

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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

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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 September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 for the nine months ended September 30, 2019, 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 of the consolidated financial report for the nine months ended September 30, 2019

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 \$3,110,780 thousand, constituting 1.88% of the consolidated total assets; and the total liabilities amounting to \$21,134 thousand, constituting 0.15% of the consolidated total liabilities as of September 30, 2019, as well as the total comprehensive income amounting to \$11,435 thousand and \$46,460 thousand, constituting 0.54% and 0.53% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2019, respectively.

Unqualified Conclusion and Qualified Conclusion

Except for the adjustments for the nine months ended September 30, 2019, 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 for the nine months ended September 30, 2019 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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, as well as of its consolidated cash flows for the nine months ended September 30, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting 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 \$2,949,195 thousand, constituting 1.78% of the consolidated total assets as of September 30, 2019, and the share of profit of associates accounted for using the equity method amounted to 74,627 thousand and 176,033 thousand, constituting 2.78% and 1.82% of the consolidated total profit before tax for the three months and nine months ended September 30, 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)
November 4, 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 September 30, 2020 and 2019

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2020		December 31, 2019		September 30, 2019						September 30, 2020		December 31, 2019		September 30, 2019	
		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
Assets																	
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$	47,125,617	28	44,148,979	27	43,183,908	26	2170	Accounts payable	\$	3,967,748	2	2,573,759	2	2,836,676	2
1150	Notes receivable, net (Notes 6(b)(n))	-	-	-	-	1,039	-	2180	Accounts payable to related parties (Note (7))	109,893	-	133,199	-	270,690	-		
1160	Notes receivable due from related parties, net (Notes 6(b)(n) and 7)	-	-	41,545	-	-	-	2200	Other payables	4,372,980	2	6,650,153	4	6,828,677	4		
1170	Accounts receivable, net (Notes 6(b)(n))	9,636,173	6	7,291,735	4	8,046,973	5	2220	Other payables to related parties (Note 7)	1,050,927	1	1,205,857	1	1,620,364	1		
1180	Accounts receivable due from related parties, net (Note 6(g))	1,384	-	-	-	-	-	2230	Current tax liabilities	1,039,252	1	1,515,896	1	1,382,167	1		
1200	Other receivables (Note 6(g))	1,806,927	1	1,620,743	1	1,817,457	1	2280	Current lease liabilities (Notes 6(h) and 7)	177,833	-	99,924	-	149,622	-		
1310	Inventories (Note 6(c))	15,455,652	10	18,122,496	11	17,561,426	11	2399	Other current liabilities	1,168	-	92,754	-	896	-		
1410	Prepayments	2,078,465	1	1,637,129	1	1,593,011	1		Total current liabilities	10,719,801	6	12,271,542	8	13,089,092	8		
	Total current assets	76,104,218	46	72,862,627	44	72,203,814	44	2570	Deferred tax liabilities	1,158	-	1,197	-	631	-		
	Non-current assets:							2580	Non-current lease liabilities (Notes 6(h) and 7)	1,662,485	1	-	-	-	-		
1550	Investments accounted for using equity method (Note 6(d))	4,871,850	3	5,019,236	3	2,949,195	2	2640	Net defined benefit liability, non-current	572,372	-	575,896	-	535,465	-		
1600	Property, plant and equipment (Notes 6(e) and 7)	81,108,305	49	85,530,112	52	88,662,250	54	2670	Other non-current liabilities	852,080	1	240,464	-	239,762	-		
1755	Right-of-use assets (Note 6(f))	1,837,302	1	99,222	-	148,833	-		Total non-current liabilities	3,088,095	2	817,557	-	775,858	-		
1780	Intangible assets	1,319,201	1	296,710	-	234,236	-		Total liabilities	13,807,896	8	13,089,099	8	13,864,950	8		
1840	Deferred tax assets	456,866	-	555,885	-	657,886	-	3110	Ordinary share	30,926,119	19	30,733,649	19	30,725,609	19		
194D	Long-term financial lease payments receivable (Note 6(g))	537,083	-	689,886	1	738,223	-	3140	Advance receipts for share capital	23,147	-	3,475	-	22,430	-		
1990	Other non-current assets (Note 8)	971,640	-	46,974	-	53,161	-	3200	Capital surplus	32,433,118	19	32,005,339	20	31,957,132	20		
	Total non-current assets	91,102,247	54	92,238,025	56	93,443,784	56	3310	Legal reserve	14,110,871	8	13,128,412	8	13,128,412	8		
								3320	Special reserve	1,041,100	1	273,834	-	273,834	-		
								3350	Unappropriated retained earnings	78,467,043	47	78,054,876	47	76,804,409	46		
								3400	Other equity interest	(2,455,897)	(1)	(1,041,100)	(1)	17,754	-		
								3500	Treasury shares	(1,146,932)	(1)	(1,146,932)	(1)	(1,146,932)	(1)		
									Total equity	153,398,569	92	152,011,553	92	151,782,648	92		
	Total assets	\$	167,206,465	100	165,100,652	100	165,647,598	100		Total liabilities and equity	\$	167,206,465	100	165,100,652	100	165,647,598	100

