Stock Code:2408

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NANYA TECHNOLOGY CORPORATION

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.98, Nanlin Rd., Dake Vil., Taishan Dist., New Taipei City, Taiwan (R.O.C.)
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The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the financial statements of Nanya Technology Corporation("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition:

   Please refer to Notes 4(n)
   and Notes 6(q) for details on accounting policy and disclosure on relevant information, respectively.

   The revenue of the Company mainly comes from sales of DRAM. Since the amount of customer and transaction is massive and revenue recognition is considered as a great concern by the users and receivers of the financial statements, the test on revenue recognition is regarded as one of our key audit matters.

The principal audit procedures performed by the auditor for the above key audit matters include analyzing the sales transactions with the top ten customers, particularly those related parties with significant transaction amounts, and reviewing significant new contracts to understand the contract terms to ensure there are no major abnormalities. The auditor also evaluates the reasonableness of accounting treatments for revenue recognition (including sales allowances and returns), assesses the effectiveness of internal control system design and implementation for revenue, and reviews customer delivery terms. Additionally, the auditor tests sales samples for a period before and after the year end to assess the accuracy of the timing of revenue recognition.

2. Valuation of inventories

   Please refer to Notes 4(g), 5, as well as 6(e) for details on accounting policy, judgments, and major sources of estimation uncertainty, as well as disclosure on information about inventory valuation, respectively.

   The Company recognizes a loss from the devaluation of inventories on a quarterly basis based on the lower of cost or net realizable value method. The international market price of DRAM has significantly affected the net realizable value of inventories. Therefore, the evaluation of inventory has been identified as a key audit matter in the financial statements.

   The principal audit procedures performed to address the aforementioned key audit matter included understanding the basis adopted by the management in the estimate of net realizable value, and sampling to test the reasonableness of the net realizable value.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of the investments in other entities accounted for using the equity method. We are responsible for the direction, supervision and performance of our audit. Furthermore, we remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Hsin-Yi and Lee, Tzu-Hui.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2024

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Nanya Technology Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 6,189,489	3	23,091,422	11
1150	Notes receivable, net (Notes 6(c) and (q))	-	-	516	-
1170	Accounts receivable, net (Notes 6(c) and (q))	3,319,844	2	2,218,945	1
1180	Accounts receivable due from related parties, net (Notes 6(c), (q) and 7)	1,641,072	1	1,905,345	1
1200	Other receivables (Note 6(d))	2,433,333	1	1,927,046	1
1310	Inventories (Note 6(e))	27,607,273	14	23,355,620	12
1410	Prepayments	740,406	1	958,875	-
1470	Other current assets (Note 6(i))	646,612	-	875,510	1
	Total current assets	42,578,029	22	54,333,279	27
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income	20,301	-	16,566	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and (8))	862,620	-	722,764	-
1550	Investments accounted for using equity method (Note 6(f))	59,087,687	31	56,513,303	28
1600	Property, plant and equipment (Notes 6(g), (w) and 7)	81,814,235	43	84,873,064	42
1755	Right-of-use assets (Notes 6(h), (w) and 7)	4,425,560	2	4,523,110	2
1780	Intangible assets	927,365	1	766,626	1
1840	Deferred tax assets (Note 6(m))	2,515,204	1	326,263	-
1990	Other non-current assets	115,514	-	68,702	-
	Total non-current assets	149,768,486	78	147,810,398	73
	Total assets	**$ 192,346,515**	**100**	**202,143,677**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(j))	$ 11,181,000	6	-	-
2170	Accounts payable	3,298,025	1	5,395,353	3
2180	Accounts payable to related parties (Note 7)	145,060	-	208,957	-
2200	Other payables	4,027,750	2	5,223,254	3
2220	Other payables to related parties (Note 7)	916,534	1	1,482,830	1
2230	Current tax liabilities	138,020	-	3,412,224	1
2280	Current lease liabilities (Notes 6(k) and 7)	393,063	-	360,895	-
2399	Other current liabilities	17,453	-	7,658	-
	Total current liabilities	20,116,905	10	16,091,171	8
	Non-Current liabilities:				
2580	Non-current lease liabilities (Notes 6(k) and 7)	4,104,145	2	4,200,447	2
2640	Net defined benefit liability, non-current (Note 6(l))	505,687	-	530,688	-
2670	Other non-current liabilities	695,623	1	363,321	-
	Total non-current liabilities	5,305,455	3	5,094,456	2
	Total liabilities	25,422,360	13	21,185,627	10
	Equity (Note 6(n)):				
3110	Ordinary share	30,981,209	16	30,980,079	16
3140	Advance receipts for share capital	1,505	-	736	-
3200	Capital surplus	32,826,323	17	32,824,366	16
3310	Legal reserve	18,626,223	10	17,156,884	9
3320	Special reserve	-	-	4,116,942	2
3350	Unappropriated retained earnings	83,889,816	44	95,266,810	47
3400	Other equity interest	599,079	-	612,233	-
	Total equity	166,924,155	87	180,958,050	90
	Total liabilities and equity	**$ 192,346,515**	**100**	**202,143,677**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NANYA TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(q) and 7)	$ 29,609,880	100	56,254,747	100
5000	Operating costs (Notes 6(e), (g), (h), (k), (l), (o), (r) and 7)	(34,336,192)	(116)	(35,320,101)	(63)
	Gross (loss) profit from operations	(4,726,312)	(16)	20,934,646	37
5910	Add: Unrealized loss from sales	3,657	-	1,721	-
5920	Realized (loss) profit from sales	(1,721)	-	136,120	-
	Gross (loss) profit from operations	(4,724,376)	(16)	21,072,487	37
	Operating expenses (Notes 6(g), (h), (k), (l), (o), (r) and 7):				
6100	Selling expenses	(419,980)	(1)	(577,289)	(1)
6200	Administrative expenses	(1,793,387)	(6)	(1,725,785)	(3)
6300	Research and development expenses	(7,597,305)	(26)	(7,863,088)	(14)
	Total operating expenses	(9,810,672)	(33)	(10,166,162)	(18)
	Net operating income	(14,535,048)	(49)	10,906,325	19
	Non-operating income and expenses (Notes 6(f), (g), (i), (k), (s) and 7):				
7100	Total interest income	361,460	1	439,885	1
7010	Other income	-	-	514,382	1
7020	Other gains and losses, net	546,386	2	3,220,684	6
7050	Finance costs	(145,936)	-	(49,125)	-
7070	Share of profit of associates accounted for using equity method, net	3,048,209	10	1,736,754	3
	Total non-operating income and expenses	3,810,119	13	5,862,580	11
7900	**(Loss) profit before tax**	(10,724,929)	(36)	16,768,905	30
7950	Less: Income tax profit (expense) (Note 6(m))	3,285,295	11	(2,149,874)	(4)
	Profit	(7,439,634)	(25)	14,619,031	26
8300	**Other comprehensive income (Notes 6(l), (m) and (n)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of the net defined benefit	15,621	-	97,079	-
8316	Unrealized loss from investments in equity instruments measured at fair value through other comprehensive income	(2,265)	-	(505)	-
8330	Share of other comprehensive income of subsidiaries, and associates for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	7,995	-	(172,968)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,671	-	19,315	-
	Components of other comprehensive income that will not be reclassified to profit or loss	18,680	-	(95,709)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(16,797)	-	4,899,241	9
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(16,797)	-	4,899,241	9
8300	**Other comprehensive income, net**	1,883	-	4,803,532	9
8500	**Comprehensive loss income**	**$ (7,437,751)**	**(25)**	**19,422,563**	**35**
	Earnings (loss) per share (dollar)				
9750	Basic (loss) earnings per share	**$**	**(2.40)**		**4.72**
9850	Diluted earnings per share			**$**	**4.68**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Nanya Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

							Other equity interest				
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2022	$ 30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	172,978,068
Net profit for the year ended December 31, 2022	-	-	-	-	-	14,619,031	-	-	-	-	14,619,031
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	74,357	4,899,241	(170,066)	4,729,175	-	4,803,532
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	14,693,388	4,899,241	(170,066)	4,729,175	-	19,422,563
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	2,277,068	-	(2,277,068)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,105,435	(1,105,435)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(11,470,000)	-	-	-	-	(11,470,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	22	-	-	-	-	-	-	-	22
Past due unclaimed dividends	-	-	62	-	-	-	-	-	-	-	62
Exercise of employee share option	11,330	(3,772)	19,777	-	-	-	-	-	-	-	27,335
Balance at December 31, 2022	30,980,079	736	32,824,366	17,156,884	4,116,942	95,266,810	913,316	(301,083)	612,233	-	180,958,050
Net loss for the year ended December 31, 2023	-	-	-	-	-	(7,439,634)	-	-	-	-	(7,439,634)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	15,037	(16,797)	3,643	(13,154)	-	1,883
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(7,424,597)	(16,797)	3,643	(13,154)	-	(7,437,751)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	1,469,339	-	(1,469,339)	-	-	-	-	-
Special reserve reversed	-	-	-	-	(4,116,942)	4,116,942	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(6,600,000)	-	-	-	-	(6,600,000)
Other changes in capital surplus											
Changes in equity of associates accounted for using equity method	-	-	26	-	-	-	-	-	-	-	26
Past due unclaimed dividends	-	-	135	-	-	-	-	-	-	-	135
Exercise of employee share option	1,130	769	1,796	-	-	-	-	-	-	-	3,695
Balance at December 31, 2023	**$ 30,981,209**	**1,505**	**32,826,323**	**18,626,223**	**-**	**83,889,816**	**896,519**	**(297,440)**	**599,079**	**-**	**166,924,155**

See accompanying notes to financial statements.

