

Stock Code: 2408



# **NANYA TECHNOLOGY CORP.**

## **2015 ANNUAL SHAREHOLDERS' MEETING MEETING HANDBOOK (SUMMARY)**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

**June 10, 2015**

# Table of Contents

Meeting Procedure .....	Page 1
Meeting Agenda .....	Page 2
Report Items .....	Page 4
Ratification Items .....	Page 14
Discussion Items .....	Page 16
Appendices .....	Page 41

**NANYA TECHNOLOGY CORP.**  
**2015 ANNUAL SHAREHOLDERS' MEETING**  
**PROCEDURE**

1. Call Meeting to Order
2. Chairman's Address
3. Reporting Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Meeting Adjourned

# **NANYA TECHNOLOGY CORP.**

## **2015 ANNUAL SHAREHOLDERS' MEETING AGENDA**

Time: 10:00 a.m., Wednesday, June 10<sup>th</sup>, 2015

Venue: Jin-Xing-Factory-Area Movie Theater, No.336, Sec. 1,  
Nankan Rd., Luzhu Dist., Taoyuan City, Taiwan (R.O.C.)

### **1. Reporting Items**

- (1) Business Report for 2014
- (2) Supervisors' Review Report for 2014
- (3) Execution Status Report of Business Operation  
Enhancement Plan for the Company's Capital Reduction  
in 2014
- (4) Amendment of the Company's "The Codes of Ethics of  
Directors, Supervisors and Managers"

### **2. Ratification Items**

- (1) To Ratify the Business Report and Financial Statements for  
2014
- (2) To Ratify the Proposal for Distribution of 2014 Profits

### **3. Discussion Items**

- (1) To accommodate the requirement by the competent securities authority with which the Company shall establish an Audit Committee to replace the Supervisors at the expiration of the term of office of the Company's incumbent Directors and Supervisors. To amend the Articles of Incorporation of the Company, the corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.
- (2) To refer to the revisions of "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" announced by the Letter of the Taiwan Stock Exchange Corporation dated January 28, 2015 (Reference No.

Tai-Cheng-Chih-Li-Tzu-1040001716), the Company's "Convention Rules and Procedures for Shareholders' Meeting" shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

- (3) To accommodate the requirement by the competent securities authority with which the Company shall establish an Audit Committee to replace the Supervisors. And to refer to the revisions of "Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors" announced by the Letter of the Taiwan Stock Exchange Corporation dated January 28, 2015 (Reference No. Tai-Cheng-Chih-Li-Tzu-1040001716), the Company's "Rules for Election of Directors and Supervisors" shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

## Reporting Items

1. About the Company's business operation condition of 2014, please refer to Business Report for further details (on Page 5 through Page 7 of the Handbook.)
2. The Company's Supervisors had reviewed the 2014 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Supervisors' Review Report (on Page 8 of the Handbook.)
3. Execution Status Report of Business Operation Enhancement Plan for the Company's Capital Reduction in 2014

### **Explanation:**

The Company's capital reduction plan was approved by Financial Supervisory Commission in 2014. Please refer to Page 9 through Page 10 of the Handbook for the Execution Status Report of Business Operation Enhancement Plan.

4. Amendment of the Company's "The Codes of Ethics of Directors, Supervisors and Managers"

### **Explanation:**

To refer to the revisions of the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies" announced by the Letter of the Taiwan Stock Exchange Corporation dated January 28, 2015 (Reference No. Tai-Cheng-Chih-Li-Tzu-1040001716), the Board of Directors approved the amendment of the "The Codes of Ethics of Directors, Supervisors and Managers" of the Company on March 12, 2015. Please refer to Page 11 through Page 13 of the Handbook for the amended "The Codes of Ethics of Directors, Supervisors and Managers".

# **NANYA TECHNOLOGY CORP.**

## **Business Report for 2014**

### **Year 2014 Financial Performance**

NTC reported consolidated revenue of NT\$49.11 billion in 2014, an increase of 8.6% over NT\$45.22 billion in 2013. Net income was NT\$28.24 billion, 247% increase from 2013 level. We enjoyed the year of record profit since NTC was founded.

