to recognize its right-of-use assets and lease liabilities for these leases.

(i) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating cost	\$ 1,549	1,946	3,134	3,864
Operating expenses	944	1,021	1,852	2,067
Total	<u>\$ 2,493</u>	<u>2,967</u>	<u>4,986</u>	<u>5,931</u>

(ii) Defined contribution plans

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating cost	\$ 23,613	23,408	46,723	45,470
Operating expenses	19,912	16,216	40,249	33,806
Total	<u>\$ 43,525</u>	<u>39,624</u>	<u>86,972</u>	<u>79,276</u>

(j) Income tax

(i) The Group's income tax expenses were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current tax expense				
Current period	\$ 669,564	418,830	990,876	419,276
Adjustment for prior periods	(588,184)	(485,929)	(588,184)	(485,929)
Surtax on undistributed earnings	171,974	673,894	171,974	673,894
Deferred tax (income) expense	(37,517)	49,924	36,648	49,924
Tax expense	<u>\$ 215,837</u>	<u>656,719</u>	<u>611,314</u>	<u>657,165</u>

(ii) The Company's tax returns have been examined by the ROC tax authority through 2017.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Capital and other equity

Except as described below, there was no material change in equity for the six months ended June 30, 2020 and 2019. Please refer to Note 6(m) of the consolidated financial statements as of and for the year ended December 31, 2019 for the related detail disclosures on equity.

(i) Ordinary Share

On February 26 and May 6, 2020, the Company's Board of Directors approved to issue the Company's ordinary shares deriving from the exercise of employee share options. The Company had issued 632 thousand and 664 thousand ordinary shares at par value, respectively, with an issuing prices of \$29.2 per share, which totaled \$12,960. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the second quarter of 2020, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 17,557 thousand ordinary shares, at issuing prices of \$29.2 per share, which totaled \$512,665, which was recognized as advance receipts for share capital as of June 30, 2020.

(ii) Capital surplus

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>June 30,</u> <u>2019</u>
Premium from the issuance of stock	\$ 29,035,392	29,010,509	28,557,335
Employee stock option plans	2,788,867	2,732,307	2,667,441
Expired employee stock option plans	262,499	262,499	262,499
Change in equity of associates accounted for using equity method	<u>24</u>	<u>24</u>	<u>5</u>
	<u>\$ 32,086,782</u>	<u>32,005,339</u>	<u>31,487,280</u>

(iii) Retain earning

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the annual stockholders' meeting.

As it belongs to a highly capital-intensive industry with strong growth potential, the Company adopts a dividend distribution policy which is in line with its plans for product line expansion and the demand of fund. This policy requires that the distribution of cash dividends shall be equal to at least 50% of the Company's total dividend distribution every year.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Legal reserve

When the Group incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special Reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2019 and 2018 were approved by the general meetings of shareholders were held on May 28, 2020 and May 30, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	<b>For the year ended December 31, 2019</b>	
	<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 1.50	<u><u>4,600,000</u></u>
	<b>For the year ended December 31, 2018</b>	
	<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 7.11	<u><u>21,700,000</u></u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized (loss) income from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	\$ (938,039)	(103,061)	(1,041,100)
Exchange differences on translation of foreign financial statements	(562,279)	-	(562,279)
Unrealized loss from financial of assets measured at fair value through other comprehensive loss, associates accounted for using equity method	-	(136,751)	(136,751)
Balance as of June 30, 2020	<u>\$ (1,500,318)</u>	<u>(239,812)</u>	<u>(1,740,130)</u>
Balance as of January 1, 2019	\$ (179,736)	(94,098)	(273,834)
Exchange differences on translation of foreign financial statements	350,507	-	350,507
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	11,136	11,136
Balance as of June 30, 2019	<u>\$ 170,771</u>	<u>(82,962)</u>	<u>87,809</u>

(l) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the six months ended June 30, 2020 and 2019. Please refer to Note 6(n) of consolidated financial statements as of and for the year ended December 31, 2019 for related disclosures on share-based payment transactions.