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Nanya Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
(Loss) profit before tax	$ (10,724,929)	16,768,905
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	15,010,901	14,977,467
Amortization expense	306,350	258,128
Interest expense	145,936	49,125
Interest income	(361,460)	(439,885)
Share of profit of subsidiaries and associates accounted for using equity method	(3,048,209)	(1,736,754)
Gain on disposal of property, plant and equipment	(66,569)	(74,999)
(Reversal of impairment loss) impairment loss on non-financial assets	(27,238)	23,263
Unrealized loss from sales	(3,657)	(1,721)
Realized loss (profit) from sales	1,721	(136,120)
Foreign exchange loss	161,393	575,980
Gain on lease modification	(171)	-
Total adjustments to reconcile profit	12,118,997	13,494,484
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(967,934)	8,037,277
Other receivables	(843,137)	(856,700)
Inventories	(4,251,653)	(11,887,813)
Prepayments	218,469	(131,755)
Other non-current assets	228,898	(120,672)
Accounts payable (including related parties)	(436,708)	(75,003)
Other payable (including related parties)	(1,704,727)	(1,113,776)
Other current liabilities	9,795	6,581
Net defined benefit liability	(9,381)	(13,471)
Other non-current liabilities	(3,834)	2,265
Total changes in operating assets and liabilities	(7,760,212)	(6,153,067)
Cash inflow generated (used in) from operations	(6,366,144)	24,110,322
Interest received	433,980	316,991
Interest paid	(129,366)	(45,372)
Income taxes paid	(2,180,522)	(3,481,590)
Net cash flows from operating activities	(8,242,052)	20,900,351
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	-	(722,764)
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	(6,000)
Acquisition of property, plant and equipment	(13,237,013)	(20,705,523)
Proceeds from disposal of property, plant and equipment	96,104	122,847
(Increase) decrease in refundable deposits	(48,736)	50,555
Acquisition of intangible assets	(310,852)	(218,437)
Decrease in lease and installment receivables	264,330	264,330
Increase in other non-current assets	(2,716)	(802)
Dividends received	466,987	353,778
Net cash flows used in investing activities	(12,777,896)	(20,862,016)
Cash flows used in financing activities:		
Increase in short-term loans	51,636,100	-
Decrease in short-term loans	(40,455,100)	-
Decrease in guarantee deposits received	(8,359)	(47,322)
Payment of lease liabilities	(380,528)	(281,419)
Cash dividends paid	(6,600,000)	(11,470,000)
Exercise of employee share options	3,695	27,335
Net cash flows from (used in) financing activities	4,195,808	(11,771,406)
Effect of exchange rate changes on cash and cash equivalents	(77,793)	(443,106)
Net decrease in cash and cash equivalents	(16,901,933)	(12,176,177)
Cash and cash equivalents at beginning of period	23,091,422	35,267,599
Cash and cash equivalents at end of period	**$ 6,189,489**	**23,091,422**

See accompanying notes to financial statements.

(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 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 financial statements:

The financial statements were authorized for issue by the Board of Directors on February 23, 2024.

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material policies:

The material accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis.

1) Financial assets at fair value through other comprehensive income are measured at fair value.

2) The defined benefit liabilities are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company' s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

(i) The asset is expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle;

(ii) The asset is held primarily for the purpose of trading;

(Continued)

NANYA TECHNOLOGY CORPORATION
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(iii) The asset is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

(i) The liability is expected to be settled in the normal operating cycle;

(ii) The liability is held primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The liability does not have any unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand, checks and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified under cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI)– equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables (including related parties), other receivable, leases receivable, and guarantee deposit paid).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for note and trade receivables due from related parties are always measured at an amount equal to lifetime ECL.

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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 60 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· a breach of contract such as a default or being more than 60 days past due;

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Financial liabilities

Financial liabilities are classified at amortized cost. Foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their present location and condition. The cost of inventories is calculated using the weighted-average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Subsidiaries

The Company accounts for investee companies in which it has a controlling interest using the equity method. The net income, other comprehensive income, and shareholders' equity in the financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the Company in the consolidated financial reports should be the same.

The Company accounts for changes in owners' equity of subsidiaries as equity transactions between the two parties of the transaction, provided that control is still exists.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives.

Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment has an unlimited useful life and therefore are as follows:

1) Buildings: 25 years.

2) Machinery and equipment: 5 to 16 years.

3) Other equipment: 3 to 15years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate, the change is accounted for as a change in accounting estimate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of dormitory, parking lots and offices. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets, patents that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives of patent for current and comparative periods are both 5~10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from an acquisition about an investment accounted for using the equity method is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is value in use fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

Revenue from contracts with customers is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Company manufactures and sells semi-conductor products on the market. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(o) Government grants

The Company recognizes government grants related to research and development as deferred income and relevant expenses in profit or loss.

(p) Employee benefits

(i) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of a share-based payment is the date which the Board of Directors authorized the price and number of a share-based payment.

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(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction.

(ii) Temporary differences related to investments in subsidiaries that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and,

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(t) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not disclose such information in its financial statements.

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

In preparing these consolidated financial statements, management has made 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 management continues to monitor its accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company is likely to be facing economic uncertainty, such as geopolitics, lifting rates and inflation, which might have an influence on the demand of DRAM market. These events may have a significant impact on the following accounting estimates made by the Company, which involve the future forecasts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for details of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Demand deposit and checking accounts	$ 2,645,010	8,787,105
Cash equivalents:		
Time deposits	3,544,479	14,206,417
Repurchase agreements collateralized by corporate bonds	-	97,900
	$ 6,189,489	**23,091,422**

Refer to Note 6(t) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Non-current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Restricted Demand Deposits	$ 139,856	-
Restricted Time Deposits	722,764	722,764
	$ 862,620	**-**

The Company applied to the Minister of Economic Affairs (MOEA) for a research and development program subsidy in accordance with subsidy, Reward and Assistance Regulations for Promoting Industry Innovation of Ministry of Economic Affairs . As of December 31, 2023, the research grant amounted to $492,567 was approved by the Ministry of Economic Affairs to be transferred to the designated account for grants, and $347,960 thousand had been appropriated based on the actual payment. The demand deposit cannot be withdrawn arbitrarily under the restriction terms of the regulations for making a withdrawal from the designated account. As a result, the Company recognized the deferred revenue- Government Grants as other non-current liabilities.

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) For credit risk, please refer to note 6(t).

(i) For the financial assets pledged as collateral, please refer to note 8.

(c) Accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from non-operating activities	$ -	516
Accounts receivable	3,319,844	2,218,945
Accounts receivable -related parties	1,641,072	1,905,345
	$ 4,960,916	**4,124,806**

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The Company 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, 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.

The expected credit losses for accounts receivables (including related parties) were determined as follows:

	December 31, 2023		
Due days	**Accounts receivables (including related parties) gross carrying amount**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 4,960,916	-	-

	December 31, 2022		
Due days	**Notes and accounts receivables (including related parties) gross carrying amount gross**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 4,124,806	-	-

The Company 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 December 31, 2023 and 2022.

Please refer to Note 6(t) for other information of credit risk.

(d) Other receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	$ 2,387,468	1,563,698
Lease payment receivable	16,450	254,305
Interest receivable	6,791	89,336
Others	22,624	19,707
	$ 2,433,333	1,927,046

Please refer to Note 6(t) for other information of credit risk.

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 562,024	1,105,157
Work in progress	11,671,966	8,670,605
Finished goods	15,373,283	13,579,858
Total	**$ 27,607,273**	**23,355,620**

The details of the cost of sales were as follows:

	For the year ended December 31,	
	2023	**2022**
Inventory that has been sold	$ 31,294,384	34,706,847
Write-down of inventories	183,089	-
Unallocated production overheads	2,748,610	495,995
Others	110,109	117,259
Total	**$ 34,336,192**	**35,320,101**

(f) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Subsidiaries	$ 53,967,441	51,127,403
Associates	5,120,246	5,385,900
	$ 59,087,687	**56,513,303**

(i) Subsidiaries

Please refer to the consolidated financial statements as of and for the year ended December 31, 2023 for further information.