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

Consolidated Statements of Comprehensive Income

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

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(n) and 7)	\$ 15,323,867	100	14,799,353	100	46,232,094	100	38,611,949	100
5000	Operating costs (Notes 6(e)(f)(i)(l)(o) and 7)	(11,362,124)	(74)	(10,662,428)	(72)	(33,791,981)	(73)	(25,494,613)	(66)
	Gross profit from operations	3,961,743	26	4,136,925	28	12,440,113	27	13,117,336	34
	Operating expenses (Notes 6(e)(f)(i)(l)(o) and 7):								
6100	Selling expenses	(196,425)	(1)	(204,726)	(2)	(607,718)	(1)	(527,521)	(1)
6200	Administrative expenses	(306,864)	(2)	(335,332)	(2)	(1,002,805)	(2)	(960,819)	(3)
6300	Research and development expenses	(1,388,970)	(9)	(1,344,676)	(9)	(3,698,734)	(9)	(3,552,126)	(9)
	Total operating expenses	(1,892,259)	(12)	(1,884,734)	(13)	(5,309,257)	(12)	(5,040,466)	(13)
	Net operating income	2,069,484	14	2,252,191	15	7,130,856	15	8,076,870	21
	Non-operating income and expenses (Notes 6(b)(e)(g)(h)(p) and 7):								
7100	Interest income	108,214	-	262,241	1	586,664	1	1,015,088	3
7020	Other gains and losses, net	(195,324)	(1)	95,286	1	(227,315)	-	400,005	1
7050	Finance costs	(6,350)	-	(725)	-	(6,917)	-	(2,716)	-
7055	Expected credit impairment gain	-	-	108	-	-	-	9,546	-
7060	Share of profit of associates accounted for using equity method, net	118,517	1	74,627	1	371,083	1	176,033	-
	Total non-operating income and expenses	25,057	-	431,537	3	723,515	2	1,597,956	4
7900	Profit from continuing operations before tax	2,094,541	14	2,683,728	18	7,854,371	17	9,674,826	25
7950	Income tax expenses (Note 6(j))	(481,165)	(3)	(478,931)	(3)	(1,092,479)	(2)	(1,136,096)	(3)
	Profit	1,613,376	11	2,204,797	15	6,761,892	15	8,538,730	22
8300	Other comprehensive income: (Note 6(k))								
8310	Components of other comprehensive income (loss) income that will not be reclassified to profit or loss								
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	(70,408)	-	(34,541)	-	(207,159)	-	(23,405)	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(70,408)	-	(34,541)	-	(207,159)	-	(23,405)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(645,359)	(5)	(35,514)	-	(1,207,638)	(3)	314,993	1
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss	(645,359)	(5)	(35,514)	-	(1,207,638)	(3)	314,993	1
8300	Other comprehensive (loss) income, net	(715,767)	(5)	(70,055)	-	(1,414,797)	(3)	291,588	1
8500	Comprehensive income	\$ 897,609	6	2,134,742	15	5,347,095	12	8,830,318	23
	Earnings per share (Note 6(m))								
9750	Basic earnings per share	\$ 0.53		0.72		2.21		2.81	
9850	Diluted earnings per share	\$ 0.52		0.72		2.19		2.77	

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

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest										
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	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				
Balance at January 1, 2019	\$ 31,032,389	6,488	33,557,005	9,192,249	39,163	94,136,513	(179,736)	(94,098)	(273,834)	(2,782,675)	164,907,298
Net profit for the nine months ended September 30,2019	-	-	-	-	-	8,538,730	-	-	-	-	8,538,730
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	-	314,993	(23,405)	291,588	-	291,588
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	8,538,730	314,993	(23,405)	291,588	-	8,830,318
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:											
Changes in equity of associates accounted for using equity method	-	-	19	-	-	-	-	-	-	-	19
Recognized compensation costs on employee stock options	-	-	117,759	-	-	-	-	-	-	-	117,759
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	194,580	15,942	446,610	-	-	-	-	-	-	-	657,132
Balance at September 30, 2019	\$ 30,725,609	22,430	31,957,132	13,128,412	273,834	76,804,409	135,257	(117,503)	17,754	(1,146,932)	151,782,648
Balance at January 1, 2020	\$ 30,733,649	3,475	32,005,339	13,128,412	273,834	78,054,876	(938,039)	(103,061)	(1,041,100)	(1,146,932)	152,011,553
Net profit for the nine months ended September 30,2020	-	-	-	-	-	6,761,892	-	-	-	-	6,761,892
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(1,207,638)	(207,159)	(1,414,797)	-	(1,414,797)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	6,761,892	(1,207,638)	(207,159)	(1,414,797)	-	5,347,095
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:											
Changes in equity of associates accounted for using equity method	-	-	14	-	-	-	-	-	-	-	14
Recognized compensation costs on employee stock options	-	-	58,420	-	-	-	-	-	-	-	58,420
Past due unclaimed dividends	-	-	79	-	-	-	-	-	-	-	79
Exercise of employee share options	192,470	19,672	369,266	-	-	-	-	-	-	-	581,408
Balance at September 30, 2020	\$ 30,926,119	23,147	32,433,118	14,110,871	1,041,100	78,467,043	(2,145,677)	(310,220)	(2,455,897)	(1,146,932)	153,398,569

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

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 7,854,371	9,674,826
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	10,644,574	10,621,739
Amortization expense	172,924	66,328
Expected credit impairment gain	-	(9,546)
Interest expense	6,917	2,716
Interest income	(586,664)	(1,015,088)
Share-based payments	58,420	117,759
Share of profit of associates accounted for using equity method	(371,083)	(176,033)
Gain or loss on disposal of property, plant and equipment	6,651	(4,416)
Reversal of impairment loss on non-financial assets	-	(213,283)
Unrealized foreign exchange loss	112,337	110,271
Others	(30,748)	-
Total adjustments to reconcile profit	10,013,328	9,500,447
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(2,397,657)	1,670,279
Other receivables	(131,866)	(424,959)
Inventories	2,666,844	(5,393,689)
prepayments	(441,336)	165,305
Accounts payable (including related parties)	286,091	(384,766)
Other payables (including related parties)	(2,131,367)	(1,296,227)
Other current liabilities	(91,586)	(672)
Net defined benefit liability	(3,524)	(1,838)
Other non-current liabilities	(6,794)	16,733
Total changes in operating assets and liabilities	(2,251,195)	(5,649,834)
Cash inflow generated from operations	15,616,504	13,525,439
Interest received	494,447	885,366
Interest paid	(6,540)	(373)
Income taxes paid	(1,478,209)	(2,011,004)
Net cash flows from operating activities	14,626,202	12,399,428
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(4,927,070)	(4,655,843)
Proceeds from disposal of property, plant and equipment	44	4,712
Increase in refundable deposits	(504)	(5,641)
Acquisition of intangible assets	(818,681)	(79,529)
Decrease in lease and installment receivables	198,248	198,248
Increase in other non-current assets	(945,018)	(9,503)
Dividends received	311,324	210,055
Net cash flows used in investing activities	(6,181,657)	(4,337,501)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	(3,104)	(311,368)
Decrease in other payables to related parties	(44)	(4,115)
Payment of lease liabilities	(144,225)	(133,947)
Cash dividends paid	(4,600,000)	(21,700,000)
Exercise of employee share options	581,408	657,132
Payments to acquire treasury shares	-	(1,029,878)
Net cash flows used in financing activities	(4,165,965)	(22,522,176)
Effect of exchange rate changes on cash and cash equivalents	(1,301,942)	260,151
Net increase (decrease) in cash and cash equivalents	2,976,638	(14,200,098)
Cash and cash equivalents at beginning of period	44,148,979	57,384,006
Cash and cash equivalents at end of period	\$ 47,125,617	43,183,908

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

September 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 November 4, 2020.