(i) Relevant information of employee stock option plans

The Company:

	For the six months ended June 30,			
	2020		2019	
	Weighted- average exercise (price TWD)	Number of options (Thousand Units)	Weighted- average exercise (price TWD)	Number of options (Thousand Units)
Outstanding at January 1,	\$ 29.25	28,202	34.49	109,382
Options granted	29.20	(18,734)	33.10	(18,526)
Options expired	-	-	35.60	(60,367)
Options forfeited	29.25	(2,359)	33.15	(464)
Outstanding at June 30,	29.27	<u>7,109</u>	33.14	<u>30,025</u>
Options exercisable at June 30,	29.20	<u>6,684</u>	33.12	<u>6,873</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Compensation cost

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Compensation cost arising from share options granted to employees	\$ <u>31,796</u>	<u>40,663</u>	<u>56,560</u>	<u>85,250</u>

## (m) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
<b>Basic earnings per share:</b>				
Net profit attributable to the Company	\$ <u>3,220,242</u>	<u>2,747,927</u>	<u>5,148,516</u>	<u>6,333,933</u>
Weighted-average number of ordinary shares outstanding (basic)	<u>3,060,740</u>	<u>3,039,514</u>	<u>3,057,445</u>	<u>3,037,276</u>
Basic earnings per share (dollar)	\$ <u>1.05</u>	<u>0.90</u>	<u>1.68</u>	<u>2.09</u>
<b>Diluted earnings per share:</b>				
Net profit attributable to the Company (basic)	\$ <u>3,220,242</u>	<u>2,747,927</u>	<u>5,148,516</u>	<u>6,333,933</u>
Weighted-average number of ordinary shares (basic)	3,060,740	3,039,514	3,057,445	3,037,276
Effect of employee share option	10,894	22,767	13,777	25,521
Effect of employee remuneration	<u>7,408</u>	<u>5,753</u>	<u>10,416</u>	<u>14,746</u>
Weighted-average number of ordinary shares (diluted)	<u>3,079,042</u>	<u>3,068,034</u>	<u>3,081,638</u>	<u>3,077,543</u>
Diluted earnings per share (dollar)	\$ <u>1.05</u>	<u>0.90</u>	<u>1.67</u>	<u>2.06</u>

(Continued)



**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended June 30, 2019</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products/services line:			
Dynamic Random Access Memory (DRAM)	\$ 9,641,910	2,759,021	12,400,931
Other	<u>39,579</u>	<u>281</u>	<u>39,860</u>
	<b><u>\$ 9,681,489</u></b>	<b><u>2,759,302</u></b>	<b><u>12,440,791</u></b>
	<b>For the six months ended June 30, 2020</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 8,949,970	974,039	9,924,009
Turkey	-	122,094	122,094
Japan	-	796,213	796,213
Malaysia	122,391	610,321	732,712
Korea	46,754	244,189	290,943
China	13,023,926	3,492,828	16,516,754
USA	32,629	244,017	276,646
Thailand	267,472	516,731	784,203
Germany	-	280,187	280,187
Vietnam	54,736	209,431	264,167
Singapore	149,811	136,437	286,248
Other countries	<u>144,084</u>	<u>489,967</u>	<u>634,051</u>
	<b><u>\$ 22,791,773</u></b>	<b><u>8,116,454</u></b>	<b><u>30,908,227</u></b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 22,727,762	8,115,913	30,843,675
Other	<u>64,011</u>	<u>541</u>	<u>64,552</u>
	<b><u>\$ 22,791,773</u></b>	<b><u>8,116,454</u></b>	<b><u>30,908,227</u></b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the six months ended June 30, 2019</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 10,524,005	178,087	10,702,092
Turkey	-	117,729	117,729
Japan	-	955,662	955,662
Malaysia	14,779	425,514	440,293
Korea	118,800	206,549	325,349
China	7,185,182	2,533,987	9,719,169
USA	70,037	96,724	166,761
Thailand	138,215	256,545	394,760
Germany	-	180,509	180,509
Vietnam	5,258	1,049	6,307
Singapore	55,105	65,303	120,408
Other countries	145,366	538,191	683,557
	<u>\$ 18,256,747</u>	<u>5,555,849</u>	<u>23,812,596</u>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 18,179,882	5,555,291	23,735,173
Other	76,865	558	77,423
	<u>\$ 18,256,747</u>	<u>5,555,849</u>	<u>23,812,596</u>
(ii) Contract balances			
	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
Notes receivable from non-operating activities	\$ 37	-	-
Notes receivable-related parties from non-operating activities	-	41,545	-
Accounts receivable	9,892,078	7,291,735	7,335,028
Total	<u>\$ 9,892,115</u>	<u>7,333,280</u>	<u>7,335,028</u>

For details on notes and accounts receivable (including related parties), and loss allowance for impairment, please refer to note 6(b).