(ii) Associates

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

			Percentage of ownership	
Name of Associates	**Nature of Relationship to the Group**	**Registration Country**	**December 31, 2023**	**December 31, 2022**
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 %

(Continued)

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

	December 31, 2023	December 31, 2022
Formosa Advanced Technologies Co., Ltd.	$ 17,246,667	16,937,111

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

The financial information of FATC was as follows:

	December 31, 2023	December 31, 2022
Current assets	$ 9,573,354	10,767,938
Non-current assets	3,690,084	4,001,646
Current liabilities	(868,488)	(1,403,500)
Non-current liabilities	(587,714)	(654,795)
Net asset	$ 11,807,236	12,711,289
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	$ 8,028,921	8,643,676
Net asset contributed to FATC	$ 3,778,315	4,067,613

	For the year ended December 31,	
	2023	2022
Operating revenue	$ 7,648,594	10,433,443
Profit	$ 530,215	2,055,289
Other comprehensive income loss	24,983	(540,526)
Total comprehensive income	$ 555,198	1,514,763
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	$ 377,535	1,030,039
Comprehensive income contributed to FATC	$ 177,663	484,724

	December 31, 2023	December 31, 2022
Share of net assets of the major associate at January 1	$ 4,067,613	3,936,645
Total comprehensive income contributed to the Company	177,663	484,724
Uncollected dividends beyond the collection period which are reclassified to capital surplus	26	22
Cash dividends contributed to the Company	(466,987)	(353,778)
Share of net assets of major associate at December 31	3,778,315	4,067,613
Add: Goodwill	1,463,162	1,463,162
Less: Unrealized profits on upstream sales net assets of the associates	(121,231)	(144,875)
Total carrying amount of the major associate	$ 5,120,246	5,385,900

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(g) Property, plant and equipment

		Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:							
Balance as of January 1, 2023	$	1,013,924	8,579,904	214,683,351	900,269	22,483,972	247,661,420
Additions		-	-	605,231	32,990	10,896,990	11,535,211
Disposals		-	-	(860,344)	(36,425)	-	(896,769)
Reclassification		-	1,458,219	5,541,373	(579)	(6,999,013)	-
Balance as of December 31, 2023	**$**	**1,013,924**	**10,038,123**	**219,969,611**	**896,255**	**26,381,949**	**258,299,862**
Balance as of January 1, 2022	$	1,013,924	8,283,976	207,743,258	860,268	8,447,099	226,348,525
Additions		-	-	1,211,015	66,373	22,151,181	23,428,569
Disposals		-	-	(2,089,301)	(26,373)	-	(2,115,674)
Reclassification		-	295,928	7,818,379	1	(8,114,308)	-
Balance as of December 31, 2022	**$**	**1,013,924**	**8,579,904**	**214,683,351**	**900,269**	**22,483,972**	**247,661,420**
Accumulated depreciation / impairment:							
Balance as of January 1, 2023	$	-	3,256,859	158,799,128	732,369	-	162,788,356
Depreciation for the period		-	402,229	14,127,146	62,368	-	14,591,743
Impairment loss		-	-	(27,238)	-	-	(27,238)
Disposals		-	-	(830,809)	(36,425)	-	(867,234)
Reclassification		-	15,476	(14,750)	(726)	-	-
Balance as of December 31, 2023	**$**	**-**	**3,674,564**	**172,053,477**	**757,586**	**-**	**176,485,627**
Balance as of January 1, 2022	$	-	2,930,495	146,545,413	693,727	-	150,169,635
Depreciation for the period		-	326,364	14,271,775	65,145	-	14,663,284
Impairment loss		-	-	23,263	-	-	23,263
Disposals		-	-	(2,041,453)	(26,373)	-	(2,067,826)
Reclassification		-	-	130	(130)	-	-
Balance as of December 31, 2022	**$**	**-**	**3,256,859**	**158,799,128**	**732,369**	**-**	**162,788,356**
Balance as of December 31, 2023	**$**	**1,013,924**	**6,363,559**	**47,916,134**	**138,669**	**26,381,949**	**81,814,235**
Balance as of December 31, 2022	**$**	**1,013,924**	**5,323,045**	**55,884,223**	**167,900**	**22,483,972**	**84,873,064**

The estimated future recoverable amount of equipment, which had been identified to be no longer useful for its operation, is lower than the book value. In 2023 and 2022, the Company reassessed its estimates, wherein the amount of $27,238 and $23,263 of the reversal impairment loss and impairment loss has been recognized, respectively.

(h) Right-of-use assets

		Land	Building	Machinery and equipment	Total
Cost：					
Balance at January 1, 2023	$	5,074,689	8,181	48,848	5,131,718
Additions		174,774	1,429	145,405	321,608
Decrease		-	(8,181)	-	(8,181)
Balance at December 31, 2023	**$**	**5,249,463**	**1,429**	**194,253**	**5,445,145**

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

		Land	Building	Machinery and equipment	Total
Balance at January 1, 2022	$	1,993,336	8,181	-	2,001,517
Additions		3,081,353	-	48,848	3,130,201
Balance at December 31, 2022	$	**5,074,689**	**8,181**	**48,848**	**5,131,718**
Accumulated depreciation:					
Balance at January 1, 2023	$	603,062	4,868	678	608,608
Depreciation for the period		397,811	3,432	17,915	419,158
Decrease		-	(8,181)	-	(8,181)
Balance at December 31, 2023	$	**1,000,873**	**119**	**18,593**	**1,019,585**
Balance at January 1, 2022	$	292,993	1,432	-	294,425
Depreciation for the period		310,069	3,436	678	314,183
Balance at December 31, 2022	$	**603,062**	**4,868**	**678**	**608,608**
Carrying Amount:					
Balance at December 31, 2023	$	**4,248,590**	**1,310**	**175,660**	**4,425,560**
Balance at December 31, 2022	$	**4,471,627**	**3,313**	**48,170**	**4,523,110**

(i) Lease receivables

(i) On June 18, 2009, the Company signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased building (including facilities and land) were USD13,010 thousand and USD1,990 thousand, respectively from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased building (including facilities and land) will be USD8,010 thousand and USD1,990 thousand, respectively, from January 1, 2019 to December 31, 2023. The 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.

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(ii) The total lease receivable from the capital lease of the building (including facilities) was $5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was $2,656,223. The difference was recognized as unrealized interest revenue of $2,529,397. For the years ended 2023 and 2022, the Company recognized the interest revenue of $10,025 and $35,199, respectively, from the amortization of unrealized interest revenue.

(iii) MTTW received a written notice on June 12, 2023 concerning the renewal of its lease that matures on December 31, 2023, resulting MTTW to extent its lease for another 5 years, starting from January 1, 2024 to December 31, 2028, with an annual rental of USD 2,000, recognized as operating lease.

The details of lease receivables were as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ -	264,330
Total lease payments receivable	-	264,330
Unearned finance income	-	(10,025)
Present value of lease payments receivable	**$ -**	**254,305**

Please refer to Note 6(t) for information of credit risk.

(j) Short-term loans

(i) Short term borrowings consisted of the following:

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 11,181,000**	**-**
Interest rate	**1.65%~1.73%**	
Maturity date	**113.01.03~113.04.26**	

(ii) Increase in loans and repayments

	For the years ended December 31	
	2023	2022
Opening Balance	$ -	-
Amount of increase in loans	51,636,100	-
Amount of repayment	(40,455,100)	-
Ending balance	**$ 11,181,000**	**-**

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(k) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 393,063	360,895
Non-current	$ 4,104,145	4,200,447

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

The amount recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Interest on lease liabilities	$ 82,950	49,125
Expenses relating to short term leases	$ 21,352	46,296

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

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	$ 484,830	377,496

(i) Land lease

The Company leases its land, building and equipment with a period of 2 to 20 years.

(ii) Other leases

The Company leases staff dorm, factory, parking lots and office spaces which are short-term leases. The Company applied the recognition exemptions and elected not to recognize its right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plan

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 1,080,711	1,110,273
Fair value of plan assets	(575,024)	(579,585)
Net defined benefit liabilities	$ 505,687	530,688

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The Company has established an employee defined benefit retirement plan covering full-time employees. Under this plan, contributions are made to an independent fund that is deposited with Bank of Taiwan. Employees are eligible for retirement and payments of retirement benefits are based on years of service and the average salary for the last six months before the employee's retirement according to the R.O.C. Labor Standards Law.

1) Composition of plan assets

The Labor Pension Fund Supervisory Committee manages the Company's pension fund which is being funded according to the Labor Standards Law. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, this fund is required to distribute minimum income, but such minimum income shall not be less than the interest income derived from two-year time deposit with the local banks.

