

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

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

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Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation :

Introduction

We have reviewed the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, 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 six months ended June 30, 2020, 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 six months ended June 30, 2020

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

Unqualified Conclusion and Qualified Conclusion

Except for the adjustments for the six months ended June 30, 2020, 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 six months ended June 30, 2020 above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as of its consolidated cash flows for the six months ended June 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

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

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

KPMG

Taipei, Taiwan (Republic of China)
August 4, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2021		December 31, 2020		June 30, 2020				June 30, 2021		December 31, 2020		June 30, 2020	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 67,737,583	38	51,725,906	31	51,335,225	30	2170	Accounts payable	\$ 3,337,976	2	2,027,096	1	2,042,402	1
1150	Notes receivable, net (Notes 6(b)(p))	4	-	-	-	37	-	2180	Accounts payable to related parties (Note 7)	119,521	-	84,678	-	95,815	-
1170	Accounts receivable, net (Notes 6(b)(p))	10,812,992	6	7,867,928	4	9,892,078	6	2200	Other payables	5,406,371	3	4,210,690	2	5,947,646	3
1180	Accounts receivable due from related parties, net (Note 6(b)(p) and 7)	-	-	8,237	-	-	-	2216	Dividends payable (Note 6(m))	4,000,775	3	780	-	4,600,756	3
1200	Other receivables (Notes 6(c))	1,398,955	1	1,496,119	1	1,734,762	1	2220	Other payables to related parties (Note 7)	1,307,668	-	1,069,910	1	1,151,802	1
1210	Other receivables due from related parties (Note 7)	325,475	-	-	-	311,324	-	2230	Current tax liabilities	1,920,791	1	1,131,327	1	1,163,028	1
1310	Inventories (Note 6(d))	11,077,152	6	14,126,982	9	16,586,421	10	2280	Current lease liabilities (Notes 6(j) and 7)	193,909	-	178,432	-	-	-
1410	Prepayments (Note 6(e))	1,000,113	1	559,481	-	742,259	-	2399	Other current liabilities	717	-	75,759	-	1,044	-
1470	Other current assets (Note 6(e))	635,130	-	959,948	1	871,416	1		Total current liabilities	16,287,728	9	8,778,672	5	15,002,493	9
	Total current assets	92,987,404	52	76,744,601	46	81,473,522	48		Non-Current liabilities:						
	Non-current assets:							2570	Deferred tax liabilities	41,900	-	4,042	-	1,179	-
1550	Investments accounted for using equity method (Note 6(f))	5,106,165	3	5,160,505	3	4,823,727	3	2580	Non-current lease liabilities (Notes 6(j) and 7)	1,571,183	2	1,617,652	1	-	-
1600	Property, plant and equipment (Notes 6(g)(v) and 7)	75,957,021	43	79,728,620	49	80,497,815	48	2640	Net defined benefit liability, non-current	554,313	-	566,283	-	573,613	-
1755	Right-of-use assets (Notes 6(h))	1,753,850	2	1,790,192	1	-	-	2670	Other non-current liabilities	658,422	-	853,304	1	171,009	-
1780	Intangible assets	1,137,642	-	1,258,380	1	258,282	-		Total non-current liabilities	2,825,818	2	3,041,281	2	745,801	-
1840	Deferred tax assets	314,214	-	353,567	-	519,150	-		Total liabilities	19,113,546	11	11,819,953	7	15,748,294	9
194D	Long-term financial lease payments receivable (Note 6(i))	371,855	-	483,436	-	589,351	1		Equity (Note 6(m)):						
1990	Other non-current assets (Note 8)	132,678	-	112,679	-	51,079	-	3110	Ordinary shares	30,970,119	17	30,935,939	19	30,746,609	18
	Total non-current assets	84,773,425	48	88,887,379	54	86,739,404	52	3140	Advance receipts for share capital	1,123	-	36,264	-	512,665	-
								3200	Capital surplus	32,747,269	18	32,451,689	20	32,086,782	19
								3310	Legal reserve	14,879,816	8	14,110,871	8	14,110,871	8
								3320	Special reserve	3,011,507	2	1,041,100	1	1,041,100	1
								3350	Unappropriated retained earnings	81,522,951	46	79,394,603	48	76,853,667	46
								3400	Other equity interest	(3,791,723)	(2)	(3,011,507)	(2)	(1,740,130)	(1)
								3500	Treasury shares	(693,779)	-	(1,146,932)	(1)	(1,146,932)	-
									Total equity	158,647,283	89	153,812,027	93	152,464,632	91
Total assets		\$ 177,760,829	100	165,631,980	100	168,212,926	100	Total liabilities and equity		\$ 177,760,829	100	165,631,980	100	168,212,926	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 six months ended June 30, 2021 and 2020

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

	For the three months ended June 30,				For the six months ended June 30,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(p))	\$ 22,637,468	100	16,489,357	100	40,368,081	100	30,908,227	100
5000 Operating costs (Notes 6(g)(h)(j)(k)(n)(q) and 7)	(13,054,142)	(58)	(11,447,186)	(69)	(25,622,743)	(63)	(22,429,857)	(73)
Gross profit from operations	9,583,326	42	5,042,171	31	14,745,338	37	8,478,370	27
Operating expenses (Notes 6(g)(h)(j)(k)(n)(q) and 7):								
6100 Selling expenses	(230,798)	(1)	(232,303)	(1)	(409,102)	(1)	(411,293)	(1)
6200 Administrative expenses	(407,811)	(2)	(342,048)	(2)	(721,942)	(2)	(695,941)	(2)
6300 Research and development expenses	(1,881,648)	(8)	(1,238,645)	(8)	(3,524,241)	(9)	(2,309,764)	(8)
Total operating expenses	(2,520,257)	(11)	(1,812,996)	(11)	(4,655,285)	(12)	(3,416,998)	(11)
Net operating income	7,063,069	31	3,229,175	20	10,090,053	25	5,061,372	16
Non-operating income and expenses (Notes 6(g)(i)(j)(r) and 7):								
7100 Interest income	81,347	-	228,948	1	146,211	-	478,450	1
7020 Other gains and losses, net	(339,078)	(1)	(156,009)	(1)	(225,836)	(1)	(31,991)	-
7050 Finance costs	(5,946)	-	(195)	-	(11,995)	-	(567)	-
7060 Share of profit of associates accounted for using equity method, net	120,448	-	134,160	1	255,412	1	252,566	1
Total non-operating income and expenses	(143,229)	(1)	206,904	1	163,792	-	698,458	2
7900 Profit from continuing operations before tax	6,919,840	30	3,436,079	21	10,253,845	25	5,759,830	18
7950 Income tax expenses (Note 6(l))	(756,473)	(3)	(215,837)	(1)	(1,386,145)	(3)	(611,314)	(2)
Profit	6,163,367	27	3,220,242	20	8,867,700	22	5,148,516	16
8300 Other comprehensive income (loss) (Note 6(m)):								
8310 Components of other comprehensive income (loss) income that will not be reclassified to profit or loss								
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	(26,609)	-	86,323	1	15,723	-	(136,751)	-
8349 Less: 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	(26,609)	-	86,323	1	15,723	-	(136,751)	-
8360 Components of other comprehensive (loss) income that may be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(810,208)	(3)	(749,080)	(5)	(795,939)	(2)	(562,279)	(2)
8399 Less: Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive (loss) income that may be reclassified to profit or loss	(810,208)	(3)	(749,080)	(5)	(795,939)	(2)	(562,279)	(2)
8300 Other comprehensive (loss) income, net	(836,817)	(3)	(662,757)	(4)	(780,216)	(2)	(699,030)	(2)
8500 Comprehensive income	\$ 5,326,550	24	2,557,485	16	8,087,484	20	4,449,486	14
Earnings per share (Note 6(o))								
9750 Basic earnings per share	\$ 2.00		1.05		2.88		1.68	
9850 Diluted earnings per share	\$ 1.99		1.05		2.86		1.67	