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Remuneration to employees

According to the Group's articles of incorporation, if the Group makes a profit, it should appropriate for employee compensation which is calculated based on 1% to 12% of the Group's net income before tax before deduction of employee compensation, and after offsetting accumulated deficits, if any, should be distributed as employee compensations. Employees who are entitled to receive the above-mentioned employee compensation, in shares or cash, include the employees of the subsidiaries of the Group who meet certain specific requirements.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$288,672, \$151,785, \$451,893 and \$371,087 for the three months and six months ended June 30, 2020 and 2019, respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a change in accounting estimates and recognized through profit or loss in the following year.

There is no difference between the estimated employee remuneration, which was stated in the financial statements for the year ended December 31, 2019, and the amounts approved by the Company's Board of Directors.

The difference between the estimated employee remuneration, which was stated in the financial statement for the year ended December 31, 2018, and the amount of actual distributions in 2019, amounted to \$1,739,997. The Company recognized difference of \$3 in profit or loss in 2019.

(p) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest income from bank deposits	\$ 208,748	333,773	436,869	702,299
Interest income from financial assets measured at amortized cost	<u>20,200</u>	<u>24,742</u>	<u>41,581</u>	<u>50,548</u>
Total Interest income	<u><u>\$ 228,948</u></u>	<u><u>358,515</u></u>	<u><u>478,450</u></u>	<u><u>752,847</u></u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (i) Other gains and losses

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Gain or loss on disposal of property, plant and equipment	\$ 20	(293)	20	(287)
Foreign exchange gains (losses)	(202,253)	25,315	(124,214)	116,546
Reversal of impairment loss on non-financial assets	-	120,322	-	120,322
Others	<u>46,224</u>	<u>32,478</u>	<u>92,203</u>	<u>68,138</u>
	<b><u>\$ (156,009)</u></b>	<b><u>177,822</u></b>	<b><u>(31,991)</u></b>	<b><u>304,719</u></b>

## (ii) Finance costs

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Financing from other related parties	\$ 30	32	60	78
Amortization interest of lease liabilities	118	821	412	1,818
Others	<u>47</u>	<u>48</u>	<u>95</u>	<u>95</u>
	<b><u>\$ 195</u></b>	<b><u>901</u></b>	<b><u>567</u></b>	<b><u>1,991</u></b>

## (q) 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(s) of the consolidated financial statements for the year ended December 31, 2019.

- (i) For credit risk exposure of notes and accounts receivables (including related parties), please refer to note 6(b).

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

Considering that the Group deals only with other external parties with good credit standing and with the above investment grade financial institutions, all of the above financial assets are considered to have low credit risk.

As of June 30, 2020, December 31 and June 30, 2019, no allowance for impairment was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
<b>June 30, 2020</b>							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,328	3,430	-	3,430	-	-	-
Accounts payable (including related parties)	2,138,217	2,138,217	2,138,217	-	-	-	-
Dividend payable	4,600,756	4,600,756	4,600,756	-	-	-	-
Other payables (including related parties)	7,096,120	7,096,120	7,096,120	-	-	-	-
	<u>\$ 13,838,421</u>	<u>13,838,523</u>	<u>13,835,093</u>	<u>3,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,450	3,635	3,635	-	-	-	-
Accounts Payable (including related parties)	2,706,958	2,706,958	2,706,958	-	-	-	-
Dividend payable	756	756	756	-	-	-	-
Other payable (including related parties)	7,851,804	7,851,804	7,851,804	-	-	-	-
Lease liabilities-current	99,924	100,336	100,336	-	-	-	-
	<u>\$ 10,662,892</u>	<u>10,663,489</u>	<u>10,663,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>June 30, 2019</b>							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,609	3,738	65	3,673	-	-	-
Accounts payable (including related parties)	2,437,404	2,437,404	2,437,404	-	-	-	-
Dividend payable	21,700,503	21,700,503	21,700,503	-	-	-	-
Other payables (including related parties)	9,600,220	9,600,220	9,600,220	-	-	-	-
Lease liabilities (including current portion)	199,145	200,673	100,337	100,336	-	-	-
	<u>\$ 33,940,881</u>	<u>33,942,538</u>	<u>33,838,529</u>	<u>104,009</u>	<u>-</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