As of December 31, 2023, the Company's pension fund with Bank of Taiwan amounted to $575,024. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

2) Movements in present value of the defined benefit obligations

	For the years ended December 31, 2023	2022
Defined benefit obligation as of January 1,	$ 1,110,273	1,181,856
Current service and interest costs	17,112	9,693
Remeasurement of net defined benefit liabilities		
－actuarial losses arising from change in financial assumptions	(9,833)	(53,209)
Reclassification of liabilities from transfer of employees	(3,078)	(3,815)
Benefits paid	(33,763)	(24,252)
Defined benefit obligation as of December 31,	**$ 1,080,711**	**1,110,273**

3) Movements in fair value of defined benefit plan assets

	For the years ended December 31, 2023	2022
Fair value of plan assets as of January 1,	$ 579,585	540,618
Interest income	7,234	2,727
Remeasurement of net defined liabilities		
－return on plan assets (excluding interest income)	5,788	43,870
Contributions from employer	15,620	15,253
Benefits already paid by the plan	(33,203)	(22,883)
Fair value of plan assets as of December 31,	**$ 575,024**	**579,585**

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

4) Expenses recognized in profit or loss

	For the years ended December 31, 2023	2022
Current service costs	$ 3,334	3,808
Net interest income of net defined benefit liabilities	13,778	5,885
Operating expected rate of return for the plan asset	(7,234)	(2,727)
	$ 9,878	**6,966**

	2023	2022
Operating costs	$ 5,799	4,148
Operating expenses	4,079	2,818
	$ 9,878	**6,966**

5) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

	For the years ended December 31, 2023	2022
Balance as of January 1,	$ 63,106	160,185
Recognized during the period	(15,621)	(97,079)
Balance as of December 31,	**$ 47,485**	**63,106**

6) Actuarial assumptions

	December 31, 2023	December 31, 2022
Discount rate	1.25 %	1.25 %
Future salary increases	2.85 %	2.85 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2023 is $16,373.

The weighted average duration of the defined benefit plan is 11.4 years.

7) Sensitivity analysis

	Effect of defined benefit obligations	
	Increase amount	Decrease amount
December 31, 2023		
Discount rate (change 0.25%)	$ 24,350	(23,561)
Future salaries (change1%)	101,555	(90,845)
December 31, 2022		
Discount rate (change 0.25%)	28,540	(27,526)
Future salaries (change1%)	118,107	(104,390)

(Continued)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at balance sheet date.

The same methods and assumptions are adopted in the preparation of sensitivity analysis as in previous year.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Company's pension costs under the contribution pension plan amounted to $178,669 and $170,253 for the years ended 2023 and 2022, respectively.

(m) Income tax

(i) The Company's income tax (profit) expense recognized were as follows:

	For the years ended December 31, 2023	2022
Current tax (profit) expense		
Current period	$ (1,894,750)	3,047,998
Surtax on undistributed earnings	173,301	395,909
Adjustment for prior periods	(1,266,984)	(1,212,504)
Deferred tax profit	(296,862)	(81,529)
Income tax (profit) expense	**$ (3,285,295)**	**2,149,874**

The Company's income tax expense recognized directly in other comprehensive income were as follows:

	For the years ended December 31, 2023	2022
Items that could not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit plan	$ 3,124	19,416
Unrealized gains on equity investments at fair value through other comprehensive income	(453)	(101)
	$ 2,671	**19,315**

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Reconciliation of income tax expense and (loss) profit before tax were as follows:

	For the years ended December 31, 2023	2022
Income tax calculated based on local tax rate	$ (2,144,986)	3,353,781
Tax effect of permanent differences	(45,529)	(365,917)
Change in unrecognized temporary differences	297,497	(1,586)
Adjustment for prior periods	(1,565,578)	(1,232,313)
Surtax on undistributed earnings	173,301	395,909
Total	$ (3,285,295)	2,149,874

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2023 and 2022, the company had no unrecognized deferred income tax assets or liabilities.

2) Recognized deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2023, the information of the company unused tax losses for which deferred tax assets were recognized are as follows:

Year	Unused loss carry forward	Expiry year
2023	$ 1,894,750	2033

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows：

Deferred tax assets：

	Operating loss carry forwards	Impairment loss of assets	Improvements costs of environmental safety and factory facilities	Tax loss	Others	Total
Balance as of January 1, 2023	$ 115,831	82,422	-	-	128,010	326,263
Recognized in profit or loss	(83,553)	(21,243)	-	1,894,750	401,658	2,191,612
Recognized in other comprehensive income	-	-	-	-	(2,671)	(2,671)
Balance as of December 31, 2023	**$ 32,278**	**61,179**	**-**	**1,894,750**	**526,997**	**2,515,204**
Balance as of January 1, 2022	$ -	100,134	102,876	-	85,757	288,767
Recognized in profit or loss	115,831	(17,712)	(102,876)	-	61,568	56,811
Recognized in other comprehensive income	-	-	-	-	(19,315)	(19,315)
Balance as of December 31, 2022	**$ 115,831**	**82,422**	**-**	**-**	**128,010**	**326,263**

(Continued)

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Notes to the Financial Statements

3) Deferred tax liabilities：

	Unrealized gains (losses) on exchange
Balance as of January 1, 2023	$ -
Balance as of December 31, 2023	**$ -**
Balance as of January 1, 2022	$ 24,718
Recognized in profit	(24,718)
Balance as of December 31, 2022	**$ -**

(iii) The Company's income tax returns have been examined by the ROC tax authority through 2021.

(n) Capital and other equity

As of December 31, 2023 and 2022, the Company's government registered total authorized capital both amounted to $300,000,000 with $10 dollars par value per share, the number of ordinary shares both were 30,000,000 thousand shares and total paid-up ordinary share amounted to $30,981,209, and $30,980,079 respectively. All issued shares were paid up upon issuance.

The movements of shares outstanding for the years ended 2023 and 2022 were as follows:

(in thousand shares)

	Ordinary Shares	
	2023	**2022**
Balance as of January 1,	3,098,008	3,096,875
Exercise of employees share options	113	1,133
Balance as of December 31,	**3,098,121**	**3,098,008**

(i) Ordinary share

On February 22, August 2 and November 8, 2023, 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 35 thousand, 26 thousand and 52 thousand ordinary shares at par value, with the issuing prices of $26.3, $25.5 to $26.3 and $25.5 dollars per share, which totaled $1,130. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2023, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 59 thousand ordinary shares, at issuing prices of $25.5 dollars per share, which totaled $1,505, which was recognized as advance receipts for share capital as of December 31, 2023.

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On February 24, May 4, August 3 and November 2, 2022 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 196 thousand, 51 thousand, 556 thousand and 330 thousand ordinary shares at par value, with the issuing prices of $28.0, $28.0, $26.3 to $28.0 and $26.3 dollars per share, which totaled $11,330. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2022, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 28 thousand ordinary shares at issuing prices of $26.3 to $ dollars per share, which totaled $736, which was recognized as advance receipts for share capital as of December 31, 2022.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Premium from the issuance of stock	$ 29,492,419	29,490,623
Treasure shares transactions	274,385	274,385
Employee stock option plans	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292
Past due unclaimed dividends	399	264
Change in equity of associates accounted for using equity method	101	75
	$ 32,826,323	32,824,366

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the paid-up capital.

(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, wherein the Board of Directors is authorized to distribute cash dividends after a resolution has been adopted by a majority vote at a board meeting attended by two-thirds of the directors, thereafter, to be reported during the shareholders' meeting; while the distribution of stock dividends shall be submitted to the shareholders' meeting for approval.

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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.

1) Legal reserve

When the Company 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 issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 were approved by the board of directors and the general meetings of shareholders held on February 22, 2023 and May 26, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2022	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 2.13	6,600,000

	For the year ended December 31, 2021	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 3.70	11,470,000

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(iv) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$	913,316	(301,083)	612,233
Exchange differences on translation of foreign financial statements		(16,797)	-	(16,797)
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	5,455	5,455
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(1,812)	(1,812)
Balance as of December 31, 2023	$	**896,519**	**(297,440)**	**599,079**
Balance as of January 1, 2022	$	(3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements		4,899,241	-	4,899,241
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	(169,662)	(169,662)
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(404)	(404)
Balance as of December 31, 2022	$	**913,316**	**(301,083)**	**612,233**

(o) Share-based payment transactions

As of December 31, 2023, the Company had 6 share-based payment arrangements as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Emplyees	The 2th batch of Treasury Shares Transferred to Emplyees	The 3th batch of Treasury Shares Transferred to Emplyees	The 4th batch of Treasury Shares Transferred to Emplyees
Grant date	2016.5.10	2016.8.11	2021.1.15	2021.2.2	2021.8.12	2021.10.22
Grant unit	97,500	2,500	3,936	4,064	5,587	6,413
Exercise price (dollar) (Notes1~6)	38.0	36.6	57.4	57.4	57.4	57.4
Deal period	8 years	8 years	-	-	-	-
Vested Conditions	Duration of two years duration and at certain proportion	Duration of two years duration and at certain proportion	Immediately vested	Immediately vested	Immediately vested	Immediately vested

Note 1: The Company approved to distribute its cash dividends in 2016. As a result, the exercise price of the 8th batch of the employee stock option plan were adjusted to $35.3 dollars, in accordance with the offering and exercising terms and conditions of ESOP.