(3) New standards, amendments and interpretations adopted:

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
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 the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

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

The Group assesses that the adoption of the abovementioned amendments would not have any material impact on its consolidated financial statements.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”	January 1, 2021

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 23, 2020	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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(4) Summary of significant accounting policies:

(a) Statement of compliance

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

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding			Note
			September 30, 2020	December 31, 2019	September 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: The Company is a non-significant subsidiary, its financial statements for the nine months ended September 30, 2019 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.)

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

Except for the following, 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.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 32% of the voting shares of Formosa Advanced Technologies Co., Ltd (FATC), whose shareholders hold 68% of its remaining shares, where 31% of the voting rights are concentrated in a specific shareholder, Formosa Taffeta Co. Ltd., resulting in the Group for failing to obtain more than half of the total number of FATC’s directors and voting rights at a shareholders’ meeting. Therefore, it is determined that the Group has only significant influence over FATC.

(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Petty cash	\$ 113	147	146
Checking accounts and demand deposit	3,948,287	4,119,539	4,715,457
Cash equivalents:			
Time deposits	39,539,215	39,215,453	36,284,926
Commercial paper	2,546,002	454,300	1,560,881
Repurchase agreements collateralized by corporate bonds	1,092,000	359,540	622,498
	<u><u>\$ 47,125,617</u></u>	<u><u>44,148,979</u></u>	<u><u>43,183,908</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(b) Notes and accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable from operating activities	\$ -	-	1,039
Notes receivable-related parties from non-operating activities	-	41,545	-
Accounts receivable-measured at amortized cost	9,636,173	7,291,735	8,046,973
Accounts receivable-related parties	1,384	-	-
	<u>\$ 9,637,557</u>	<u>7,333,280</u>	<u>8,048,012</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:

September 30, 2020			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 9,506,642	-	-
1 to 30 days past due	130,915	-	-
	<u>\$ 9,637,557</u>		<u>-</u>
December 31, 2019			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 7,283,834	-	-
1 to 30 days past due	49,446	-	-
	<u>\$ 7,333,280</u>		<u>-</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2019		
	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Due days			
Current	\$ 7,862,119	-	-
1 to 30 days past due	183,526	-	-
31 to 60 days past due	2,367	-	-
	<u>\$ 8,048,012</u>		<u>-</u>

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

	For the nine months ended September 30,	
	2020	2019
Balance on January 1,	\$ -	9,298
Reversal of impairment losses	-	(9,546)
Foreign exchange gains	-	248
Balance on September 30,	<u>\$ -</u>	<u>-</u>

(c) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials	\$ 340,407	381,848	526,754
Work in progress	6,811,477	7,329,074	7,604,615
Finished goods	8,303,768	10,411,574	9,430,057
	<u>\$ 15,455,652</u>	<u>18,122,496</u>	<u>17,561,426</u>

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 nine months ended September 30, 2020 and 2019.

(d) Investments accounted for using equity method

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

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 4,871,850</u>	<u>5,019,236</u>	<u>2,949,195</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The related information of the major associate to the Group was as follows:

Name of Associates	Nature of Relationship to the Group	Registration Country	Percentage of ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
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:

	September 30, 2020	December 31, 2019	September 30, 2019
Formosa Advanced Technologies Co., Ltd.	<u>\$ 15,433,556</u>	<u>16,494,889</u>	<u>15,057,667</u>

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

The financial information of FATC was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 6,759,313	6,631,748	6,287,991
Non-current assets	5,903,721	6,643,175	6,623,131
Current liabilities	(1,199,534)	(1,250,356)	(1,229,925)
Non-current liabilities	(566,958)	(594,494)	(597,351)
Net asset	<u>\$ 10,896,542</u>	<u>11,430,073</u>	<u>11,083,846</u>
Net asset contributed to FATC	<u>\$ 10,896,542</u>	<u>11,430,073</u>	<u>11,083,846</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating revenue	<u>\$ 2,380,770</u>	<u>2,456,336</u>	<u>7,342,406</u>	<u>6,899,134</u>
Profit	\$ 354,902	355,817	1,086,685	956,006
Other comprehensive income	(220,023)	(181,791)	(647,371)	(123,182)
Total comprehensive (loss) income	<u>\$ 134,879</u>	<u>174,026</u>	<u>439,314</u>	<u>832,824</u>
Comprehensive income contributed to FATC	<u>\$ 134,879</u>	<u>174,026</u>	<u>439,314</u>	<u>832,824</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 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	140,580	158,178
Uncollected dividends beyond the collection period which are reclassified to capital surplus	14	19
Cash dividends contributed to the Group	(311,324)	(210,055)
Share of net assets of major associate at September 30	3,486,894	2,105,874
Add: good will	1,463,162	887,684
Less: unrealized profits on upstream sales net assets of the associates	(78,206)	(44,363)
Total carrying amount of the major associate	\$ 4,871,850	2,949,195