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

	June 30, 2020			December 31, 2019			June 30, 2019		
	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars
Financial assets:									
Monetary items									
USD	\$ 330,058	29.660	9,789,520	242,435	30.106	7,298,748	368,433	31.072	11,447,950
JPY	51,708	0.2737	14,152	888,926	0.2763	245,610	553,632	0.2877	159,280
EUR	16	33.0996	530	144	33.690	4,851	28	35.2575	987
HKD	602,690	3.7994	2,289,860	227,936	3.863	880,608	-	-	-

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	June 30, 2020			December 31, 2019			June 30, 2019		
	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars
Financial liabilities:									
Monetary items									
USD	\$ 94,851	29.660	2,813,281	112,965	30.106	3,400,924	100,280	31.072	3,115,900
JPY	963,277	0.2737	263,649	2,014,894	0.2763	556,715	1,681,530	0.2877	483,776
EUR	927	33.0996	30,683	4,616	33.6895	155,511	502	35.2575	17,699

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, accounts payable (including related parties) and other payable (including related parties) which are denominated in different foreign currencies. A 1% depreciation of the TWD against the USD, JPY, EUR and HKD as of June 30, 2020 and 2019 would have increased the net income before tax by \$89,865 and \$79,908 for the six months ended June 30, 2020 and 2019, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the six months ended June 30, 2020 and 2019, foreign exchange gain (including realized and unrealized portions) amounted to \$124,214 and \$116,546, respectively.

(iv) interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased by 1 basis points, the Group's net income would have increased or decreased by \$33 and \$36 for the six months ended June 30, 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Fair value of financial instruments

1) Types and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described on the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	June 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 51,335,225	-	-	-	-
Notes and accounts receivable (including related parties)	9,892,115	-	-	-	-
Other receivables (including related parties)	1,850,121	-	-	-	-
Lease payments receivable (including current portion)	785,316	-	-	-	-
<b>Total</b>	<b>\$ 63,862,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,138,217	-	-	-	-
Dividend payable	4,600,756	-	-	-	-
Other payables (including related parties)	7,099,448	-	-	-	-
<b>Total</b>	<b>\$ 13,838,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 44,148,979	-	-	-	-
Notes and accounts receivable (including related parties)	7,333,280	-	-	-	-
Other receivables (including related parties)	1,434,729	-	-	-	-
Lease payments receivable (including current position)	875,900	-	-	-	-
<b>Total</b>	<b>\$ 53,792,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,706,958	-	-	-	-
Dividend payable	756	-	-	-	-
Other payables (including related parties)	7,855,254	-	-	-	-
Lease liabilities-current	99,924	-	-	-	-
<b>Total</b>	<b>\$ 10,662,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	June 30, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 60,860,911	-	-	-	-
Accounts receivable	7,335,028	-	-	-	-
Other receivables (including related parties)	1,874,850	-	-	-	-
Lease payments receivable (including current portion)	961,884	-	-	-	-
<b>Total</b>	<b>\$ 71,032,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,437,404	-	-	-	-
Dividend payable	21,700,503	-	-	-	-
Other payables (including related parties)	9,603,829	-	-	-	-
Lease liabilities (including current portion)	199,145	-	-	-	-
<b>Total</b>	<b>\$ 33,940,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2) Valuation techniques for financial instruments not measured at fair value

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

a) Financial assets and liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement.

However, if no quoted prices are available, the fair value is determined by discounted cash flows, using estimation and assumptions under existing market conditions which are obtainable by the Company.

3) There were no transfers from financial assets for the six months ended June 30, 2020 and 2019.