Note 2: The Company approved to distribute its cash dividends in 2017. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $34.3 dollars and $35.5 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 3: The Company approved to distribute its cash dividends in 2018. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $33.1 dollars and $34.3 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 4: The Company approved to distribute its cash dividends in 2019. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $29.2 dollars and $30.3 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 5: The Company approved to distribute its cash dividends in 2020. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.5 dollars and $29.6 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

(Continued)

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Note 6: The Company approved to distribute its cash dividends in 2021. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.0 dollars and $29.1 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 7: The Company approved to distribute its cash dividends in 2022. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $26.3 dollars and $27.4 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 8: The Company approved to distribute its cash dividends in 2023. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $25.5 dollars and $26.6 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP

(i) Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Emplyees	The 2th batch of Treasury Shares Transferred to Emplyees	The 3th batch of Treasury Shares Transferred to Emplyees	The 4th batch of Treasury Shares Transferred to Emplyees
Dividend rate	- %	- %	- %	- %	- %	- %
Expected volatility	55.47 %	45.80 %	48.33 %	50.77 %	40.01 %	34.15 %
Risk-free rate	0.5728 %	0.529 %	0.1690 %	0.0950 %	0.1090 %	0.2040 %
Fair value of unit stock option (dollar)	$ 18.77	15.30	28.80	29.50	9.00	5.00

Expected volatility is based on weighted average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. Expected dividend and risk-free rate is determined based on government bonds.

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

	For the years ended December 31,			
	2023		2022	
	Weighted-average exercise (price TWD)	Number of options (Units)	Weighted-average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1,	$ 26.35	631	28.02	1,631
Options exercised	25.50	(144)	26.30	(1,000)
Outstanding as of December 31,	25.56	**487**	26.35	**631**
Options exercisable as of December 31,	25.56	**487**	26.35	**631**

Further details of the outstanding stock options of the Company as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Range of exercise price (dollar)	25.5~26.6	26.3~27.4
Weighted average of remaining option plan period (year)	0.35~0.61	1.35~1.61

(Continued)

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(p) Earnings (losses) per share

	For the years ended December 31, 2023	2022
Basic earnings per share：		
Net (loss) profit attributable to the Company's ordinary shareholders	$ (7,439,634)	14,619,031
Weighted-average number of ordinary shares outstanding (basic)	3,098,073	3,097,571
Basic (losses) earnings per share (dollar)	$ (2.40)	4.72
Diluted earnings per share:		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)		$ 14,619,031
Effect of potentially dilutive ordinary shares		
Weighted-average number of ordinary shares (basic)		3,097,571
Effect of employee stock option		622
Effect of employee remuneration		22,683
Weighted-average number of ordinary shares (diluted)		3,120,876
Diluted earnings per share (dollar)		$ 4.68

The Company did not calculate the diluted loss per share for the year ended December 31, 2023, due to the net loss resulted in anti diluted effects to the employee share option and employee stock remuneration issued by the Company.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2023 Manufacturing department	For the year ended December 31, 2022 Manufacturing department
Geographic markets of primary destination:		
Taiwan	$ 9,924,422	18,028,822
Japan	2,348,370	4,028,084
China	10,514,387	18,786,645
USA	2,846,501	8,522,405
Other countries	3,976,200	6,888,791
	$ 29,609,880	56,254,747
Major products line:		
Dynamic Random Access Memory (DRAM)	$ 29,506,853	56,154,509
Others	103,027	100,238
	$ 29,609,880	56,254,747

(i) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$	-	516	-
Accounts receivable (including related parties)		4,960,916	4,124,290	12,207,133
Total	$	**4,960,916**	**4,124,806**	**12,207,133**

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

(r) Remuneration to employees

According to the Company's articles of incorporation, if the Company makes a profit, it should appropriate for employee compensation which is calculated based on 1% to 12% of the Company'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 Company who meet certain specific requirements.

For the year ended December 31, 2023, the Company did not estimate the remuneration to employees due to the Company had a net loss before tax.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to $1,010,000 for the years ended December 31, 2022. 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, 2022, and the financial statements for the years ended December 31, 2022, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

		For the years ended December 31, 2023	2022
Interest income from bank deposits and short-term notes	$	351,435	404,686
Interest income from financial lease receivables		10,025	35,199
	$	**361,460**	**439,885**

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(ii) Other income

	For the years ended December 31, 2023	2022
Gains on reversal of overestimated payables	$ -	514,382

In 2016, the original Joint Venture agreement entered into by the Company, together with Micron Technology Inc. and its related party, was terminated after Micron Semiconductor Co. had completed its share-swap with Micron Technology Taiwan (MTTW). At the same year, the Company and MTTW had mutually agreed to sign a cooperation agreement, wherein the Company will cover 50% of the expense of the actual amount for improving specific environmental safety and factory facilities during the mutually operating period of the joint venture agreement. Thereafter, the Company had recognized the estimated above expenses in that year. In the first quarter of 2022, the Company had eventually settled the differences between the estimated share costs and the actual amounts, in which it recognized the differences as a change in accounting estimates in the current year.

(iii) Other gains and losses

	For the years ended December 31, 2023	2022
Gain on disposal of property, plant and equipment	$ 66,569	74,999
Foreign exchange (losses) gains	(38,731)	2,965,267
Reversal of impairment losses (impairment losses) on non-financial assets	27,238	(23,263)
Government grants	347,960	-
Others	143,350	203,681
	$ 546,386	3,220,684

(iv) Finance costs

	For the years ended December 31, 2023	2022
Bank loan	$ 62,591	-
Amortization interest of lease liabilities	82,950	49,125
Others	395	-
	$ 145,936	49,125

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Notes to the Financial Statements

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

The majority of Company's customers are mostly those in the high-tech industry. In order to reduce accounts receivable credit risk, the Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. The Company still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

As of December 31, 2023 and 2022, the Company's major customers consisted of eight and five customers which accounted for 78.68% and 74.51%, respectively, of accounts receivable so that management believes the concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of receivables (including related parties), please refer to note 6(c).

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

Considering that the Company 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 December 31, 2023 and 2022, 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.

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Secured bank loans	$ 11,181,000	11,196,491	11,196,491	-	-	-	-
Accounts payable (including related parties)	3,443,085	3,443,085	3,443,085	-	-	-	-
Other payable (including related parties)	4,944,284	4,944,284	4,944,284	-	-	-	-
Lease liabilities (including current portion)	4,497,208	5,235,984	241,523	238,285	453,362	1,359,246	2,943,568
Total	**$ 24,065,577**	**24,819,844**	**19,825,383**	**238,285**	**453,362**	**1,359,246**	**2,943,568**

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NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2022							
Accounts payable (including related parties)	$ 5,604,310	5,604,310	5,604,310	-	-	-	-
Other payable (including related parties)	6,706,084	6,706,084	6,706,084	-	-	-	-
Lease liabilities (including current portion)	4,561,342	5,115,567	213,177	213,052	419,628	1,179,545	3,090,165
Total	**$ 16,871,736**	**17,425,961**	**12,523,571**	**213,052**	**419,628**	**1,179,545**	**3,090,165**

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

(iii) Currency risk

1) Exposure to currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Foreign rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Foreign rate (dollars)	New Taiwan Dollars
Financial assets:						
Monetary items						
USD	$ 339,769	30.735	10,442,800	693,633	30.708	21,300,082
JPY	2,243,690	0.2172	487,329	1,248,529	0.2306	287,911
EUR	86	33.9755	2,922	279	32.703	9,124
HKD	28	3.9316	110	66	3.935	260
Financial liabilities:						
Monetary items						
USD	$ 101,028	30.735	3,105,096	159,944	30.708	4,911,560
JPY	655,640	0.2172	142,405	4,399,149	0.2306	1,014,444
EUR	4,557	33.9755	154,826	125,752	32.703	4,112,417

2) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable (including related parties), accounts payable, and other payables (including related parties) which are denominated in different foreign currencies. A 1% appreciaition and depreciation of the TWD against the USD, EUR, and JPY as of December 31, 2023 and 2022 would have decreased and increased the net income before tax by $75,311 and $115,590 for the years ended 2023 and 2022, 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.

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange losses and gains (including realized and unrealized portions) amounted to $(38,731) and $2,965,267, respectively.