(e) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2020	\$ 1,013,924	8,157,551	195,903,720	919,015	2,249,124	208,243,334
Additions	-	-	662,441	50,287	5,508,201	6,220,929
Disposals	-	(12,660)	(687,930)	(153,594)	-	(854,184)
Reclassification	-	-	1,603,048	16,090	(1,787,730)	(168,592)
Effect of exchange rate change	-	(14)	14	(138)	-	(138)
Balance as of September 30, 2020	\$ 1,013,924	8,144,877	197,481,293	831,660	5,969,595	213,441,349
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	-	-	1,494,970	35,313	2,032,605	3,562,888
Disposals	-	-	(89,892)	(6,431)	-	(96,323)
Reclassification	-	416,922	12,979,294	13,822	(13,410,038)	-
Effect of exchange rate change	-	72	(3,550)	4,948	-	1,470
Balance as of September 30, 2019	\$ 1,013,924	8,157,629	195,127,257	1,180,430	2,509,010	207,988,250
Accumulated depreciation / impairment:						
Balance as of January 1, 2020	\$ -	2,295,380	119,651,185	766,657	-	122,713,222
Depreciation for the period	-	239,976	10,225,074	33,327	-	10,498,377
Disposals	-	(5,965)	(687,930)	(153,594)	-	(847,489)
Reclassification	-	-	(41,963)	10,466	-	(31,497)
Effect of exchange rate change	-	(12)	421	22	-	431
Balance as of September 30, 2020	\$ -	2,529,379	129,146,787	656,878	-	132,333,044
Balance as of January 1, 2019	\$ -	1,978,349	106,196,034	986,840	-	109,161,223
Depreciation for the period	-	237,029	10,206,524	29,190	-	10,472,743
Reversal of impairment loss	-	-	(213,283)	-	-	(213,283)
Disposals	-	-	(92,546)	(3,481)	-	(96,027)
Reclassification	-	-	(9,904)	9,904	-	-
Effect of exchange rate change	-	53	(981)	2,272	-	1,344
Balance as of September 30, 2019	\$ -	2,215,431	116,085,844	1,024,725	-	119,326,000
Carrying amounts:						
Balance as of September 30, 2020	\$ 1,013,924	5,615,498	68,334,506	174,782	5,969,595	81,108,305
Balance as of December 31, 2019	\$ 1,013,924	5,862,171	76,252,535	152,358	2,249,124	85,530,112
Balance as of September 30, 2019	\$ 1,013,924	5,942,198	79,041,413	155,705	2,509,010	88,662,250

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Right-of-use assets

	<u>Land</u>
Cost :	
Balance at January 1, 2020	\$ 297,829
Additions	1,884,277
Decrease	<u>(297,829)</u>
Balance at September 30, 2020	<u><u>\$ 1,884,277</u></u>
Balance at January 1, 2019	\$ 300,605
Decrease	<u>(2,776)</u>
Balance at September 30, 2019	<u><u>\$ 297,829</u></u>
Accumulated depreciation:	
Balance at January 1, 2020	\$ 198,607
Depreciation for the period	146,197
Decrease	<u>(297,829)</u>
Balance at September 30, 2020	<u><u>\$ 46,975</u></u>
Balance at January 1, 2019	\$ -
Depreciation for the period	<u>148,996</u>
Balance at September 30, 2019	<u><u>\$ 148,996</u></u>
Carrying Amount:	
Balance at September 30, 2020	<u><u>\$ 1,837,302</u></u>
Balance at December 31, 2019	<u><u>\$ 99,222</u></u>
Balance at September 30, 2019	<u><u>\$ 148,833</u></u>
Balance at January , 2019	<u><u>\$ 300,605</u></u>

(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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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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 nine months ended September 30, 2020 and 2019, the Group recognized the interest revenue of \$18,990, \$23,651, \$60,571 and \$74,199, 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:

	September 30, 2020	December 31, 2019	September 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	66,082	264,330	264,330
Four to five years	-	-	68,083
Total lease payments receivable	859,072	1,057,320	1,125,403
Unearned finance income	(120,849)	(181,420)	(203,951)
Present value of lease payments receivable	<u>\$ 738,223</u>	<u>875,900</u>	<u>921,452</u>

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

(h) Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Current	<u>\$ 177,833</u>	<u>99,924</u>	<u>149,622</u>
Non-current	<u>\$ 1,662,485</u>	<u>-</u>	<u>-</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest on lease liabilities	<u>\$ 6,276</u>	<u>645</u>	<u>6,688</u>	<u>2,463</u>
Expenses relating to short-term leases and low-value lease assets	<u>\$ 25,402</u>	<u>18,608</u>	<u>67,861</u>	<u>52,053</u>

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

	For the nine months ended September 30,	
	2020	2019
Total cash outflow for leases	<u>\$ 218,362</u>	<u>185,448</u>

(i) Land lease

As of September 30, 2020, the Group leases its land with a period of 3 to 10 years. The lease included an option to terminate the contract, which is 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.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating cost	<u>\$ 1,515</u>	<u>1,879</u>	<u>4,649</u>	<u>5,743</u>
Operating expenses	<u>978</u>	<u>1,086</u>	<u>2,830</u>	<u>3,153</u>
Total	<u>\$ 2,493</u>	<u>2,965</u>	<u>7,479</u>	<u>8,896</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(ii) Defined contribution plans

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating cost	\$ 23,457	22,729	70,180	68,199
Operating expenses	22,760	17,649	63,009	51,455
Total	<u>\$ 46,217</u>	<u>40,378</u>	<u>133,189</u>	<u>119,654</u>

(j) Income tax

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Current tax expense				
Current period	\$ 315,459	319,364	1,306,335	738,640
Adjustment for prior periods	-	-	(588,184)	(485,929)
Surtax on undistributed earnings	-	-	171,974	673,894
Taxes on remitted earnings from subsidiary	103,526	-	103,526	-
Deferred tax (income) expense	62,180	159,567	98,828	209,491
Tax expense	<u>\$ 481,165</u>	<u>478,931</u>	<u>1,092,479</u>	<u>1,136,096</u>

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

(k) Capital and other equity

Except as described below, there was no material change in equity for the nine months ended September 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, May 6 and August 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, 664 thousand and 17,951 thousand ordinary shares at par value, respectively, with an issuing prices of \$29.2, \$29.2 and \$28.5 to \$29.2 per share, which totaled 192,470 thousand. All issued shares were paid up upon issuance and the related process for registration had been completed.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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For the third quarter of 2020, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 798 thousand ordinary shares, at issuing prices of \$28.5 to \$29.6 per share, which totaled \$23,147, which was recognized as advance receipts for share capital as of September 30, 2020.

(ii) Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
Premium from the issuance of stock	\$ 29,379,775	29,010,509	28,994,659
Employee stock option plans	2,790,727	2,732,307	2,699,950
Expired employee stock option plans	262,499	262,499	262,499
Past due unclaimed dividends	79	-	-
Change in equity of associates accounted for using equity method	38	24	24
	<u><u>\$ 32,433,118</u></u>	<u><u>32,005,339</u></u>	<u><u>31,957,132</u></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.