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 six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	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
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 six months ended June 30, 2020	-	-	-	-	-	5,148,516	-	-	-	-	5,148,516
Other comprehensive loss for the six months ended June 30, 2020	-	-	-	-	-	-	(562,279)	(136,751)	(699,030)	-	(699,030)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	5,148,516	(562,279)	(136,751)	(699,030)	-	4,449,486
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	982,459	-	(982,459)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	767,266	(767,266)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,600,000)	-	-	-	-	(4,600,000)
Other changes in capital surplus:											
Recognized compensation costs on employee stock options	-	-	56,560	-	-	-	-	-	-	-	56,560
Exercise of employee share options	12,960	509,190	24,883	-	-	-	-	-	-	-	547,033
Balance at June 30, 2020	\$ 30,746,609	512,665	32,086,782	14,110,871	1,041,100	76,853,667	(1,500,318)	(239,812)	(1,740,130)	(1,146,932)	152,464,632
Balance at January 1, 2021	\$ 30,935,939	36,264	32,451,689	14,110,871	1,041,100	79,394,603	(2,893,732)	(117,775)	(3,011,507)	(1,146,932)	153,812,027
Net profit for the six months ended June 30, 2021	-	-	-	-	-	8,867,700	-	-	-	-	8,867,700
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	(795,939)	15,723	(780,216)	-	(780,216)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	8,867,700	(795,939)	15,723	(780,216)	-	8,087,484
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	768,945	-	(768,945)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,970,407	(1,970,407)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,000,000)	-	-	-	-	(4,000,000)
Exercise of employee share options	34,180	(35,141)	63,274	-	-	-	-	-	-	-	62,313
Treasury shares transferred to employees	-	-	232,306	-	-	-	-	-	-	453,153	685,459
Balance at June 30, 2021	\$ 30,970,119	1,123	32,747,269	14,879,816	3,011,507	81,522,951	(3,689,671)	(102,052)	(3,791,723)	(693,779)	158,647,283

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 10,253,845	5,759,830
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	7,444,896	7,114,433
Amortization expense	129,938	44,826
Interest expense	11,995	567
Interest income	(146,211)	(478,450)
Share-based payments	233,245	56,560
Share of profit of associates accounted for using equity method	(255,412)	(252,566)
Gain or loss on disposal of property, plant and equipment	62	(20)
Reversal of impairment loss on non-financial assets	(869)	-
Unrealized foreign exchange gain or loss	(188,612)	60,436
Others	-	(30,748)
Total adjustments to reconcile profit	7,229,032	6,515,038
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(2,921,579)	(2,613,671)
Other receivables	104,126	(88,060)
Inventories	3,049,830	1,536,075
prepayments	(440,632)	(100,256)
Other current assets	324,818	123,710
Accounts payable (including related parties)	508,913	(638,712)
Other payables (including related parties)	1,483,277	(736,395)
Other current liabilities	(75,042)	(91,710)
Net defined benefit liability	(11,970)	(2,283)
Other non-current liabilities	2,796	(6,838)
Total net changes in operating assets and liabilities	2,024,537	(2,618,140)
Cash inflow generated from operations	19,507,414	9,656,728
Interest received	125,567	421,524
Interest paid	(12,076)	(217)
Income taxes paid	(526,578)	(928,282)
Net cash flows from operating activities	19,094,327	9,149,753
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(2,718,066)	(1,857,977)
Proceeds from disposal of property, plant and equipment	-	20
Increase in refundable deposits	(20,260)	(4,399)
Acquisition of intangible assets	(165,958)	(53,327)
Decrease in lease and installment receivables	132,165	132,165
Increase in other non-current assets	(3,886)	(3,905)
Net cash flows used in investing activities	(2,776,005)	(1,787,423)
Cash flows from financing activities:		
Decrease in guarantee deposits received	(29,236)	(9,938)
Decrease in other payables to related parties	-	(122)
Payment of lease liabilities	(90,432)	(100,336)
Exercise of employee share options	62,313	547,033
Treasury shares transferred to employees	452,214	-
Net cash flows from financing activities	394,859	436,637
Effect of exchange rate changes on cash and cash equivalents	(701,504)	(612,721)
Net increase in cash and cash equivalents	16,011,677	7,186,246
Cash and cash equivalents at beginning of period	51,725,906	44,148,979
Cash and cash equivalents at end of period	\$ 67,737,583	51,335,225

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

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

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 4, 2021.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(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, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
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 six months ended June 30, 2020 have not been reviewed by independent auditors.

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

(c) 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, and was adjusted according to material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year.

(d) 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.)

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

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, 2020. Please refer to Note 6 of the 2020 annual consolidated financial statements.

	June 30, 2021	December 31, 2020	June 30, 2020
Petty cash	\$ 94	108	123
Checking accounts and demand deposit	29,564,558	14,820,415	9,950,341
Cash equivalents:			
Time deposits	37,072,977	34,398,887	38,397,222
Commercial paper	449,954	2,014,416	2,263,681
Repurchase agreements collateralized by corporate bonds	650,000	492,080	723,858
	<u><u>\$ 67,737,583</u></u>	<u><u>51,725,906</u></u>	<u><u>51,335,225</u></u>

Time deposits are highly liquid investment that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, as well as are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Thereafter, they are classified as cash equivalents.