(r) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(t) of the consolidated financial statements for the year ended December 31, 2019.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(s) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2019 for further details.

(t) The investing and financing activities on non-cash transactions

The Group's investing and financing activities on non-cash transactions for the six months ended June 30, 2020 and 2019 were as follows:

(i) Acquisition of right-of-use assets by lease, please refer to Note6(f).

**For the six  
months ended  
June 30,  
2019**  
\$ 2,665,621

(ii) Retirement of treasury shares

(iii) Reconciliation of liabilities arising from financing activities was as follows :

	January 1, 2020	Cash flow	Non-Cash changes			June 30, 2020
			Change in an index of lease payment	Increased by other payables	Interest expense	
Lease liabilities	\$ 99,924	(100,336)	-	-	412	-

  

	January 1, 2019	Cash flow	Non-Cash changes			June 30, 2019
			Change in an index of lease payment	Increased by other payables	Interest expense	
Lease liabilities	\$ 300,605	(83,779)	(2,776)	(16,723)	1,818	199,145

**(7) Related-party transactions:**

(a) Names and relationship with related parties

The following 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>
Nan Ya Photonics Incorporation	The Group's other related parties
Formosa Technologies (Nanjing) Corporation	The Group's other related parties
Formosa Sumco Technology Corporation	The Group's other related parties
Formosa Advanced Technologies Co., Ltd. (referred to as "FATC")	The Group's associates

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa Technologies Corporation	The Group's other related parties
Formosa Biomedical Technology Corp.	The Group's other related parties
Formosa Plastics Corporation	The Group's other related parties
Formosa Waters Technology Co., Ltd.	The Group's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Group

(b) Significant transactions with related parties

(i) Purchase from related parties

<u>Relationship</u>	<u>Purchases</u>				<u>Accounts payable to related parties</u>		
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>		<u>June 30,</u>	<u>December</u>	<u>June 30,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>31, 2019</u>	<u>2019</u>
Entities with significant influence over the Group	\$ 23,190	16,619	44,052	61,464	7,559	6,183	5,286
Associates	54	661	764	984	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	129,268	376,403	301,449	783,354	82,182	119,204	270,681
Other related parties	49,182	113,274	101,058	170,356	6,074	7,812	6,971
	<u>\$ 201,694</u>	<u>506,957</u>	<u>447,323</u>	<u>1,016,158</u>	<u>95,815</u>	<u>133,199</u>	<u>282,938</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(ii) Consigned out for processing

<u>Relationship</u>	<u>Amount</u>				<u>Other payables to related parties</u>		
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>		<u>June 30,</u>	<u>December</u>	<u>June 30,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>31, 2019</u>	<u>2019</u>
Associates	\$ 1,803,493	1,725,281	3,761,527	3,350,601	1,148,471	1,202,342	1,047,001

The term of transactions with the related parties above is 60 days after the end of each month when processed consigned goods are received.

(iii) Financing from related parties

<u>Relationship</u>	<u>Financial costs</u>			
	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other related parties:				
Formosa Technologies (Nanjing) Corporation	\$ 30	32	60	78

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Relationship	Other payables to related parties					
	Balance of borrowings			Interest payable		
	June 30, 2020	December 31, 2019	June 30, 2019	June 30, 2020	December 31, 2019	June 30, 2019
Other related parties:						
Formosa Technologies (Nanjing) Corporation	\$ 3,328	3,450	3,609	3	65	4

## (iv) Property transactions

## Acquisition of equipment

Relationship	Acquisition price For the six months ended June 30, 2019
Other related parties	\$ 340

## (v) Dividends receivables

Relationship	Other receivables due from related parties	
	June 30, 2020	June 30, 2019
Associate:		
Formosa Advanced Technologies Co., Ltd.	\$ 311,324	210,056

## (vi) Leases

Relationship	Acquisition price			
	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Entities with significant influence over the Group	\$ 15,602	13,592	30,629	24,094

The rentals charged to the entities with significant influence over the Company are determined based on the local market prices, and rents are paid monthly.