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Notes to the Financial Statements

(iv) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,	
	2023	2022
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	$ 162	133
Decrease 1%	(162)	(133)

(v) Fair value of financial instruments

1) Types and fair value of financial instruments

The Company’s financial assets measured at fair value through other comprehensive income was measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities (including the information on fair value hierarchy; but excluding financial instruments were not measured at fair value whose carrying amount were reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required) were as follows:

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without an market price measured at fair value	$ 20,301	-	-	20,301	20,301
Financial assets measured at amortized cost					
Cash and cash equivalents	6,189,489	-	-	-	-
Investment in debt securities with no active market	862,620	-	-	-	-
Accounts receivable (including related parties)	4,960,916	-	-	-	-
Other receivables	2,433,333	-	-	-	-
Subtotal	**$ 14,446,358**	**-**	**-**	**-**	**-**
Total	**$ 14,466,659**	**-**	**-**	**20,301**	**20,301**
Financial liabilities measured at amortized cost					
Short term loans	$ 11,181,000	-	-	-	-
Accounts payable (including related parties)	3,443,085	-	-	-	-
Other payables (including related parties)	4,944,284	-	-	-	-
Lease liabilities (including current portion)	4,497,208	-	-	-	-
Total	**$ 24,065,577**	**-**	**-**	**-**	**-**

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	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without an market price measured at fair value	$ 16,566	-	-	16,566	16,566
Financial assets measured at amortized cost					
Cash and cash equivalents	23,091,422	-	-	-	-
Financial assets measured at cost	722,764	-	-	-	-
Notes and accounts receivable (including related parties)	4,124,806	-	-	-	-
Other receivables	1,672,741	-	-	-	-
Lease payments receivable	254,305	-	-	-	-
Subtotal	$ 29,866,038	-	-	-	-
Total	$ 29,882,604	-	-	16,566	16,566
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 5,604,310	-	-	-	-
Other payables (including related parties)	6,706,084	-	-	-	-
Lease liabilities (including current portion)	4,561,342	-	-	-	-
Total	$ 16,871,736	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

The category and attribute of the Company's financial instruments without an active market were as follows:

- Equity instruments without an active market price: Measurements of fair value of financial instruments without an active market price are calculated using the net asset value method, which is measured according to the main assumption based on the equity value of the investee’s net asset. The estimation has already been adjusted in accordance with the discount on the lack of marketability of the equity stock.

3) Transfer between levels

For the years ended December 31, 2023 and 2022, there was no transfer from financial assets.

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4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2023	$ 16,566
Purchased	6,000
Total losses recognized in other comprehensive income	(2,265)
Balance as of December 31, 2023	**$ 20,301**
Balance as of January 1, 2022	11,071
Purchased	6,000
Total losses recognized in other comprehensive income	(505)
Balances as of December 31, 2022	**$ 16,566**

For the years ended December 31, 2023 and 2022, total losses that were included in " unrealized losses from financial assets at fair value through other comprehensive income" were as follows:

	2023	2022
Total losses recognized in other comprehensive income, and presented in "unrealized losses from financial assets at fair value through other comprehensive income"	**$ (1,812)**	**(404)**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value "fair value through other comprehensive income – equity investments".

The Company's investment in equity instruments without an active market have only one significant unobservable input.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	·Net asset value ·The discount rate due to lack of marketability as of December 31, 2023 and December 31, 2022, the significant unobservable inputs were 10%, 5%, respectively	·The higher the discount for lack of marketability, the lower the fair value.

6) Fair value measurement in Level 3 - sensitivity analysis of the possible alternative assumptions

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. The effects of changes in assumptions for financial instruments, whose fair value measurements were categorized as Level 3, were as follows:

			Effects of changes in fair value on other comprehensive income	
	Inputs	Increase or decrease	Favorable change	Unfavorable change
December 31, 2023				
Equity investments without an active market				
Financial assets at fair value through other comprehensive income equity investments without an active markets	Discount for lack of marketability	1%	226	(226)
December 31, 2022				
Equity investments without an active market	Net asset value	5%		
Financial assets at fair value through other comprehensive income equity investments without an active markets			174	(174)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(u) Financial risk management

(i) Nature and extent

The Company has the following exposure risks for holding certain financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

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The following further discloses detailed information about exposure risk arising from the aforementioned risks and the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these exposure risks, please refer to the respective notes in the financial statements.

(ii) Framework of risk management

The Company's Board of Directors has an overall responsibility for the establishment and oversight of the risk management framework, and developing and monitoring the risk management policies. However, the Risk Management Committee, which has been established in 2020, was merged into Sustainability Development Committee in 2022.

The Company's risk management policies are established to identify and analyze the risks being faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, bank deposits and investments.

1) Accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Company; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company established an impairment allowance that represents its estimate of incurred losses in respect of accounts receivable and investments. Major components of this impairment allowance are specific loss component that is related to individually significant exposure and collective loss component where is the loss is incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company's finance department. Considering that the Company deals only with banks and other external parties with good credit standing and with above investment grade financial institutions, corporate and partnership organization and government agencies, management is not expecting non-compliance issues and significant credit risk.

3) Guarantees

The Company' s policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2023 and 2022, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Also, the Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Company has unused bank facilities for $38,711,000 and $46,792,000 as of December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives in order to reduce market risks. All these transactions are made in accordance with the risk management policy.

1) Currency risk

The Company's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, JPY, EUR and HKD.

(Continued)

2) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(v) Capital management

The Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the Company's equity.

The Company may adjust the payment of dividend to shareholders, return cash to shareholders through capital reduction, issue new shares or sell held for sale assets in order to pay off its liabilities. Likewise, the Company monitors its debt-to-capital ratio which serves as the basis to control capital, the same practice as the other companies in the industry. The Company's debt-to-capital ratio on reporting date was as follows:

	December 31, 2023	December 31, 2022
Total Liabilities	$ 25,422,360	21,185,627
Deduct: cash and cash equivalents	(6,189,489)	(23,091,422)
Net liabilities	**$ 19,232,871**	**(1,905,795)**
Total equity	**$ 166,924,155**	**180,958,050**
Debt-to-capital ratio	**11.52 %**	**(1.05)%**

The Company has not changed its capital management strategy as of December 31, 2023.

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

The Company's investing and financing activities on non-cash transactions for the years ended 2023 and 2022 were as follows:

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

(ii)

	For the years ended December 31, 2023	For the years ended December 31, 2022
Acquisition of property, plant and equipment	$ 11,535,211	23,428,569
Add: Payables on equipment at beginning of period	3,508,900	785,854
Less: Payables on equipment at end of period	(1,807,098)	(3,508,900)
Cash Paid	**$ 13,237,013**	**20,705,523**

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

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

	January 1, 2023	Cash flow	Non-Cash changes: Changes in an index of lease payments	Non-Cash changes: Increased	Non-Cash changes: Increased by other payables	December 31, 2023
Lease liabilities	$ 4,561,342	(380,528)	174,603	146,834	(5,043)	4,497,208
Short-term borrowings	-	11,181,000	-	-	-	11,181,000
Guarantee deposits	22,926	(8,359)	-	-	-	14,567
	$ 4,584,268	**10,792,113**	**174,603**	**146,834**	**(5,043)**	**15,692,775**

	January 1, 2022	Cash flow	Non-Cash changes: Change in an index of lease payment	Non-Cash changes: Increased	Non-Cash changes: Increased of other payables	December 31, 2022
Lease liabilities	$ 1,724,601	(281,419)	26,136	3,104,065	(12,041)	4,561,342
Guarantee deposits	70,248	(47,322)	-	-	-	22,926
	$ 1,794,849	**(328,741)**	**26,136**	**3,104,065**	**(12,041)**	**4,584,268**

(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 financial statements.

Name of related party	Relationship with the Company
Nanya Technology Corp. U.S.A.	The Company's subsidiary
Nanya Technology Corp. Delaware	The Company's subsidiary
Nanya Technology Corp. H.K.	The Company's subsidiary
Nanya Technology Corp. Japan	The Company's subsidiary
Nanya Technology International, Ltd.	The Company's subsidiary
Nanya Technology Corp. Europe GmbH	The Company's subsidiary
Nanya Technology Corp. Shenzhen	The Company's subsidiary
Formosa Advanced Technologies Co., Ltd.	The Company's associates
Formosa Petrochemical Corporation	The Company's other related parties
Nan Ya Photonics Incorporation	The Company's other related parties
Formosa Sumco Technology Corporation	The Company's other related parties
Formosa Technologies Corporation	The Company's other related parties
Formosa Biomedical Technology Corp.	The Company's other related parties
Formosa Plastics Corporation	The Company's other related parties
Nanya Printed Circuit Board Corporation	The Company's other related parties
Formosa Waters Technology Co., Ltd.	The Company's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Company
Min Chi University of Technology	The Company's other related parties

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(b) Significant related-party transactions

(i) Sales to related parties

	Sales For the years ended December 31, 2023	Sales For the years ended December 31, 2022	Accounts receivable to related parties December 31, 2023	Accounts receivable to related parties December 31, 2022
Subsidiaries				
Nanya Technology Corp. USA	$ 2,844,368	8,522,364	607,474	973,990
Other Subsidiaries	2,848,991	5,170,973	587,870	822,988
Other Subsidiaries	2,348,370	4,028,084	288,316	71,281
Other Subsidiaries	186,065	179,921	33,412	37,086
Nanya Printed Circuit Board Corporation	189,137	-	124,000	-
Total	$ **8,416,931**	**17,901,342**	**1,641,072**	**1,905,345**

The selling prices and collection terms for the sales to related parties above are not significantly different from those third-party customers, and the normal credit term with the related parties above is O/A 30 to 180 days. There is no collateral received among related parties accounts receivable. However, not expected credit loss is necessary based on the result of management's evaluation.