(b) Notes and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable - from non-operating activities	\$ 4	-	37
Accounts receivable (including related parties)-measured at amortized cost	10,812,992	7,876,165	9,892,078
	<u><u>\$ 10,812,996</u></u>	<u><u>7,876,165</u></u>	<u><u>9,892,115</u></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 (including related parties) 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provision for notes and account receivable (including related parties) was determined as follows:

June 30, 2021			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 10,711,291	-	-
1 to 30 days past due	101,705	-	-
	<u>\$ 10,812,996</u>		<u>-</u>
December 31, 2020			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 7,825,234	-	-
1 to 30 days past due	50,931	-	-
	<u>\$ 7,876,165</u>		<u>-</u>
June 30, 2020			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 9,856,455	-	-
1 to 30 days past due	35,366	-	-
31 to 60 days past due	294	-	-
	<u>\$ 9,892,115</u>		<u>-</u>

The Group did not recognize any allowance for impairment as there were no uncollected notes and accounts receivable (including related parties) that were past due as of June 30, 2021, December 31, and June 30, 2020.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other receivables

	June 30, 2021	December 31, 2020	June 30, 2020
Tax refund receivable	\$ 1,050,011	1,231,318	1,443,561
Lease payment receivable	217,495	206,450	195,965
Overpayment receivable of water utility bill	58,985	-	-
Interest receivable	18,747	29,732	65,941
Others	53,717	28,619	29,295
	<u>\$ 1,398,955</u>	<u>1,496,119</u>	<u>1,734,762</u>

For credit risk information, please refer to Note 6(s).

(d) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 405,219	350,906	353,603
Work in progress	7,023,620	6,578,665	6,796,604
Finished goods	3,648,313	7,197,411	9,436,214
	<u>\$ 11,077,152</u>	<u>14,126,982</u>	<u>16,586,421</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 six months ended June 30, 2021 and 2020.

(e) Prepayments and other current assets

(i) Prepayments

	June 30, 2021	December 31, 2020	June 30, 2020
Prepaid expense	\$ 806,373	556,428	708,046
Prepayments to purchases	193,740	3,053	34,213
	<u>\$ 1,000,113</u>	<u>559,481</u>	<u>742,259</u>

(ii) Other current assets

	June 30, 2021	December 31, 2020	June 30, 2020
Project consumables	\$ 421,696	676,200	593,816
Suppliers	213,434	283,748	277,600
	<u>\$ 635,130</u>	<u>959,948</u>	<u>871,416</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Associates	<u><u>\$ 5,106,165</u></u>	<u><u>5,160,505</u></u>	<u><u>4,823,727</u></u>

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		
			June 30, 2021	December 31, 2020	June 30, 2020
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 %	32.00 %

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

	June 30, 2021	December 31, 2020	June 30, 2020
Formosa Advanced Technologies Co., Ltd.	<u><u>\$ 17,711,000</u></u>	<u><u>16,716,000</u></u>	<u><u>16,915,000</u></u>

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

The financial information of FATC was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 9,261,910	7,816,528	7,290,803
Non-current assets	5,154,067	5,792,482	6,135,572
Current liabilities	(2,316,147)	(1,238,254)	(2,087,982)
Non-current liabilities	<u>(532,887)</u>	<u>(555,589)</u>	<u>(576,774)</u>
Net asset	<u><u>\$ 11,566,943</u></u>	<u><u>11,815,167</u></u>	<u><u>10,761,619</u></u>
Net asset contributed to FATC	<u><u>\$ 11,566,943</u></u>	<u><u>11,815,167</u></u>	<u><u>10,761,619</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Operating revenue	\$ <u>2,466,909</u>	<u>2,387,614</u>	<u>5,001,263</u>	<u>4,961,636</u>
Profit	\$ 358,514	344,127	719,750	731,783
Other comprehensive loss	(83,153)	269,757	49,135	(427,348)
Total comprehensive income	\$ <u>275,361</u>	<u>613,884</u>	<u>768,885</u>	<u>304,435</u>
Total comprehensive income contributed to FATC	\$ <u>275,361</u>	<u>613,884</u>	<u>768,885</u>	<u>304,435</u>

	For the six months ended June 30,	
	2021	2020
Share of net assets of the major associate at January 1	\$ 3,780,854	3,657,624
Total comprehensive income contributed to the Group	246,043	97,419
Cash dividends contributed to the Group	(325,475)	(311,324)
Share of net assets of major associate at June 30	3,701,422	3,443,719
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	(58,419)	(83,154)
Total carrying amount of the major associate	\$ <u>5,106,165</u>	<u>4,823,727</u>

(g) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2021	\$ 1,013,924	8,144,863	199,055,350	836,742	6,371,857	215,422,736
Additions	-	8,420	415,467	14,847	3,138,281	3,577,015
Disposals	-	-	(150,672)	(2,644)	-	(153,316)
Reclassification	-	12,097	5,147,947	19,471	(5,179,515)	-
Effect of exchange rate change	-	(137)	(1,546)	(516)	-	(2,199)
Balance as of June 30, 2021	\$ <u>1,013,924</u>	<u>8,165,243</u>	<u>204,466,546</u>	<u>867,900</u>	<u>4,330,623</u>	<u>218,844,236</u>
Balance as of January 1, 2020	\$ 1,013,924	8,157,551	195,903,720	919,015	2,249,124	208,243,334
Additions	-	-	411,413	21,666	1,687,388	2,120,467
Disposals	-	-	(33,614)	(149,348)	-	(182,962)
Reclassification	-	-	1,005,593	14,808	(1,188,993)	(168,592)
Effect of exchange rate change	-	(18)	17	(559)	-	(560)
Balance as of June 30, 2020	\$ <u>1,013,924</u>	<u>8,157,533</u>	<u>197,287,129</u>	<u>805,582</u>	<u>2,747,519</u>	<u>210,011,687</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Accumulated depreciation / impairment:						
Balance as of January 1, 2021	\$ -	2,609,251	132,426,497	658,368	-	135,694,116
Depreciation for the period	-	160,224	7,160,359	28,264	-	7,348,847
Disposals	-	-	(150,639)	(2,615)	-	(153,254)
Reclassification	-	-	(11,952)	11,952	-	-
Gain from impairment loss	-	-	(869)	-	-	(869)
Effect of exchange rate change	-	(118)	(1,225)	(282)	-	(1,625)
Balance as of June 30, 2021	<u>\$ -</u>	<u>2,769,357</u>	<u>139,422,171</u>	<u>695,687</u>	<u>-</u>	<u>142,887,215</u>
Balance as of January 1, 2020	\$ -	2,295,380	119,651,185	766,657	-	122,713,222
Depreciation for the period	-	160,011	6,834,290	20,910	-	7,015,211
Disposals	-	-	(33,614)	(149,348)	-	(182,962)
Reclassification	-	-	(42,056)	10,559	-	(31,497)
Effect of exchange rate change	-	(15)	310	(397)	-	(102)
Balance as of June 30, 2020	<u>\$ -</u>	<u>2,455,376</u>	<u>126,410,115</u>	<u>648,381</u>	<u>-</u>	<u>129,513,872</u>
Carrying amounts:						
Balance as of June 30, 2021	<u>\$ 1,013,924</u>	<u>5,395,886</u>	<u>65,044,375</u>	<u>172,213</u>	<u>4,330,623</u>	<u>75,957,021</u>
Balance as of December 31, 2020	<u>\$ 1,013,924</u>	<u>5,535,612</u>	<u>66,628,853</u>	<u>178,374</u>	<u>6,371,857</u>	<u>79,728,620</u>
Balance as of June 30, 2020	<u>\$ 1,013,924</u>	<u>5,702,157</u>	<u>70,877,014</u>	<u>157,201</u>	<u>2,747,519</u>	<u>80,497,815</u>