A three-year land lease contract was signed in July 2017. The total value of the contract was \$617,862. For the three months and six months ended June 30, 2020 and 2019, the Group recognized the amount of \$118, \$821, \$412 and \$1,818, as interest expense, respectively. As of June 30, 2020, December 31 and June 30, 2019, the balance of lease liabilities amounted to \$0, 99,924 and 199,145, respectively.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vii) Other

<b>Relationship</b>	<b>Notes receivable from related parties December 31, 2019</b>
Associates	\$ <b>41,545</b>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term employee benefits \$	11,389	11,206	24,822	23,963
Share-based payment	309	1,063	702	2,232
	<b>\$ 11,698</b>	<b>12,269</b>	<b>25,524</b>	<b>26,195</b>

Please refer to Note 6(l) for the details of share-based payment.

**(8) Pledged assets:**

The Group's assets pledged to secure loans are as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Other non-current assets	Office leasing	\$ <b>5,067</b>	<b>5,122</b>	<b>5,251</b>

**(9) Commitments and contingencies:**

(a) Significant commitments

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Guarantees for importation goods provided by bank	\$ 935,000	1,045,000	1,035,000
Unused letters of credit	258,241	39,023	142,245
Total	<b>\$ 1,193,241</b>	<b>1,084,023</b>	<b>1,177,245</b>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Contingent liabilities

- (i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (ii) In October 2016, Lone Star Silicon Innovations LLC (Lone Star) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of East Texas for patent infringement. The lawsuit was handed over to the US District Court of Northern California in July 2017, wherein it was denied in January 2018. Therefore, Lone Star appealed to the US Court of Appeals for the Federal Circuit on the said matter. The case is still in progress. The Group has engaged lawyers to handle the case to ensure its rights.
- (iii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (iv) The original Joint Venture agreement signed by the Company, Micron Technology, Inc. and its related parties was terminated after Micron Semiconductor Co. completed its share-swap with Micron Technology Taiwan. Both parties had mutually agreed to sign a cooperation agreement, the details of the agreement were as follows:
  - 1) The estimated cost for improving specific environmental safety and factory facilities in mutually operating period of joint venture agreement amounted to US\$54,030 thousand; the Company agreed to share the 50% portion of the total costs and accrued it as expense of \$850,000 (USD27,015 thousand) to other payable. The Company will share the cost based on the actual amounts at the appointed time. As of June 30, 2020 and 2019, the payment amounting to \$200,950 and \$47,200 had been recognized by the Company, respectively.
  - 2) The Company agreed to share the 50% portion of the total losses for penalty, improving costs and suspending operation before the date of share-swap in the following two to five years due to an existing event of environmental safety and factory facilities which violated the laws.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

Based on operational requirements, the Group leased lands from Nan Ya Plastics Corporation with a ten year lease contract on July 1 and August 1, 2020, respectively. The Group recognized right of use asset which amounted to \$1,868,180 and \$16,097, respectively.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

On July 3, 2020, a subsidiary of the Group, Nanya Technology International Ltd, its Board of Directors approved to distribute cash dividends with unappropriated retained earnings which totaled approximately \$1,311,091 (USD 44,204 thousand) .

**(12) Other:**

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

	For the three months ended June 30, 2020			For the three months ended June 30, 2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	869,523	613,519	1,483,042	730,203	476,364	1,206,567
Labor and health insurance	48,933	41,779	90,712	48,402	35,231	83,633
Pension expenses	25,162	20,856	46,018	25,354	17,237	42,591
Remuneration of directors	-	1,690	1,690	-	1,890	1,890
Other personnel expenses	18,295	7,336	25,631	17,992	5,919	23,911
Depreciation expenses	3,427,570	106,135	3,533,705	3,537,551	57,156	3,594,707
Amortization expenses	20,937	-	20,937	26,751	-	26,751

	For the six months ended June 30, 2020			For the six months ended June 30, 2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,648,673	1,151,493	2,800,166	1,429,922	938,076	2,367,998
Labor and health insurance	98,200	80,220	178,420	95,264	71,232	166,496
Pension expenses	49,857	42,101	91,958	49,334	35,873	85,207
Remuneration for directors	-	3,250	3,250	-	3,430	3,430
Other personnel expenses	36,804	13,726	50,530	35,731	11,762	47,493
Depreciation expenses	6,902,891	211,542	7,114,433	6,842,663	100,665	6,943,328
Amortization expenses	44,826	-	44,826	39,714	-	39,714

- (b) The Group's operations were not affected by seasonality or cyclicity factors.
- (c) Since January 2020, the global economy and market conditions have remained uncertain due to the significant impact of COVID 19. However, the Group's production base, outsource assembling and testing operations all operate in Taiwan, and has been confirmed by the raw material suppliers that the supply chain and transportation are normal. While the delivery schedule of the equipment supplier was slightly affected by transportation factors, it did not materially affect the Group's overall operating activities for the six months ended June 30, 2020.