(ii) Purchase from related parties

	Purchases For the years ended December 31, 2023	Purchases For the years ended December 31, 2022	Accounts payable to related parties December 31, 2023	Accounts payable to related parties December 31, 2022
Entities with significant influence over the Company	$ 146,951	245,691	13,673	15,148
Associates	7,440	2,395	-	-
Other related parties:				
Formosa Sumco Technology Corporation	529,781	1,018,815	121,209	179,353
Other related parties	240,792	277,393	10,178	14,456
Total	$ **924,964**	**1,544,294**	**145,060**	**208,957**

The purchase price and payment terms for the purchase from related parties above are not significantly different from those with third party vendors, and the average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iii) Consigned out for processing

	Amount For the years ended December 31, 2023	Amount For the years ended December 31, 2022	Other payables to related parties December 31, 2023	Other payables to related parties December 31, 2022
Associates	$ 5,680,355	8,693,192	851,177	1,414,240

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

(iv) Service received

Relationship	Other gains For the years ended December 31, 2023	Other gains 2022	Administrative expenses For the years ended December 31, 2023	Administrative expenses 2022	Other payables to related parties December 31, 2023	Other payables to related parties December 31, 2022
Subsidiaries						
Nanya Technology Corp. USA	$ 312	306	-	-	-	-
Nanya Technology Corp. Europe GmbH	188	184	-	-	-	-
Nanya Technology Corp. Shen zhen	-	-	47,064	55,031	4,907	4,611
Nanya Technology Corp. Delaware	156	153	451,533	459,530	48,482	46,268
Nanya Technology Corp. Japan	-	-	553	433	-	-
	$ 656	643	499,150	514,994	53,389	50,879

(v) Property transactions

1) Acquisition of equipment:

	Acquisition price For the years ended December 31, 2023	Acquisition price For the years ended December 31, 2022	Other payables to related parties December 31, 2023	Other payables to related parties December 31, 2022
Entities with significant influence over the Company	$ -	44,850	-	4,485
Other related parties	31,740	29,500	11,968	13,226
	$ 31,740	74,350	11,968	17,711

2)

	Acquisition price For the years ended December 31, 2023	Acquisition price For the years ended December 31, 2022	Other payables to related parties December 31, 2023	Other payables to related parties December 31, 2022
Other related parties	$ 110	-	-	-

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(vi) Lease contracts

	Acquisition price	
	For the years ended December 31,	
Relationship	**2023**	**2022**
Entities with significant influence over the Company	$ 19,634	39,628

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

The Company entered into a 20-year lease agreements in June and October 2022, as well as a 9-to-10-year lease agreement between July and August 2020, with Nan Ya Plastics Corporation, at the total values of $3,556,784 and $2,015,018, respectively. Also, for the years ended December 31, 2023 and 2022, the Company recognized the amounts of $80,615 and $48,192, respectively, as interest expenses. Furthermore, on December 31, 2023 and 2022, the balances of lease liabilities amounted to $4,293,088 and $4,454,312, respectively.Additionally, for the year ended December 31, 2023 and 2022, the Company recognized the additions of the right of use asset amounting to $0 and $3,055,217, respectively.

The Company entered into a 3-year lease agreement in December 2021 with Min Chi University of Technology, at the total values of $50,198. Also, for the year ended December 31, 2023, the Company recognized the amount of $268 and $440, respectively, as interest expense. Furthermore, on December 31, 2023 and 2022, the balance of lease liabilities amounted to $16,623 and $33,073, respectively.

(vii) Others

	Other income	
	December 31, 2023	**December 31, 2022**
Associates	$ 174	260

	Paid in advance	
	December 31, 2023	**December 31, 2022**
Associates	$ 4,893	19,617

As of December 31, 2023 and 2022, the receivables due from above associates have already collected.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	**2022**
Short-term employee benefits	$ 57,981	76,610

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

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(8) Pledged assets:

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

Pledged assets	Object	December 31, 2023	December 31, 2022
Non-current financial assets at amortized cost	Office leasing and performance guarantee	$ 722,764	722,764

(9) Commitments and contingencies:

(a) Significant commitments

	December 31, 2023	December 31, 2022
Guarantees for importation goods provided by bank	$ 1,035,000	1,035,000
Performance guarantees for green energy projects provided by banks	20,000	-
Performance guarantees provided by bank	139,856	-
Issuance of promissory note for the performance guarantees of research and development programs	500,000	-
Unused letters of credit	3,089	346,484
Acquisition of property, plant and equipment	21,068,688	22,590,421
Total	$ 22,766,633	23,971,905

(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 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.

(iii) In February, 2023, Polaris Innovations Limited (Polaris) filed a lawsuit against the Company, to the US District Court of East Texas for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company’s rights.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(12) Other:

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

	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	2,509,541	1,833,611	4,343,152	3,350,434	2,264,179	5,614,613
Labor and health insurance	224,711	122,425	347,136	218,220	115,516	333,736
Pension expenses	110,682	77,865	188,547	105,532	71,687	177,219
Remuneration of directors	-	8,360	8,360	-	7,870	7,870
Other personnel expenses	64,291	30,874	95,165	71,678	33,714	105,392
Depreciation expenses	14,432,225	578,676	15,010,901	14,342,222	635,245	14,977,467
Amortization expenses	306,350	-	306,350	258,128	-	258,128

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2023 and 2022 are as follows：

	For the years ended December 31, 2023	For the years ended December 31, 2022
Number of employees	3,619	3,572
Number of directors who were not employees	8	8
The average employee benefit	$ 1,377	1,748
The average salaries and wages	$ 1,203	1,575
Changes of the average salaries and wages	(23.62)%	(11.91)%
Remuneration to supervisor	$ -	-

The Company's salary and remuneration policies (including directors, managers, and employees) are as follows:

The Company established a remuneration committee to monitor its directors and executives, and to protect the rights of its shareholders and employees. Also, the Company formulates the policies, standards and structures of remuneration, to regularly examine the performance of directors and executives. Furthermore, the Company aims to attract and hold talented employees though providing competitive salaries.

NANYA TECHNOLOGY CORPORATION
Notes to 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 Company for the year ended December 31, 2023:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Mesh Cooperative Ventures Fund LP	-	Financial assets at fair value through other comprehensive income —non-current	-	20,301	2.46 %	20,301	

(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:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory construction	April 28, 2021~ April 15, 2022	19,726,385	Monthly settlement based on the construction progress and acceptance	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	Monthly settlement based on the construction progress and acceptance	Li Jin Engineering Co., Ltd	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	Monthly settlement based on the construction progress and acceptance	Lien Rong Construction Co., Ltd.	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 18, 2023	2,053,353	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	

(vi) Disposal of individual real estate with amount exceeding $300 million or 20% of the Company's paid-in capital: None

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

(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)	
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)
Nanya Technology Corp	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(2,844,368)	(9.61)%	O/A 60~90Days	-		607,474	12.25%
Nanya Technology Corp	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(2,348,370)	(7.93)%	O/A 180Days	-		288,316	5.81%
Nanya Technology Corp	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(2,848,991)	(9.62)%	O/A 60~90Days	-		587,870	11.85%
Nanya Technology Corp	Nanya Technology Corp., HK	subsidiary	(Sale)	(186,065)	(0.63)%	O/A 60~90 Days	-		33,413	0.67%
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(447,174)	(100.00)%	O/A 60~90 Days	-		48,482	100.00%
Nanya Technology Corp	Nanya Printed Circuit Board Corporation	Other related parties	(Sale)	(189,137)	(0.64)%	O/A 30 Days	-		124,000	2.50%
Nanya Technology Corp., U.S.A.	Nanya Technology Corp	The parent company	Purchase	2,844,368	100.00%	O/A 60~90 Days	-		(607,474)	(100.00)%
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	2,348,370	100.00%	O/A 180Days	-		(288,316)	(100.00)%
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	2,848,991	100.00%	O/A 60~90Days	-		(587,870)	(100.00)%
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	186,065	100.00%	O/A 60~90Days	-		(33,413)	(100.00)%
Nanya Technology Corp	Nanya Technology Corp., Delaware	Subsidiary	Purchase	447,174	4.19%	O/A 60~90Days	-		(48,482)	(1.41)%
Nanya Technology Corp	Formosa Sumco Technology Corporation	Other related parties	Purchase	529,781	4.96%	O/A 60Days	-		(121,209)	(3.52)%
Nanya Technology Corp	Formosa Biomedical Technology Corporation	Other related parties	Purchase	139,844	1.31%	Payment after arrival and inspection of good	-		(3,730)	(0.11)%
Nanya Technology Corp	Nanya Plastic Corporation	The entities with significant influence over the Group	Purchase	146,951	1.38%	Payment after arrival and inspection of good	-		(13,673)	(0.40)%