Paradigm shift reflects oligopoly in DRAM industry, the worldwide DRAM market began to recover since 2013. With banner year of 2014 & NTC's successful reshuffle, we harvested the benefits of the shift in our strategy of concentrating on consumer and mobile market segments that began in 2013. Meanwhile, our financial situation also improved significantly.

NTC achieved outstanding performances in production, sales/marketing as well as product development. Our major achievements in 2014 include:

- Enhanced cost competitiveness through improving 30nm yield and output.
- Strengthened market penetration in consumer and low power markets. The 2 segments accounted for 75% of total revenue.
- Raised productivity by shortening 36% wafer production cycle time.
- Developed 30nm design shrink product which generated in average 15% more chips than original one & entered volume production in 4Q14.

NTC has been concentrating on consumer & low power specialty DRAM applications. Quality and timely customer service is the

key to win. By seamless cross-department cooperation, we are honored for our excellent product quality & service by international top tier system product manufacturing customer as best supplier.

The joint venture with Micron, Inotera, also reported historical high financial results which contributed materially to NTC's profit. In 2014, both NTC & Inotera demonstrated great results and enjoyed the year of record profit as we continued to move toward the right strategy & guidelines.

### **Year 2015 Business Outlook**

The focus areas of operation for 2015 are to further improve production efficiency to reinforce cost competitiveness and increase wafer value. Major tasks include:

- Rapidly raise 30nm design shrink products production ratio with high yield. Annual bit output growth is expected to reach 15%.
- Ceaselessly concentrating on consumer & low power markets by offering competitive product mix. 80% of total revenue from consumer & low power markets is our target.
- In market promotion, we continuously provide excellent service & customized products based on the close alliance with controller suppliers and customers we established for diversified needs. We position ourselves as a key consumer and low power DRAM supplier to China & AP market.

### **Future Development Strategy**

Amid stable DRAM market supply and demand conditions, the supply side remains disciplined with capacity expansion. The

difficulties of advanced technology as well as huge investment result in slower technology advancement. According to the forecast by market intelligence, for full-year 2015, market output bit growth is expected at mid 20% range. As for demand side, the diversity of end product markets as well as market development of mobile phone, wearable devices, Internet of Things and cloud computing drive a variety of DRAM demand and the growth of DRAM consumption. Year 2015 market demand growth is forecasted higher than mid 20%. We believe DRAM market consistently remains healthy.

We appreciate the continuous support by all of our shareholders. We will make the best effort to diversify product development for further enhancing our position in specialty DRAM market. By this direction, we expect to deliver great operation performance to maximize returns to our shareholders.

Chairman: Chia-chau Wu

President: Charles Kau

Accountant Officer: Hung Chi Kuo

# **NANYA TECHNOLOGY CORP.**

## **Supervisors' Review Report**

The Board of Directors has prepared the Company's 2014 Business Report, Proposal for Profits Distribution, and Financial Statements audited by the CPA. We as the Supervisors of the Company have examined the aforementioned documents and found no unconformities. According to Article 219 of Company Act, we hereby submit this report. Please be advised accordingly.

Submitted to:

The Company's 2015 Annual Shareholders' Meeting

Supervisors: Shih-Ming Hsie

Ming-Jong Yeh

Ming-Long Huang

March 12, 2015

# **NANYA TECHNOLOGY CORP.**

## **Execution Status Report of Business Operation Enhancement Plan for the Company's Capital Reduction in 2014**

1. According to No. 1030022998 document of Financial Supervisory Commission on June 24, 2014 and No. 1041000458 document of Securities and Futures Investors Protection Center on March 10, 2015 report the execution status of business operation enhancement plan for the Company's capital reduction in 2014.
2. The Company's capital reduction plan to offset company losses was approved by 2014 annual shareholders' meeting on June 6, 2014. The summary is as following:
  - (1) Reason for capital reduction: For the purposes of strengthening financial structure, the Company proposed a capital reduction plan to offset accumulated deficit.
  - (2) Total capital reduction amount: NT\$215,649,072,890.
  - (3) The shares of capital reduction: 21,564,907,289 shares (including 2,734,665,392 shares of listed common stocks and 18,830,241,897 shares of common stocks of private placement).
  - (4) The ratio of capital reduction: 89.991606%.
  - (5) Common capital after reduction: NT\$23,983,358,100 (including 304,135,157 shares of listed common stocks and 2,094,200,653 shares of common stocks of private placement).
3. The execution status of capital reduction plan:
  - (1) The capital reduction plan was approved by the Financial