The Group will closely continue to monitor any development of COVID-19, also will satisfy the needs of customers as a priority, and will take necessary measures to ensure operations, production lines, raw material supply chains, and shipments will be functional and stable.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

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

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
The Company	Memoright (Cayman) Co., Ltd.	-	Financial assets measured at amortized cost and fair value through other comprehensive income	-	-	-	-

- (iv) Information regarding purchase or sale of securities for the period exceeding \$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None
- (vi) Disposal of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None
- (vii) Related-party transaction for purchases and sales for which amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(4,743,908)	(15.39)%	O/A 60-90Days	-	-	2,111,545	20.86%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(1,830,607)	(5.94)%	O/A 180Days	-	-	714,558	7.07%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(1,375,561)	(4.46)%	O/A 60-90Days	-	-	376,116	3.72%	(Note)
The Company	Formosa Sunco Technology Corp.	Other related parties	Purchase	301,449	5.23%	O/A 60Days	-	-	(82,182)	(3.85)%	-
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	4,743,908	100.00%	O/A 60-90Days	-	-	(2,111,545)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	1,830,607	100.00%	O/A 180Days	-	-	(714,558)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	1,375,561	100.00%	O/A 60-90Days	-	-	(376,116)	(100.00)%	(Note)

Note: The transactions were written off in the consolidated financial statements.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(viii) Receivables from related parties with amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance of accounts receivable from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	2,111,545	5.25	-	-	870,674	-
The Company	Nanya Technology Corp., Japan	Subsidiary	714,558	6.25	-	-	327,239	-
The Company	Nanya Technology Europe GmbH	Subsidiary	376,116	7.23	-	-	185,315	-

Note: the transactions were written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	4,743,908	On the basis of general conditions	15.35%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	1,830,607	On the basis of general conditions	5.92%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	1,375,561	On the basis of general conditions	4.45%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	2,111,545	On the basis of general conditions	1.26%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	714,558	On the basis of general conditions	0.42%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	376,116	On the basis of general conditions	0.22%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

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

Note 3: The business relationship and significant transactions between the parent company and the subsidiary only disclose the importations of sales and account receivable, did not repeat about the purchase and account payable.

(b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the six months ended June 30, 2020:

(In Thousands of New Taiwan Dollars / Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2020			Net income of investee	Share of profits of investee	Note
				June 30, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value			
The Company	Nanya Technology Corp., U.S.A	U.S.A	Sales of semiconductor products	20,392	20,392	2	100.00%	133,029	11,471	11,471 (Note1)	
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00%	171,661	10,539	10,539 (Note1)	
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00%	60,527	3,882	3,882 (Note1)	
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00%	189,775	6,976	6,976 (Note1)	
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	37,004,400	37,004,400	1.2	100.00%	36,903,101	400,358	400,358 (Note 1)	
The Company	Formosa Advanced Technologies Co., Ltd	Yunlin	Assembling, testing and producing modules for IC	5,099,482	5,099,482	141,511	32.00%	4,823,727	731,783	252,566 (Note 2)	
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00%	67,100	3,100	3,100 (Note1)	

Note: (1) The transactions were written off in the consolidated financial statements.

(2) Investment accounted for using equity method.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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## (c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	29,215 (USD985 thousand)	(Note 1)	29,215 (USD985 thousand)	-	-	29,215 (USD985 thousand)	(49)	100.00%	(49)	14,689	-

Note 1 : Indirect investment in Nanya Technology Corp., Shenzhen through Nanya Technology Corp., HK.

Note 2 : The transactions were written off in the consolidated financial statements.