(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	607,474	3.60	-	-	178,994	-
The Company	Nanya Technology Corp., Japan	Subsidiary	288,316	13.06	-	-	288,316	-
The Company	Nanya Technology Europe GmbH	Subsidiary	587,870	4.04	-	-	182,931	-
The Company	Nanya Printed Circuit Board Corporation	Other related parties	124,000	3.05	-		124,000	-

(ix) Trading in derivative instruments: None

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

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

The following is the information on investees for the year ended December 31, 2023:

(In Thousands of New Taiwan Dollars / Thousands Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income of investee	Share of profits of investee	Note
				December 31, 2023	December 31, 2022	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	2.4	100.00 %	246,723	14,101	14,101	-
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	240,738	20,170	20,170	-
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	102,506	8,428	8,428	-
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	412,448	33,331	33,331	-
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	52,965,026	2,778,867	2,778,867	-
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 %	5,120,246	530,215	193,312	(Note)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	93,415	5,114	5,114	-

Note: Investment accounted for using equity method.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	30,274 (USD985 thousand)	(2)	30,274 (USD985 thousand)	-	-	30,274 (USD985 thousand)	1,709	100.00%	1,709	26,125	-

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 audited by a certified public accountant of the Taiwanese parent company.

Note3：The transactions were written off in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
30,274 (USD985 thousand)	30,274 (USD985 thousand)	100,154,493

Note 1：The exchange rate of New Taiwan dollars to US dollars on December 31, 2023 was USD1：TWD 30.375

Note 2：60% of net equity.

(iii) Significant transactions: None

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

(d) Information on major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Nan Ya Plastics Corporation	907,303,775	29.28 %
Formosa Chemicals & Fibre Corporation	334,815,409	10.80 %
Formosa Plastics Corporation	334,815,409	10.80 %
Formosa Petrochemical Corp	334,815,409	10.80 %

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 ac count. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial statements as of and for the year ended December 31, 2023.

Nanya Technology Corporation

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Cash in bank	Checking Account	$ 7,989	
	Demand deposits	122,778	
	Foreign currency deposits	2,514,243	(Note1)
Cash Equivalents	Time deposits	3,544,479	(Note2)
Total		**$ 6,189,489**	

Note 1

Original currency (in thousand)		Currency rate
USD	75,230	30.735
JPY	916,270	0.2172
EUR	86	33.98
HKD	28	3.9316

Note 2

Original currency (in thousand)		Maturity	Interest rate
USD	115,324	112.1.03~112.4.14	5.53%~5.89

Nanya Technology Corporation

Statement of trade receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Clients	Amount
Non-related parties:	
MediaTek Inc.	$ 1,055,713
Sigmastar XM	402,319
WPI International Co.	374,660
KINGSTON	301,395
WT Microelectronics Co., Ltd	285,372
Other (Less than 5% of the ending balance)	900,385
Total	**$ 3,319,844**

Nanya Technology Corporation

STATEMENT OF INVENTORIES

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	
	Cost	Net Realizable value
Raw materials	$ 562,024	562,024
Work in process	11,671,966	11,671,966
Finished goods	15,556,372	15,373,283
Less : allowance to write-down of inventories	(183,089)	
Net Inventory	**$ 27,607,273**	

Nanya Technology Corporation

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Additions		Disposals				Ending Balance			
Investee Company	Number of Shares	Amount	Number of Shares	Amount (Note1)	Number of Shares	Amount (Note 1)	Others (Note2)	Income from investments	Number of Shares	Percentage of ownership	Amount	Guarantee or pledge
Nanya Technology Corp, USA	2,400	$ 225,291	-	-	-	-	1,894	14,101	2,400	100.00 %	241,286	Nil
Nanya Technology Corp, Delaware	1	216,705	-	-	-	-	-	20,170	1	100.00 %	236,875	Nil
Nanya Technology Corp, HK	19,699	103,119	-	-	-	-	-	8,428	19,699	100.00 %	111,547	Nil
Nanya Technology Corp, Japan	1,000	459,834	-	-	-	-	44	33,331	1,000	100.00 %	493,209	Nil
Formosa Advanceed Technologies Co., Ltd.	141,511,000	5,385,900	-	-	-	466,987	8,021	193,312	141,511,000	32.00 %	5,120,246	Nil
Nanya Technology International, Ltd	1,600	49,209,138	-	-	-	-	-	2,778,867	1,600	100.00 %	51,988,005	Nil
Subtoatl		55,599,987		-		466,987	9,959	3,048,209			58,191,168	
Add: Exchange differences on translation of foreign financial statements												
Nanya Technology Corp, USA		5,437		-		-	-	-			5,437	
Nanya Technology Corp, Delaware		3,957		-		-	(94)	-			3,863	
Nanya Technology Corp, HK		(11,980)		-		-	2,939	-			(9,041)	
Nanya Technology Corp, Japan		(56,657)		-		-	(24,104)	-			(80,761)	
Nanya Technology International, Ltd		972,559		-		-	4,462	-			977,021	
Subtoatl		913,316		-		-	(16,797)	-			896,519	
		$ 56,513,303		**-**		**466,987**	**(6,838)**	**3,048,209**			**59,087,687**	

Note1 : The amounts consisted of cash dividend.

Note2 : The amounts consisted of realized net profit from sales amounting to $1,936, share of other comprehensive income of associates accounted for using equity method amounting to $7,995, changes in Capital surplus amounting to $26, and other adjustments amounting to $2.

Please refer to Note 6(g) for Statement of changes in property, plant and equipment.

Nanya Technology Corporation

STATEMENT OF TRADE PAYABLES

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Accounts O/A payable	$ 623,926
Accounts raw material and supplies payable	2,610,455
Others (Less than 5% of the ending balance)	63,644
Total	**$ 3,298,025**

STATEMENT OF OTHER PAYABLES

Items	Amount
Salaries payable	$ 987,983
Royalty Payable	2,051,022
Others (Less than 5% of the ending balance)	988,745
	$ 4,027,750

Please refer to Note 6(j) for Statement of changes in short-term loans.

Nanya Technology Corporation

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Units	Quantity	Amount
Dynamic random-access memory	Thousand pieces	876,728	$ 29,506,853
Others			103,027
Net sales revenue			**$ 29,609,880**

Nanya Technology Corporation

STATEMENT OF OPERATING COSTS

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning balance of year for raw materials	$ 1,105,157
Add: raw materials purchased	10,680,909
Ending balance of year for raw materials	(562,024)
Add: Others	395,054
Less: Reclassified to manufacturing and operating expenses	(3,776,119)
Usage material	7,842,977
Direct labor	561,173
Manufacturing expenses	31,285,335
Manufacturing Costs	39,689,485
Beginning balance of year for work in progress	8,670,605
Add: Transferred from finished goods	18,799,352
Less: Reclassified to operating expenses	(3,376,515)
Ending balance of year for work in progress	(11,671,966)
Cost of finished goods	52,110,961
Beginning balance of year for finished goods	13,579,858
Less: Reclassified to work in progress	(18,799,352)
Reclassified to operating expenses	(40,711)
Ending balance of year for finished goods	(15,556,372)
Inventory cost	31,294,384
Add: Other costs	110,109
Loss on work stoppage	2,748,610
Write-down of inventories	183,089
Operating costs	**$ 34,336,192**

Nanya Technology Corporation

STATEMENT OF SELLING EXPENSES

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Salaries	$ 196,221
Air Freights on export sales	70,391
Commissions on export sales	35,314
Others (Less than 5% of the ending balance)	118,054
Total	**$ 419,980**

Nanya Technology Corporation

STATEMENT OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Salaries	$ 419,145
Professional service fee	324,668
Depreciation expenses	266,899
Miscellaneous expenses	198,268
Utilities	122,460
Amortization expenses	115,069
Repair expenses	106,616
Others (Less than 5% of the ending balance)	240,262
	$ 1,793,387

Nanya Technology Corporation

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSE

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Testing material expenses	$ 4,440,626
Salaries	1,457,875
Computer usage expenses	402,328
Others (Less than 5% of the ending balance)	1,296,476
	$ 7,597,305