(h) Right-of-use assets

	<u>Land</u>
Cost :	
Balance at January 1, 2021	\$ 1,884,277
Additions	<u>59,707</u>
Balance at June 30, 2021	<u>\$ 1,943,984</u>
Balance at January 1, 2020	\$ 297,829
Decrease	<u>(297,829)</u>
Balance at June 30, 2020	<u>\$ -</u>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 94,085
Depreciation for the period	<u>96,049</u>
Balance at June 30, 2021	<u>\$ 190,134</u>
Balance at January 1, 2020	\$ 198,607
Depreciation for the period	<u>99,222</u>
Decrease	<u>(297,829)</u>
Balance at June 30, 2020	<u>\$ -</u>
Carrying Amount:	
Balance at June 30, 2021	<u>\$ 1,753,850</u>
Balance at December 31, 2020	<u>\$ 1,790,192</u>
Balance at June 30, 2020	<u>\$ -</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) 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 (including land, building and its facilities) 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 land was USD1,990 thousand and leased building (including facilities) was USD 13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased land will be USD1,990 thousand and building (including facilities) will be USD 10 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 thousand; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months and six months ended June 30, 2021 and 2020, the Group recognized the interest revenue of \$15,159, \$20,200, \$31,629 and \$41,581, respectively, from the amortization of unrealized interest revenue.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Less than one year	\$ 264,330	264,330	264,330
One to two years	264,330	264,330	264,330
Two to three years	132,165	264,330	264,330
Three to four years	-	-	132,165
Total lease payments receivable	660,825	792,990	925,155
Unearned finance income	(71,475)	(103,104)	(139,839)
Present value of lease payments receivable	<u>\$ 589,350</u>	<u>689,886</u>	<u>785,316</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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For credit risk information, please refer to Note 6(s).

(j) Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ <u>193,909</u>	<u>178,432</u>	<u>-</u>
Non-current	\$ <u>1,571,183</u>	<u>1,617,652</u>	<u>-</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ <u>5,946</u>	<u>118</u>	<u>11,981</u>	<u>412</u>
Expenses relating to short-term leases	\$ <u>23,370</u>	<u>20,119</u>	<u>47,325</u>	<u>42,459</u>

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

	For the six months ended June 30,	
	2021	2020
Total cash outflow for leases	\$ <u>149,780</u>	<u>142,795</u>

(i) Land lease

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 by the Group. 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 which are short-term leases. The Group applied the recognition exemptions and elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) 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, 2020 and 2019.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Operating cost	\$ 1,422	1,549	2,811	3,134
Operating expenses	938	944	1,910	1,852
Total	<u>\$ 2,360</u>	<u>2,493</u>	<u>4,721</u>	<u>4,986</u>

(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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Operating cost	\$ 24,264	23,613	47,463	46,723
Operating expenses	21,820	19,912	45,996	40,249
Total	<u>\$ 46,084</u>	<u>43,525</u>	<u>93,459</u>	<u>86,972</u>

(l) Income tax

(i) The Group's income tax expenses in the years 2021 and 2020 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ 1,332,697	669,564	1,870,867	990,876
Adjustment for prior periods	(639,103)	(588,184)	(609,355)	(588,184)
Surtax on undistributed earnings	47,505	171,974	47,505	171,974
Deferred tax expense (income)	15,374	(37,517)	77,128	36,648
Tax expense	<u>\$ 756,473</u>	<u>215,837</u>	<u>1,386,145</u>	<u>611,314</u>

(ii) The Company's tax returns have been examined by the ROC tax authority through 2019.

(m) Capital and other equity

Except as described below, there was no material change in equity for the six months ended June 30, 2021 and 2020. Please refer to Note 6(k) of the consolidated financial statements as of and for the year ended December 31, 2020 for the related detail disclosures on equity.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(i) Ordinary Share

On February 26, and May 5, 2021, 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 2,841 thousand and 577 thousand ordinary shares at par value, respectively, with an issuing prices of \$28.5 to \$29.6 and \$29.6 per share, which totaled \$34,180. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the second quarter of 2021, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 39 thousand ordinary shares, at issuing prices of \$28.5 to \$29.6 per share, which totaled \$1,123, which was recognized as advance receipts for share capital as of June 30, 2021.

(ii) Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
Premium from the issuance of stock	\$ 29,461,620	29,398,346	29,035,392
Treasury share transaction	229,425	-	-
Employee stock option plans	2,790,727	2,790,727	2,788,867
Expired employee stock option plans	265,380	262,499	262,499
Past due unclaimed dividends	79	79	-
Change in net equity of associates accounted for using equity method	38	38	24
	<u><u>\$ 32,747,269</u></u>	<u><u>32,451,689</u></u>	<u><u>32,086,782</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 not exceed 50% of the Company's total dividend distribution every year.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

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

2) Special Reserve

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

3) Earnings distribution

The earnings distribution for 2020 has reached the statutory resolution threshold through electronic voting on May 24, 2021 and was approved during the shareholders' meeting held on Aug 4, 2021.

In addition, the earnings distribution for 2019 was approved by the shareholders' meeting held on May 28, 2020. The amounts of dividends distributions to the shareholders were as follows:

		For the year ended December 31,	
		2021	2020
Legal reserve appropriated		<u>\$ 768,945</u>	<u>982,459</u>
Special reserve appropriated		<u>\$ 1,970,407</u>	<u>767,266</u>
		For the year ended December 31, 2020	
		Dividends per share	Amount
Dividends attributable to ordinary shareholders:			
Cash dividends	\$	1.30	<u>4,000,000</u>
		For the year ended December 31, 2019	
		Dividends per share	Amount
Dividends attributable to ordinary shareholders:			
Cash dividends	\$	1.50	<u>4,600,000</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Treasury shares

The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows.

In accordance with the requirements of the Company Act of Taiwan, the Company does not hold any shareholders' rights before transferring its treasury shares.