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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

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

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized loss 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	(1,207,638)	-	(1,207,638)
Unrealized loss from financial of assets measured at fair value through other comprehensive loss, associates accounted for using equity method	-	(207,159)	(207,159)
Balance as of September 30, 2020	<u><u>\$ (2,145,677)</u></u>	<u><u>(310,220)</u></u>	<u><u>(2,455,897)</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized loss from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2019	\$ (179,736)	(94,098)	(273,834)
Exchange differences on translation of foreign financial statements	314,993	-	314,993
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(23,405)	(23,405)
Balance as of September 30, 2019	<u>\$ 135,257</u>	<u>(117,503)</u>	<u>17,754</u>

(l) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the nine months ended September 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.

The company approved to distribute its cash dividends in the third quarter of 2020. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to \$28.5 dollars and \$29.6 dollars respectively, in accordance with the offering and exercising terms and conditions of ESOP.

(i) Relevant information of employee stock option plans

The Company:

	For the nine months ended September 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	28.52	(19,926)	29.22	(20,016)
Options expired	-	-	35.60	(60,367)
Options forfeited	28.55	(2,359)	29.24	(519)
Outstanding at September 30,	28.51	<u>5,917</u>	30.08	<u>28,480</u>
Options exercisable at September 30,	28.51	<u>5,917</u>	30.07	<u>5,808</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Compensation cost

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Compensation cost arising from share options granted to employees	\$ <u>1,860</u>	<u>32,509</u>	<u>58,420</u>	<u>117,759</u>

(m) Earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Basic earnings per share:				
Net profit attributable to the Company	\$ <u>1,613,376</u>	<u>2,204,797</u>	<u>6,761,892</u>	<u>8,538,730</u>
Weighted-average number of ordinary shares outstanding (basic)	<u>3,072,893</u>	<u>3,052,680</u>	<u>3,062,632</u>	<u>3,042,467</u>
Basic earnings per share (dollar)	\$ <u>0.53</u>	<u>0.72</u>	<u>2.21</u>	<u>2.81</u>
Diluted earnings per share:				
Net profit attributable to the Company (basic)	\$ <u>1,613,376</u>	<u>2,204,797</u>	<u>6,761,892</u>	<u>8,538,730</u>
Weighted-average number of ordinary shares (basic)	<u>3,072,893</u>	<u>3,052,680</u>	<u>3,062,632</u>	<u>3,042,467</u>
Effect of employee share option	3,184	17,401	10,073	22,049
Effect of employee remuneration	<u>8,588</u>	<u>12,659</u>	<u>10,586</u>	<u>12,659</u>
Weighted-average number of ordinary shares (diluted)	<u>3,084,665</u>	<u>3,082,740</u>	<u>3,083,291</u>	<u>3,077,175</u>
Diluted earnings per share (dollar)	\$ <u>0.52</u>	<u>0.72</u>	<u>2.19</u>	<u>2.77</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended September 30, 2020			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 3,697,795	386,799	4,084,594
Japan	-	335,274	335,274
Malaysia	138,976	317,625	456,601
Korea	15,663	96,780	112,443
China	6,823,689	2,072,862	8,896,551
USA	18,989	117,387	136,376
Thailand	106,614	353,827	460,441
Germany	-	131,536	131,536
Vietnam	6,358	179,805	186,163
Singapore	56,222	67,135	123,357
Other countries	6,399	394,132	400,531
	\$ 10,870,705	4,453,162	15,323,867
Major products/services line:			
Dynamic Random Access Memory (DRAM)	\$ 10,829,924	4,452,898	15,282,822
Other	40,781	264	41,045
	\$ 10,870,705	4,453,162	15,323,867
For the three months ended September 30, 2019			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 4,970,539	311,311	5,281,850
Japan	-	460,663	460,663
Malaysia	7,757	176,088	183,845
Korea	23,530	172,438	195,968
China	5,637,169	1,929,921	7,567,090
USA	118,709	40,924	159,633
Thailand	144,405	181,729	326,134
Germany	-	97,341	97,341
Other countries	106,938	419,891	526,829
	\$ 11,009,047	3,790,306	14,799,353

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended September 30, 2019			
	Manufacturing department	Overseas sales department	Total
Major products/services line:			
Dynamic Random Access Memory (DRAM)	\$ 10,969,856	3,790,025	14,759,881
Other	39,191	281	39,472
	\$ 11,009,047	3,790,306	14,799,353
For the nine months ended September 30, 2020			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 12,647,765	1,360,838	14,008,603
Japan	-	1,131,487	1,131,487
Malaysia	261,367	927,946	1,189,313
Korea	62,417	340,969	403,386
China	19,847,615	5,565,690	25,413,305
USA	51,618	361,404	413,022
Thailand	374,086	870,558	1,244,644
Germany	-	411,723	411,723
Vietnam	61,094	389,236	450,330
Singapore	206,033	203,572	409,605
Other countries	150,483	1,006,193	1,156,676
	\$ 33,662,478	12,569,616	46,232,094
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 33,557,686	12,568,811	46,126,497
Other	104,792	805	105,597
	\$ 33,662,478	12,569,616	46,232,094

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2019			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 15,494,544	489,398	15,983,942
Japan	-	1,416,325	1,416,325
Malaysia	22,536	601,602	624,138
Korea	142,330	378,987	521,317
China	12,822,351	4,463,908	17,286,259
USA	188,746	136,718	325,464
Thailand	282,620	438,274	720,894
Germany	-	277,850	277,850
Other countries	312,667	1,143,093	1,455,760
	<u><u>\$ 29,265,794</u></u>	<u><u>9,346,155</u></u>	<u><u>38,611,949</u></u>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 29,149,737	9,345,316	38,495,053
Other	116,057	839	116,896
	<u><u>\$ 29,265,794</u></u>	<u><u>9,346,155</u></u>	<u><u>38,611,949</u></u>

(ii) Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable from operating activities	\$ -	-	1,039
Notes receivable-related parties from non-operating activities	-	41,545	-
Accounts receivable	9,636,173	7,291,735	8,046,973
Accounts receivable-related parties	1,384	-	-
Total	<u><u>\$ 9,637,557</u></u>	<u><u>7,333,280</u></u>	<u><u>8,048,012</u></u>