## (ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of June 30, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
29,215 (USD985 thousand)	29,215 (USD985 thousand)	91,478,779

Note 1 : The exchange rate of New Taiwan dollars to US dollars on June 30, 2020 was USD1 : TWD 29.66

Note 2 : 60% of net equity.

## (iii) Significant transactions: None

## (d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.34 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.82 %
Formosa Plastics Corporation		334,815,409	10.82 %
Formosa Petrochemical Corp		334,815,409	10.82 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(14) Segment information:**

For the three months ended June 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,548,163	-	11,941,194	-	-	16,489,357
From sales among intersegments	12,509	107,074	4,550,843	-	(4,670,426)	-
Total revenue	<u>\$ 4,560,672</u>	<u>107,074</u>	<u>16,492,037</u>	<u>-</u>	<u>(4,670,426)</u>	<u>16,489,357</u>
Reportable segment profit or loss	<u>\$ 4,894</u>	<u>5,530</u>	<u>3,435,772</u>	<u>184,612</u>	<u>(194,729)</u>	<u>3,436,079</u>
For the three months ended June 30, 2019						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 2,759,302	-	9,681,489	-	-	12,440,791
From sales among intersegments	13,118	88,848	2,668,039	-	(2,770,005)	-
Total revenue	<u>\$ 2,772,420</u>	<u>88,848</u>	<u>12,349,528</u>	<u>-</u>	<u>(2,770,005)</u>	<u>12,440,791</u>
Reportable segment profit or loss	<u>\$ (12,426)</u>	<u>4,629</u>	<u>3,404,284</u>	<u>268,189</u>	<u>(260,030)</u>	<u>3,404,646</u>
For the six months ended June 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 8,116,454	-	22,791,773	-	-	30,908,227
From sales among intersegments	22,836	202,993	8,030,740	-	(8,256,569)	-
Total revenue	<u>\$ 8,139,290</u>	<u>202,993</u>	<u>30,822,513</u>	<u>-</u>	<u>(8,256,569)</u>	<u>30,908,227</u>
Reportable segment profit or loss	<u>\$ 22,962</u>	<u>10,539</u>	<u>5,759,197</u>	<u>400,358</u>	<u>(433,226)</u>	<u>5,759,830</u>
For the six months ended June 30, 2019						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 5,555,849	-	18,256,747	-	-	23,812,596
From sales among intersegments	24,402	179,442	5,425,905	-	(5,629,749)	-
Total revenue	<u>\$ 5,580,251</u>	<u>179,442</u>	<u>23,682,652</u>	<u>-</u>	<u>(5,629,749)</u>	<u>23,812,596</u>
Reportable segment profit or loss	<u>\$ 26,505</u>	<u>9,328</u>	<u>6,990,290</u>	<u>527,885</u>	<u>(562,910)</u>	<u>6,991,098</u>
Reportable segment assets						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Balance at June 30, 2020	<u>\$ 3,678,793</u>	<u>172,738</u>	<u>168,220,521</u>	<u>36,903,101</u>	<u>(40,762,227)</u>	<u>168,212,926</u>
Balance at December 31, 2019	<u>\$ 2,842,369</u>	<u>178,026</u>	<u>165,093,440</u>	<u>37,056,800</u>	<u>(40,069,983)</u>	<u>165,100,652</u>
Balance at June 30, 2019	<u>\$ 2,534,971</u>	<u>161,100</u>	<u>185,351,128</u>	<u>31,605,119</u>	<u>(34,303,190)</u>	<u>185,349,128</u>
Reportable segment liabilities						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Balance at June 30, 2020	<u>\$ 3,258,886</u>	<u>1,076</u>	<u>15,755,889</u>	<u>-</u>	<u>(3,267,557)</u>	<u>15,748,294</u>
Balance at December 31, 2019	<u>\$ 2,439,109</u>	<u>14,345</u>	<u>13,081,887</u>	<u>18</u>	<u>(2,446,260)</u>	<u>13,089,099</u>
Balance at June 30, 2019	<u>\$ 2,125,924</u>	<u>560</u>	<u>35,779,672</u>	<u>-</u>	<u>(2,128,484)</u>	<u>35,777,672</u>