	Transferring to employees	
	thousand	Amount
	shares	
Balance as of January 1, 2021	20,000	\$ 1,146,932
Transfer for the period	(7,902)	(453,153)
Balance as of June 30, 2021	<u>12,098</u>	<u>\$ 693,779</u>
Balance as of January 1, 2020 (Balance as of June 30, 2020)	<u>20,000</u>	<u>\$ 1,146,932</u>

(v) Other equity (net of tax)

	Exchange	Unrealized loss	
	differences on	from financial	
	translation of	assets	
	foreign financial	measured at	
	statements	fair value	
	through other	through other	
	comprehensive	comprehensive	
	income	income	Total
Balance as of January 1, 2021	\$ (2,893,732)	(117,775)	(3,011,507)
Exchange differences on translation of foreign financial statements	(795,939)	-	(795,939)
Unrealized loss from financial of assets measured at fair value through other comprehensive loss, associates accounted for using equity method	-	15,723	15,723
Balance as of June 30, 2021	<u>\$ (3,689,671)</u>	<u>(102,052)</u>	<u>(3,791,723)</u>
Balance as of January 1, 2020	\$ (938,039)	(103,061)	(1,041,100)
Exchange differences on translation of foreign financial statements	(562,279)	-	(562,279)
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(136,751)	(136,751)
Balance as of June 30, 2020	<u>\$ (1,500,318)</u>	<u>(239,812)</u>	<u>(1,740,130)</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the six months ended June 30, 2021 and 2020. Please refer to Note 6(l) of consolidated financial statements as of and for the year ended December 31, 2020 for related disclosures on share-based payment transactions.

(i) As of June 30, 2021, the Group has two share-based payment transactions as follows:

	The 1th batch of treasury shares transferred to employees	The 2th batch of treasury shares transferred to employees
Grant date	2021.1.15	2021.2.2
Grant unit	3,936	4,064
Exercise price (dollar)	\$57.4	\$57.4
Vesting conditions	Immediately vested	Immediately vested

The Group used Black-Scholes option pricing method in measuring the fair value of the share-based payment at the grant date.

(ii) Relevant information of employee stock option plans and the transfer of treasury shares

	For the six months ended June 30,			
	2021		2020	
	Weighted- average exercise (price TWD)	Number of options (Thousand Units)	Weighted- average exercise (price TWD)	Number of options (Thousand Units)
Outstanding at January 1,	\$ 28.51	4,462	29.25	28,202
Options granted	57.40	8,000	-	-
Options exercised	51.14	(10,088)	29.20	(18,734)
Options expired	57.40	(98)	-	-
Options forfeited	29.60	(6)	29.25	(2,359)
Outstanding at June 30,	28.51	2,270	29.27	7,109
Options exercisable at June 30,	28.51	2,270	29.20	6,684

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Compensation cost

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Compensation cost arising from share options granted to employees	\$ -	31,796	-	56,560
Compensation cost arising from treasury shares transferred to employees	-	-	233,245	-
Total	<u>\$ -</u>	<u>31,796</u>	<u>233,245</u>	<u>56,560</u>

(o) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Basic earnings per share:				
Net profit attributable to the Company's ordinary shareholders	<u>\$ 6,163,367</u>	<u>3,220,242</u>	<u>8,867,700</u>	<u>5,148,516</u>
Weighted-average number of ordinary shares outstanding	<u>3,084,926</u>	<u>3,060,740</u>	<u>3,083,166</u>	<u>3,057,445</u>
Basic earnings per share (dollar)	<u>\$ 2.00</u>	<u>1.05</u>	<u>2.88</u>	<u>1.68</u>
Diluted earnings per share:				
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	<u>\$ 6,163,367</u>	<u>3,220,242</u>	<u>8,867,700</u>	<u>5,148,516</u>
Effect of dilutive potential ordinary shares	-	-	-	-
Weighted-average number of ordinary shares (basic)	3,084,926	3,060,740	3,083,166	3,057,445
Effect of employee share option	1,528	10,894	1,738	13,777
Effect of employee remuneration	<u>11,752</u>	<u>7,408</u>	<u>13,671</u>	<u>10,416</u>
Weighted-average number of ordinary shares (diluted)	<u>3,098,206</u>	<u>3,079,042</u>	<u>3,098,575</u>	<u>3,081,638</u>
Diluted earnings per share (dollar)	<u>\$ 1.99</u>	<u>1.05</u>	<u>2.86</u>	<u>1.67</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 2021			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 7,272,842	377,673	7,650,515
Japan	-	915,354	915,354
Malaysia	56,995	378,174	435,169
Korea	45,596	99,735	145,331
China	8,693,180	2,401,103	11,094,283
USA	39,185	208,456	247,641
Thailand	145,498	496,503	642,001
Germany	-	332,421	332,421
Vietnam	16,149	168,055	184,204
Singapore	101,979	110,756	212,735
Other countries	67,459	710,355	777,814
	\$ 16,438,883	6,198,585	22,637,468
Major products/services line:			
Dynamic Random Access Memory (DRAM)	\$ 16,407,557	6,198,333	22,605,890
Other	31,326	252	31,578
	\$ 16,438,883	6,198,585	22,637,468
For the three months ended June 30, 2020			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 4,631,989	564,411	5,196,400
Turkey	-	44,184	44,184
Japan	-	409,406	409,406
Malaysia	68,597	326,871	395,468
Korea	20,520	155,890	176,410
China	6,913,695	1,969,219	8,882,914
USA	20,841	191,142	211,983
Thailand	172,174	301,578	473,752
Germany	-	138,545	138,545
Vietnam	5,131	133,850	138,981
Singapore	67,246	50,461	117,707
Other countries	41,001	262,606	303,607
	\$ 11,941,194	4,548,163	16,489,357

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended June 30, 2020			
	Manufacturing department	Overseas sales department	Total
Major products/services line:			
Dynamic Random Access Memory (DRAM)	\$ 11,907,891	4,547,893	16,455,784
Other	33,303	270	33,573
	\$ 11,941,194	4,548,163	16,489,357
For the six months ended June 30, 2021			
	Manufacturing department	Overseas sales department	Total
Primary geographic markets:			
Taiwan	\$ 13,482,180	743,846	14,226,026
Japan	-	1,465,076	1,465,076
Malaysia	107,536	671,434	778,970
Korea	64,470	155,417	219,887
China	15,684,866	3,967,455	19,652,321
USA	48,384	315,610	363,994
Thailand	318,444	820,361	1,138,805
Germany	-	562,725	562,725
Vietnam	22,350	340,815	363,165
Singapore	133,537	161,251	294,788
Other countries	133,188	1,169,136	1,302,324
	\$ 29,994,955	10,373,126	40,368,081
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 29,926,146	10,372,619	40,298,765
Others	68,809	507	69,316
	\$ 29,994,955	10,373,126	40,368,081