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

(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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$41,929, \$167,948, \$493,822 and \$539,035 for the three months and nine months ended September 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

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest income from bank deposits and short-term notes	\$ 89,224	238,590	526,093	940,889
Interest income from financial assets measured at amortized cost	18,990	23,651	60,571	74,199
	<u>\$ 108,214</u>	<u>262,241</u>	<u>586,664</u>	<u>1,015,088</u>

(i) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Foreign exchange gains (losses)	\$ (228,511)	(38,396)	(352,725)	78,150
Reversal of impairment gain on non-financial assets	-	92,961	-	213,283
Gain or loss on disposal of property, plant and equipment	(6,671)	4,703	(6,651)	4,416
Others	39,858	36,018	132,061	104,156
	<u>\$ (195,324)</u>	<u>95,286</u>	<u>(227,315)</u>	<u>400,005</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Financing from other related parties	\$ 27	32	87	110
Amortization interest of lease liabilities	6,276	645	6,688	2,463
Others	47	48	142	143
	<u>\$ 6,350</u>	<u>725</u>	<u>6,917</u>	<u>2,716</u>

(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 note6(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 September 30, 2020, December 31 and September 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.

(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
September 30, 2020							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,406	3,511	-	3,511	-	-	-
Accounts payable (including related parties)	4,077,641	4,077,641	4,077,641	-	-	-	-
Other payables (including related parties)	5,420,501	5,420,501	5,420,501	-	-	-	-
Lease liabilities (including current portion)	1,840,318	1,964,784	100,758	100,758	201,517	806,065	755,686
	<u>\$ 11,341,866</u>	<u>11,466,437</u>	<u>9,598,900</u>	<u>104,269</u>	<u>201,517</u>	<u>806,065</u>	<u>755,686</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2019							
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	-	-	-	-
Other payable (including related parties)	7,852,560	7,852,560	7,852,560	-	-	-	-
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>
September 30, 2019							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,510	3,668	79	3,589	-	-	-
Accounts payable (including related parties)	3,107,366	3,107,366	3,107,366	-	-	-	-
Other payables (including related parties)	8,445,531	8,445,531	8,445,531	-	-	-	-
Lease liabilities-(current)	149,622	150,505	100,337	50,168	-	-	-
	<u>\$ 11,706,029</u>	<u>11,707,070</u>	<u>11,653,313</u>	<u>53,757</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:

September 30, 2020				December 31, 2019				September 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	\$ 395,950	29.126	11,532,440	242,435	30.106	7,298,748	393,810	31.042	12,224,650		
JPY	17,783	0.2744	4,880	888,926	0.2763	245,610	1,662,378	0.2875	477,934		
EUR	105	34.0506	3,575	144	33.690	4,851	61	33.9439	2,071		
HKD	767,790	3.7416	2,872,763	227,936	3.863	880,608	68,469	3.9581	271,007		
Financial liabilities:											
Monetary items											
USD	\$ 146,068	29.126	4,254,377	112,965	30.106	3,400,924	131,174	31.042	4,071,903		
JPY	4,536,290	0.2744	1,244,758	2,014,894	0.2763	556,715	2,302,487	0.2875	661,965		
EUR	921	34.0506	31,361	4,616	33.6895	155,511	434	33.9439	14,732		

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 September 30, 2020 and 2019 would have increased the net income before tax by \$88,832 and \$82,271 for the nine months ended September 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

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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 nine months ended September 30, 2020 and 2019, foreign exchange gain (including realized and unrealized portions) amounted to \$(352,725) and \$78,150, 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 \$34 and \$35 for the nine months ended September 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.

(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:

	September 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 47,125,617	-	-	-	-
Accounts receivable (including related parties)	9,637,557	-	-	-	-
Other receivables	1,605,787	-	-	-	-
Lease payments receivable (including current portion)	738,223	-	-	-	-
Total	<u>\$ 59,107,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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September 30, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,077,641	-	-	-	-
Other payables (including related parties)	5,423,907	-	-	-	-
Lease liabilities (including current portion)	1,840,318	-	-	-	-
Total	<u>\$ 11,341,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	1,434,729	-	-	-	-
Lease payments receivable (including current position)	875,900	-	-	-	-
Total	<u>\$ 53,792,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,706,958	-	-	-	-
Other payables (including related parties)	7,856,010	-	-	-	-
Lease liabilities-current	99,924	-	-	-	-
Total	<u>\$ 10,662,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2019					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 43,183,908	-	-	-	-
Notes and accounts receivable	8,048,012	-	-	-	-
Other receivables	1,636,228	-	-	-	-
Lease payments receivable (including current portion)	921,452	-	-	-	-
Total	<u>\$ 53,789,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,107,366	-	-	-	-
Other payables (including related parties)	8,449,041	-	-	-	-
Lease liabilities-current	149,622	-	-	-	-
Total	<u>\$ 11,706,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) There were no transfers from financial assets for the nine months ended September 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.

(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 nine months ended September 30, 2020 and 2019 were as follows:

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

- (ii)

	For the nine months ended September 30,	
	2020	2019
Acquisition of property, plant and equipment	\$ 6,220,929	3,562,888
Add: Payables on equipment at beginning of period	973,002	2,069,866
Less: Payables on equipment at end of period	(2,099,018)	(976,911)
Other	(167,843)	-
Cash Paid	<u><u>\$ 4,927,070</u></u>	<u><u>4,655,843</u></u>
Acquisition of intangible assets	\$ 1,650,880	292,838
Add: Payables on patent authorization at beginning of period	204,017	-
Less: Payables on patent authorization at end of period	(993,500)	(210,360)
Other	(42,716)	(2,949)
Cash paid	<u><u>\$ 818,681</u></u>	<u><u>79,529</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2019
(iii) Retirement of treasury shares	<u>2,665,621</u>
(iv) Reconciliation of liabilities arising from financing activities was as follows :	

	January 1, 2020	Cash flow	Additions	Non-Cash changes Increased by other payables	Interest expense	September 30, 2020
Lease liabilities	\$ <u>99,924</u>	<u>(144,225)</u>	<u>1,884,277</u>	<u>(70)</u>	<u>412</u>	<u>1,840,318</u>

	January 1, 2019	Cash flow	Change in an index of lease payment	Non-Cash changes Increased by other payables	Interest expense	September 30, 2019
Lease liabilities	\$ <u>300,605</u>	<u>(133,947)</u>	<u>(2,776)</u>	<u>(16,723)</u>	<u>2,463</u>	<u>149,622</u>

(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.

Name of related party	Relationship with the Group
Formosa Petrochemical Corporation	The Group's other related parties
Formosa Carpet Co.,Ltd	The Group's other related parties
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
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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(b) Significant transactions with related parties

(i) Sales to related parties

Relationship	Sales				Accounts receivable to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associates	\$ <u>1,337</u>	<u>-</u>	<u>1,337</u>	<u>-</u>	<u>1,384</u>	<u>-</u>	<u>-</u>

(ii) Purchase from related parties

Relationship	Purchases				Accounts payable to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Entities with significant influence over the Group	\$ 18,447	18,048	62,499	79,512	5,882	6,183	6,044
Associates	37	-	801	984	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	151,799	255,129	453,248	1,038,483	100,175	119,204	249,187
Other related parties	<u>64,968</u>	<u>64,359</u>	<u>166,026</u>	<u>234,715</u>	<u>3,836</u>	<u>7,812</u>	<u>15,459</u>
	\$ <u>235,251</u>	<u>337,536</u>	<u>682,574</u>	<u>1,353,694</u>	<u>109,893</u>	<u>133,199</u>	<u>270,690</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.

(iii) Consigned out for processing

Relationship	Amount				Other payables to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associates	\$ <u>1,701,480</u>	<u>1,833,392</u>	<u>5,463,007</u>	<u>5,183,993</u>	<u>1,022,841</u>	<u>1,202,342</u>	<u>1,616,819</u>

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

(iv) Financing from related parties

Relationship	Financial costs			
	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Other related parties:				
Formosa Technologies (Nanjing) Corporation	\$ <u>27</u>	<u>32</u>	<u>87</u>	<u>110</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Relationship	Other payables to related parties					
	Balance of borrowings			Interest payable		
	September 30, 2020	December 31, 2019	September 30, 2019	September 30, 2020	December 31, 2019	September 30, 2019
Other related parties:						
Formosa Technologies (Nanjing) Corporation	\$ 3,406	3,450	3,510	30	65	35

(v) Property transactions

Acquisition of equipment

Relationship	Acquisition price		Other payables to related parties		
	For the nine months ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019			
Entities with significant influence over the Group	\$ 24,650	-	24,650	-	-
Other related parties	-	340	-	-	-
	<u>\$ 24,650</u>	<u>340</u>	<u>24,650</u>	<u>-</u>	<u>-</u>

(vi) Leases

Relationship	Acquisition price			
	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Entities with significant influence over the Group	\$ 15,311	12,675	45,940	36,769

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.

The Group entered into 9 to 10 year lease agreements between July and August 2020, as well as a 3-year lease agreement in July 2017, with Nan Ya Plastics Corporation, at the total values of \$2,015,018 and \$617,862, respectively. Also, for the three months and nine months ended September 30, 2020 and 2019, the Group recognized the amount of \$6,276, \$645, \$6,688 and \$2,463, as interest expense, respectively. Furthermore, as of September 30, 2020, December 31 and September 30, 2019, the balance of lease liabilities amounted to \$1,840,318, \$99,924 and \$149,622, respectively. In additions, for the nine months ended September 30, 2020, the Group recognized the additional amount of \$1,884,277 of right-of-use assets. Please refer to Note 6(f) for the details on right-of-use assets.

(vii) Other

Relationship	Other income				Notes receivable from related parties		
	For the three months ended September 30,		For the nine months ended September 30		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associates	\$ 2,476	-	2,476	-	-	41,545	-

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Short-term employee benefits	\$ 42,028	68,259	66,850	92,222
Share-based payment	-	855	702	3,087
	<u>\$ 42,028</u>	<u>69,114</u>	<u>67,552</u>	<u>95,309</u>

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:

Pledged assets	Object	September 30, 2020	December 31, 2019	September 30, 2019
Other non-current assets	Office leasing	\$ 4,985	5,122	5,270
Other non-current assets	Remitted funds for investment plan	926,032	-	-
		<u>\$ 931,017</u>	<u>5,122</u>	<u>5,270</u>

(9) Commitments and contingencies:

(a) Significant commitments

	September 30, 2020	December 31, 2019	September 30, 2019
Guarantees for importation goods provided by bank	\$ 935,000	1,045,000	1,045,000
Unused letters of credit	295,299	39,023	29,739
Total	<u>\$ 1,230,299</u>	<u>1,084,023</u>	<u>1,074,739</u>

(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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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 September 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: None

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

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

	For the three months ended September 30, 2020			For the three months ended September 30, 2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	651,474	561,786	1,213,260	766,822	607,558	1,374,380
Labor and health insurance	48,306	42,495	90,801	48,526	35,945	84,471
Pension expenses	24,972	23,738	48,710	24,608	18,735	43,343
Remuneration of directors	-	1,550	1,550	-	1,560	1,560
Other personnel expenses	18,235	8,092	26,327	18,058	6,020	24,078
Depreciation expenses	3,419,986	110,155	3,530,141	3,600,520	77,891	3,678,411
Amortization expenses	126,831	1,267	128,098	26,614	-	26,614

	For the nine months ended September 30, 2020			For the nine months ended September 30, 2019		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	2,300,147	1,713,279	4,013,426	2,196,744	1,545,634	3,742,378
Labor and health insurance	146,506	122,715	269,221	143,790	107,177	250,967
Pension expenses	74,829	65,839	140,668	73,942	54,608	128,550
Remuneration for directors	-	4,800	4,800	-	4,990	4,990
Other personnel expenses	55,039	21,818	76,857	53,789	17,782	71,571
Depreciation expenses	10,322,877	321,697	10,644,574	10,443,183	178,556	10,621,739
Amortization expenses	171,657	1,267	172,924	66,328	-	66,328

- (b) The Group's operations were not affected by seasonality or cyclical factors.