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(ii) Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable from nonoperating activities	\$ 4	-	37
Accounts receivable(including related parties)	10,812,992	7,876,165	9,892,078
Total	<u>\$ 10,812,996</u>	<u>7,876,165</u>	<u>9,892,115</u>

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

(q) 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 \$834,315, \$288,672, \$936,644 and \$451,893 for the three months and six months ended June 30, 2021 and 2020, 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 amounts of employee remuneration for the year ended December 31, 2020 and 2019, and the financial statements for the year ended December 31, 2020 and 2019, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest income from bank deposits and short-term notes	\$ 66,188	208,748	114,582	436,869
Interest income from financial lease receivables	15,159	20,200	31,629	41,581
	<u>\$ 81,347</u>	<u>228,948</u>	<u>146,211</u>	<u>478,450</u>

(ii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Withholding tax refund	\$ -	-	42,693	-
Loss on disposal of property, plant and equipment	-	20	(62)	20
Foreign exchange loss	(370,188)	(202,253)	(332,431)	(124,214)
Reversal of impairment loss on non-financial assets	-	-	869	-
Others	31,110	46,224	63,095	92,203
	<u>\$ (339,078)</u>	<u>(156,009)</u>	<u>(225,836)</u>	<u>(31,991)</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest amortization of lease liability	\$ 5,946	118	\$ 11,981	412
Financing from other related parties	-	30	-	60
Others	-	47	14	95
	<u>\$ 5,946</u>	<u>195</u>	<u>11,995</u>	<u>567</u>

(s) Financial instruments

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

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

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

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

As of June 30, 2021, December 31 and June 30, 2020, 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
June 30, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,457,497	3,457,497	3,457,497	-	-	-	-
Dividend payable	4,000,775	4,000,775	4,000,775	-	-	-	-
Other payables (including related parties)	6,714,039	6,714,039	6,714,039	-	-	-	-
Lease liabilities (including current portion)	1,765,092	1,873,484	108,220	108,220	216,439	626,653	813,952
	<u>\$ 15,937,403</u>	<u>16,045,795</u>	<u>14,280,531</u>	<u>108,220</u>	<u>216,439</u>	<u>626,653</u>	<u>813,952</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, 2020							
Non-derivative financial liabilities							
Accounts Payable (including related parties)	\$ 2,111,774	2,111,774	2,111,774	-	-	-	-
Dividend payable	780	780	780	-	-	-	-
Other payable (including related parties)	5,280,600	5,280,600	5,280,600	-	-	-	-
Lease liabilities (including current portion)	1,796,084	1,914,405	100,758	100,758	201,516	604,549	906,824
	<u>\$ 9,189,238</u>	<u>9,307,559</u>	<u>7,493,912</u>	<u>100,758</u>	<u>201,516</u>	<u>604,549</u>	<u>906,824</u>
June 30, 2020							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,328	3,430	-	3,430	-	-	-
Accounts payable (including related parties)	2,138,217	2,138,217	2,138,217	-	-	-	-
Dividend payable	4,600,756	4,600,756	4,600,756	-	-	-	-
Other payables (including related parties)	7,096,120	7,096,120	7,096,120	-	-	-	-
	<u>\$ 13,838,421</u>	<u>13,838,523</u>	<u>13,835,093</u>	<u>3,430</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(iii) Market risk

1) Exposure to currency risk

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

		June 30, 2021			December 31, 2020			June 30, 2020		
		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	\$	815,745	27.870	22,734,813	299,515	28.508	8,538,574	330,058	29.660	9,789,520
JPY		1,626,388	0.2527	410,988	770,896	0.2724	209,992	51,708	0.2737	14,152
EUR		89	33.2287	2,957	42	34.560	1,452	16	33.0996	530
HKD		106	3.5982	381	1,379	3.626	5,000	602,690	3.7994	2,289,860
Financial liabilities:										
Monetary items										
USD	\$	126,142	27.870	3,515,578	115,140	28.508	3,282,411	94,851	29.660	2,813,281
JPY		3,172,062	0.2527	801,580	1,272,668	0.2724	346,675	963,277	0.2737	263,649
EUR		2,190	33.2287	72,771	150	34.5600	5,184	927	33.0996	30,683

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% appreciation and depreciation of the TWD against the USD, JPY, EUR and HKD as of June 30, 2021 and 2020 would have decreased and increased the net income before tax by \$187,592 and \$89,865 for the six months ended June 30, 2021 and 2020, 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

Notes to the Consolidated Financial Statements

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the six months ended June 30, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to \$332,431 and \$124,214, 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 and decreased by 1 basis points, the Group's net income would have increased or decreased by \$0 and \$33 for the six months ended June 30, 2021 and 2020 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 information

Types and fair value of financial instruments

The carrying amount of the Group's financial assets and liabilities are reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 67,737,583	-	-	-	-
Notes and accounts receivable	10,812,996	-	-	-	-
Other receivables (including related parties)	1,506,935	-	-	-	-
Lease payments receivable (including current portion)	589,350	-	-	-	-
Total	<u>\$ 80,646,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,457,497	-	-	-	-
Dividend payable	4,000,775	-	-	-	-
Other payables (including related parties)	6,714,039	-	-	-	-
Lease liabilities (including current portion)	1,765,092	-	-	-	-
Total	<u>\$ 15,937,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 51,725,906	-	-	-	-
Accounts receivable (including related parties)	7,876,165	-	-	-	-
Other receivables	1,289,669	-	-	-	-
Lease payments receivable (including current position)	689,886	-	-	-	-
Total	<u>\$ 61,581,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,111,774	-	-	-	-
Dividend payable	780	-	-	-	-
Other payables (including related parties)	5,280,600	-	-	-	-
Lease liabilities (including current portion)	1,796,084	-	-	-	-
Total	<u>\$ 9,189,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 51,335,225	-	-	-	-
Notes and accounts receivable (including related parties)	9,892,115	-	-	-	-
Other receivables (including related parties)	1,850,121	-	-	-	-
Lease payments receivable (including current portion)	785,316	-	-	-	-
Total	<u>\$ 63,862,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,138,217	-	-	-	-
Dividend payable	4,600,756	-	-	-	-
Other payables (including related parties)	7,099,448	-	-	-	-
Total	<u>\$ 13,838,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(t) Financial risk management

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

(u) Capital management

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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- (v) The investing and financing activities on non-cash transactions

The Group's investing and financing activities on non-cash transactions for the six months ended June 30, 2021 and 2020 were as follows:

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

- (ii)

	For the six months ended June 30,	
	2021	2020
Acquisition of property, plant and equipment	\$ 3,577,015	2,120,467
Add: Payables on equipment at beginning of period	693,313	973,002
Less: Payables on equipment at end of period	(1,552,262)	(1,067,649)
Others	-	(167,843)
Cash Paid	<u>\$ 2,718,066</u>	<u>1,857,977</u>