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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 nine months ended September 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 (%)	Fair value	
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)	(7,350,094)	(15.98)%	O/A 60~90Days	-		2,155,916	22.01%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(2,820,765)	(6.13)%	O/A 180Days	-		696,844	7.11%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(2,022,335)	(4.40)%	O/A 60~90Days	-		472,305	4.82%	(Note)
The Company	Nanya Technology Corp., HK	subsidiary	(Sale)	(131,628)	(0.29)%	O/A 60~90 Days	-		37,311	0.38%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(341,659)	100.00%	O/A 60~90 Days	-		41,695	100.00%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	7,350,094	100.00%	O/A 60~90Days	-		(2,155,916)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	2,820,765	100.00%	O/A 180Days	-		(696,844)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	2,022,335	100.00%	O/A 60~90Days	-		(472,305)	(100.00)%	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	131,628	100.00%	O/A 60~90Days	-		(37,311)	(100.00)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	453,248	5.03%	O/A 60Days	-		(100,175)	(2.46)%	-
The Company	Formosa Biomedical Technology Corporation	Other related parties	Purchase	107,075	1.19%	Payment after arrival and inspection of good	-		(3,374)	(0.08)%	-

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note: The transactions were written off in the 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	2,155,916	5.35	-	-	885,380	-
The Company	Nanya Technology Corp., Japan	Subsidiary	696,844	6.51	-	-	229,504	-
The Company	Nanya Technology Europe GmbH	Subsidiary	472,305	6.29	-	-	287,277	-

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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	7,350,094	On the basis of general conditions	15.90%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	2,820,765	On the basis of general conditions	6.10%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	2,022,335	On the basis of general conditions	4.37%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Sales	131,628	On the basis of general conditions	0.28%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	341,659	On the basis of general conditions	0.74%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	2,155,916	On the basis of general conditions	1.29%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	696,844	On the basis of general conditions	0.42%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	472,305	On the basis of general conditions	0.28%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	37,311	On the basis of general conditions	0.02%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	41,695	On the basis of general conditions	0.02%

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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

The following is the information on investees for the nine months ended September 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 September 30, 2020			Net income of investee	Share of profits of investee	Note
				September 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 %	160,838	15,500	15,500	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A.	Design of semiconductor products	36,005	36,005	-	100.00 %	175,358	17,423	17,423	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00 %	69,038	9,711	9,711	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	177,484	(3,872)	(3,872)	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	37,004,400	37,004,400	1	100.00 %	35,032,525	481,002	481,002	(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 %	4,871,850	1,086,685	371,083	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	76,680	10,664	10,664	(Note1)

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

(2) Investment accounted for using equity method.

(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 September 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	28,689 (USD985 thousand)	(Note 1)	28,689 (USD985 thousand)	-	-	28,689 (USD985 thousand)	(2,260)	100.00%	(2,260) (Note 2)	12,825	-

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

Note 2 : The financial statements were reviewed by a certified public accountant of the Taiwanese parent company.

Note3 : 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 September 30, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
28,689 (USD985 thousand)	28,689 (USD985 thousand)	92,039,141

Note 1 : The exchange rate of New Taiwan dollars to US dollars on June 30, 2020 was USD1 : TWD 29.126

Note 2 : 60% of net equity.

(iii) Significant transactions: None

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.33 %
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.

(14) Segment information:

For the three months ended September 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,453,162	-	10,870,705	-	-	15,323,867
From sales among intersegments	10,989	138,666	4,294,081	-	(4,443,736)	-
Total revenue	<u>\$ 4,464,151</u>	<u>138,666</u>	<u>15,164,786</u>	<u>-</u>	<u>(4,443,736)</u>	<u>15,323,867</u>
Reportable segment profit or loss	<u>\$ (714)</u>	<u>6,884</u>	<u>2,094,265</u>	<u>80,644</u>	<u>(86,538)</u>	<u>2,094,541</u>
For the three months ended September 30, 2019						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 3,790,306	-	11,009,047	-	-	14,799,353
From sales among intersegments	13,745	165,966	3,702,566	-	(3,882,277)	-
Total revenue	<u>\$ 3,804,051</u>	<u>165,966</u>	<u>14,711,613</u>	<u>-</u>	<u>(3,882,277)</u>	<u>14,799,353</u>
Reportable segment profit or loss	<u>\$ 3,617</u>	<u>8,339</u>	<u>2,683,207</u>	<u>217,249</u>	<u>(228,684)</u>	<u>2,683,728</u>
For the nine months ended September 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 12,569,616	-	33,662,478	-	-	46,232,094
From sales among intersegments	33,825	341,659	12,324,821	-	(12,700,305)	-
Total revenue	<u>\$ 12,603,441</u>	<u>341,659</u>	<u>45,987,299</u>	<u>-</u>	<u>(12,700,305)</u>	<u>46,232,094</u>
Reportable segment profit or loss	<u>\$ 22,248</u>	<u>17,423</u>	<u>7,853,462</u>	<u>481,002</u>	<u>(519,764)</u>	<u>7,854,371</u>

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For the nine months ended September 30, 2019						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 9,346,155	-	29,265,794	-	-	38,611,949
From sales among intersegments	38,147	345,408	9,128,471	-	(9,512,026)	-
Total revenue	<u>\$ 9,384,302</u>	<u>345,408</u>	<u>38,394,265</u>	<u>-</u>	<u>(9,512,026)</u>	<u>38,611,949</u>
Reportable segment profit or loss	<u>\$ 30,122</u>	<u>17,667</u>	<u>9,673,497</u>	<u>745,134</u>	<u>(791,594)</u>	<u>9,674,826</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at September 30, 2020	<u>\$ 3,802,276</u>	<u>176,415</u>	<u>167,229,704</u>	<u>35,032,525</u>	<u>(39,034,455)</u>	<u>167,206,465</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 September 30, 2019	<u>\$ 2,987,322</u>	<u>169,252</u>	<u>165,664,086</u>	<u>31,790,334</u>	<u>(34,963,396)</u>	<u>165,647,598</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at September 30, 2020	<u>\$ 3,383,158</u>	<u>1,057</u>	<u>13,831,135</u>	<u>-</u>	<u>(3,407,454)</u>	<u>13,807,896</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 September 30, 2019	<u>\$ 2,578,476</u>	<u>560</u>	<u>13,881,438</u>	<u>-</u>	<u>(2,595,524)</u>	<u>13,864,950</u>