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

	January 1, 2020	Cash flow	Non-Cash changes			June 30, 2021
			Change in an index of lease payment	Additions	Decreased by other payables	
Lease liabilities	\$ 1,796,084	(90,432)	17,429	42,278	(267)	1,765,092

	January 1, 2019	Cash flow	Non-Cash changes			June 30, 2020
			Change in an index of lease payment	Increased by other payables	Interest expense	
Lease liabilities	\$ 99,924	(100,336)	-	-	412	-

(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
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
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sales to related parties

Relationship	Sales				Accounts receivable to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2021	December 31, 2020	June 30, 2020
	2021	2020	2021	2020			
Associates	\$ -	-	-	-	-	8,237	-

The terms and pricing of sales with associates were not significantly different from normal selling price, which is collected every 15th of the following month. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Purchase from related parties

Relationship	Purchases				Accounts payable to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2021	December 31, 2020	June 30, 2020
	2021	2020	2021	2020			
Entities with significant influence over the Group	\$ 26,074	23,190	54,889	44,052	7,971	9,686	7,559
Associates	-	54	731	764	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	175,049	129,268	342,030	301,449	103,714	71,257	82,182
Other related parties	70,786	49,182	136,490	101,058	7,836	3,735	6,074
	<u>\$ 271,909</u>	<u>201,694</u>	<u>534,140</u>	<u>447,323</u>	<u>119,521</u>	<u>84,678</u>	<u>95,815</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 June 30,		For the six months ended June 30,		June 30, 2021	December 31, 2020	June 30, 2020
	2021	2020	2021	2020			
Associates	\$ 1,906,607	1,803,493	3,828,680	3,761,527	1,303,632	1,049,080	1,148,471

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financing from related parties

Relationship	Financial costs			
	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Other related parties:				
Formosa Technologies (Nanjing) Corporation	\$ -	30	-	60

Relationship	Other payables to related parties					
	Balance of borrowings			Interest payable		
	June 30, 2021	December 31, 2020	June 30, 2020	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties:						
Formosa Technologies (Nanjing) Corporation	\$ -	-	3,328	-	-	3

(v) Property transactions

1) Acquisition of equipment

Relationship	Acquisition price		Other payables to related parties		
	For the six months ended		June 30, 2021	December 31, 2020	June 30, 2020
	June 30, 2021	2020			
Entities with significant influence over the Group	\$ -	-	1,590	20,830	-
Other related parties	4,076	-	2,446	-	-
	\$ 4,076	-	4,036	20,830	-

(vi) Dividends receivables

Relationship	Other receivables due from related parties		
	December 31,		
	June 30, 2021	2020	June 30, 2020
Associate	\$ 325,475	-	311,324

(vii) Leases

Relationship	Acquisition price			
	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Entities with significant influence over the Group	\$ 16,454	15,602	32,938	30,629

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.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group entered into 9 to 10 years 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 six months ended June 30, 2021 and 2020, the Group recognized the amount of \$5,903, \$118, \$11,938 and \$412, as interest expense, respectively. Furthermore, as of June 30, 2021, December 31 and June 30, 2020, the balance of lease liabilities amounted to \$1,723,871, \$1,796,084 and \$0, respectively.

(viii) Others

Relationship	Other income			
	For the three months ended June 30,		For the six months ended June 30	
	2021	2020	2021	2020
Associates	\$ <u>179</u>	<u>-</u>	<u>480</u>	<u>-</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the six months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 10,448	11,389	22,982	24,822
Share-based payment	-	309	-	702
	<u>\$ 10,448</u>	<u>11,698</u>	<u>22,982</u>	<u>25,524</u>

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

(8) Pledged assets:

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

Pledged assets	Object	June 30, 2021	December 31, 2020	June 30, 2020
Other non-current assets	Office leasing	\$ <u>5,449</u>	<u>5,573</u>	<u>5,067</u>

(9) Commitments and contingencies:

(a) Significant commitments

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantees for importation goods provided by bank	\$ 835,000	935,000	935,000
Unused letters of credit	4,256,191	660,779	258,241
Total	<u>\$ 5,091,191</u>	<u>1,595,779</u>	<u>1,193,241</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Contingent liabilities

- (i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (ii) In October 2016, Lone Star Silicon Innovations LLC (Lone Star) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of East Texas for patent infringement. The lawsuit was dismissed in April 2021, therefore it was closed.
- (iii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (iv) The original Joint Venture agreement signed by the Company, Micron Technology, Inc. and its related parties was terminated after Micron Semiconductor Co. completed its share-swap with Micron Technology Taiwan. Both parties had mutually agreed to sign a cooperation agreement, the details of the agreement were as follows:
 - 1) The estimated cost for improving specific environmental safety and factory facilities in mutually operating period of joint venture agreement amounted to US\$54,030 thousand; the Company agreed to share the 50% portion of the total costs and accrued it as expense of \$850,000 (USD27,015 thousand) to other payable. The Company will share the cost based on the actual amounts at the appointed time. As of June 30, 2021 and 2020, the payment amounting to \$200,950 had been recognized by the Company.
 - 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:

On July 2, 2021, a subsidiary of the Group, Nanya Technology International Ltd, its Board of Directors approved to distribute cash dividends with unappropriated retained earnings which totaled \$226,054 (USD 8,111 thousand).

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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 June 30, 2021			For the three months ended June 30, 2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,209,229	856,258	2,065,487	869,523	613,519	1,483,042
Labor and health insurance	52,294	46,507	98,801	48,933	41,779	90,712
Pension expenses	25,686	22,758	48,444	25,162	20,856	46,018
Remuneration of directors	-	1,560	1,560	-	1,690	1,690
Other personnel expenses	17,618	8,147	25,765	18,295	7,336	25,631
Depreciation expenses	3,645,991	120,999	3,766,990	3,427,570	106,135	3,533,705
Amortization expenses	65,004	-	65,004	20,937	-	20,937

	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,986,464	1,503,437	3,489,901	1,648,673	1,151,493	2,800,166
Labor and health insurance	104,197	93,930	198,127	98,200	80,220	178,420
Pension expenses	50,274	47,906	98,180	49,857	42,101	91,958
Remuneration for directors	-	3,120	3,120	-	3,250	3,250
Other personnel expenses	35,340	16,303	51,643	36,804	13,726	50,530
Depreciation expenses	7,203,306	241,590	7,444,896	6,902,891	211,542	7,114,433
Amortization expenses	129,938	-	129,938	44,826	-	44,826

- (b) Seasonal operation:

The Group's operation is not affected by seasonal or cyclical factor.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2021:

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(4,901,909)	(12.21)%	O/A 60-90Days	-		2,305,626	21.05%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(2,901,204)	(7.22)%	O/A 180Days	-		912,424	8.33%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(2,274,627)	(5.66)%	O/A 60-90Days	-		822,676	7.51%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(199,025)	100.00%	O/A 60-90 Days	-		31,998	100.00%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	4,901,909	100.00%	O/A 60-90Days	-		(2,305,626)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	2,901,204	100.00%	O/A 180Days	-		(912,424)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	2,274,627	100.00%	O/A 60-90Days	-		(822,676)	(100.00)%	(Note)
The Company	Formosa Sunco Technology Corporation	Other related parties	Purchase	342,030	5.78%	O/A 60Days	-		(103,714)	(3.00)%	-

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	2,305,626	5.24	-	-	822,294	-
The Company	Nanya Technology Corp., Japan	Subsidiary	912,424	7.02	-	-	557,282	-
The Company	Nanya Technology Europe GmbH	Subsidiary	822,676	7.06	-	-	381,430	-
The Company	Formosa Advanced Technologies Co., Ltd.	Associates	325,475	-	-	-	-	-

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to 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	4,901,909	On the basis of general conditions	12.14%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	2,901,204	On the basis of general conditions	7.19%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	2,274,627	On the basis of general conditions	5.63%
1	Nanya Technology Corp., Delaware	Nanya Technology Corp.	2	Sales	199,025	On the basis of general conditions	0.49%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	2,305,626	On the basis of general conditions	1.30%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	912,424	On the basis of general conditions	0.51%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	822,676	On the basis of general conditions	0.46%
1	Nanya Technology Corp., Delaware	Nanya Technology Corp.	2	Accounts receivable	31,998	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.

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

The following is the information on investees for the six months ended June 30, 2021:

(In Thousands of New Taiwan Dollars / Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2021			Net income of investee	Share of profits of investee	Note
				June 30, 2021	December 31, 2020	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 %	164,514	11,157	11,157	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	177,896	9,862	9,862	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00 %	86,650	18,777	18,777	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	272,360	121,794	121,794	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	37,004,400	37,004,400	1	100.00 %	33,670,369	82,701	82,701	(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 %	5,106,165	719,750	255,412	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	82,886	14,678	14,678	(Note1)

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

(2) Investment accounted for using equity method.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	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	27,452 (USD985 thousand)	(2)	27,452 (USD985 thousand)	-	-	27,452 (USD985 thousand)	3,435	100.00%	3,435 (Note 2)	22,481	-

Note 1 : Three types of investments were as follows:

- (1) Investing directly in Mainland China
- (2) Investing the companies in Mainland China through third parties.
- (3) Others

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

Note 3 : The transactions were written off in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
27,452 (USD985 thousand)	27,452 (USD985 thousand)	95,188,370

Note 1 : The exchange rate of New Taiwan dollars to US dollars on June 30, 2021 was USD1 : TWD 27.87

Note 2 : 60% of net equity.

(iii) Significant transactions: None

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.29 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.81 %
Formosa Plastics Corporation		334,815,409	10.81 %
Formosa Petrochemical Corp		334,815,409	10.81 %

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

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(14) Segment information:

For the three months ended June 30, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 6,198,585	-	16,438,883	-	-	22,637,468
From sales among intersegments	16,627	102,515	6,078,833	-	(6,197,975)	-
Total revenue	<u>\$ 6,215,212</u>	<u>102,515</u>	<u>22,517,716</u>	<u>-</u>	<u>(6,197,975)</u>	<u>22,637,468</u>
Reportable segment profit or loss	<u>\$ 24,208</u>	<u>5,070</u>	<u>6,919,338</u>	<u>40,219</u>	<u>(68,995)</u>	<u>6,919,840</u>
For the three months ended June 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,548,163	-	11,941,194	-	-	16,489,357
From sales among intersegments	12,509	107,074	4,550,843	-	(4,670,426)	-
Total revenue	<u>\$ 4,560,672</u>	<u>107,074</u>	<u>16,492,037</u>	<u>-</u>	<u>(4,670,426)</u>	<u>16,489,357</u>
Reportable segment profit or loss	<u>\$ 4,894</u>	<u>5,530</u>	<u>3,435,772</u>	<u>184,612</u>	<u>(194,729)</u>	<u>3,436,079</u>
For the six months ended June 30, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 10,373,126	-	29,994,955	-	-	40,368,081
From sales among intersegments	30,293	199,025	10,161,872	-	(10,391,190)	-
Total revenue	<u>\$ 10,403,419</u>	<u>199,025</u>	<u>40,156,827</u>	<u>-</u>	<u>(10,391,190)</u>	<u>40,368,081</u>
Reportable segment profit or loss	<u>\$ 152,478</u>	<u>9,862</u>	<u>10,253,095</u>	<u>82,701</u>	<u>(244,291)</u>	<u>10,253,845</u>
For the six months ended June 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 8,116,454	-	22,791,773	-	-	30,908,227
From sales among intersegments	22,836	202,993	8,030,740	-	(8,256,569)	-
Total revenue	<u>\$ 8,139,290</u>	<u>202,993</u>	<u>30,822,513</u>	<u>-</u>	<u>(8,256,569)</u>	<u>30,908,227</u>
Reportable segment profit or loss	<u>\$ 22,962</u>	<u>10,539</u>	<u>5,759,197</u>	<u>400,358</u>	<u>(433,226)</u>	<u>5,759,830</u>
For the six months ended June 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at June 30, 2021	<u>\$ 4,677,159</u>	<u>181,750</u>	<u>177,725,878</u>	<u>33,670,369</u>	<u>(38,494,327)</u>	<u>177,760,829</u>
Balance at December 31, 2020	<u>\$ 3,119,912</u>	<u>195,825</u>	<u>165,624,472</u>	<u>34,357,531</u>	<u>(37,665,760)</u>	<u>165,631,980</u>
Balance at June 30, 2020	<u>\$ 3,678,793</u>	<u>172,738</u>	<u>168,220,521</u>	<u>36,903,101</u>	<u>(40,762,227)</u>	<u>168,212,926</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at June 30, 2021	<u>\$ 4,140,859</u>	<u>3,854</u>	<u>19,078,595</u>	<u>-</u>	<u>(4,109,762)</u>	<u>19,113,546</u>
Balance at December 31, 2020	<u>\$ 2,713,185</u>	<u>23,832</u>	<u>11,812,445</u>	<u>38</u>	<u>(2,729,547)</u>	<u>11,819,953</u>
Balance at June 30, 2020	<u>\$ 3,258,886</u>	<u>1,076</u>	<u>15,755,889</u>	<u>-</u>	<u>(3,267,557)</u>	<u>15,748,294</u>