Supervisory Commission on June 24, 2014 with the document number 1030022998.

- (2) The record date of the capital reduction is June 27, 2014. The Company got the approval for the capital amendment registration from the Ministry of Economic Affairs, R.O.C. with the document number 10301137240 on July 9, 2014.

4. Execution result of the business operation enhancement plan:

Year 2014 profit attributable to owners of the Company NT\$28,241,527K is better than target NT\$24,665,243K. The Company will keep watching the business operation status.

# **NANYA TECHNOLOGY CORP.**

## **The Codes of Ethics of Directors, Supervisors and Managers**

Amended by the Board of Directors on March 12, 2015

### **CHAPTER I GENERAL PRINCIPLES**

#### **Article 1**

To establish the codes to avoid immoral behavior and activities resulting damages to the interests of company and shareholders in order to enable Directors, Supervisors and Managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Financial Officer, Accountant Officer and those who can manage affairs for and sign documents on behalf of the company) to conduct business activities on their duties and power for the company ethically.

### **CHAPTER II CONTENTS OF THE CODES OF ETHICS**

#### **Article 2**

Directors, Supervisors and Managers should manage affairs of the company honestly, faithfully, lawfully, fairly, justly and ethically.

#### **Article 3**

Directors, Supervisors and Managers should avoid to intervene conflicts with personal interests or interests of the company, including but not limited to unable managing affairs objectively and effectively, or letting themselves, spouse, parents, children or a blood relation within the second degree get improper interests for their position. To avoid conflicts, expansion monetary loans or guarantees and acquisition or disposition of major assets to the preceding persons or their affiliated enterprises shall be approved by the Board of Directors. Creating the greatest interests for the Company should be concerned while purchase or sale between these companies.

#### **Article 4**

When the company has a chance to gain profit, Directors, Supervisors and Managers should guard interests for Company legally. Directors, Supervisors and Managers can't gain personal profit by their duties or from

using properties or information of the Company. Directors, Supervisors and Managers can't do anything that is within the scope of the company's business except for complying the regulations of Company Law or Articles of Incorporation.

#### **Article 5**

Directors, Supervisors and Managers should keep secret for any information of Company's customers and suppliers unless they are authorized or permitted by law. Confidential information includes all undisclosed information that can be used by competitors or will be harmful to the company or customers after disclosure.

#### **Article 6**

Directors, Supervisors and Managers should treat customers, suppliers, competitors and employees fairly. They can't gain improper interests by controlling, hiding, or abusing information given by their duties, describing major affairs unreally or transacting unfairly.

#### **Article 7**

Directors, Supervisors and Managers should protect and properly utilize properties of the Company, and they should avoid the properties of the company being stolen, neglected or wasted and then affecting profitability.

#### **Article 8**

Directors, Supervisors and Managers should follow laws and rules of the Company.

#### **Article 9**

When employees find that Directors, Supervisors and Managers violate laws, regulations or the codes, they should provide sufficient evidence to Supervisors, Direct Managers, personnel officers, internal control officers or other appropriate persons. Once the report is certified correct, the company should give a reward in accordance with the personal management regulation.

The Company should deal with the said report properly, confidentially and conscientiously, and the Company should protect the reporter's safety from all kinds of retaliation.

## **Article 10**

If Directors, Supervisors and Managers violate the codes, the Company should punish them in accordance with the personal management regulation and report to the Board of Directors after certification. The related violators should take civil and criminal responsibility and the Company should disclose dates of events, reasons of violation, items of violation and handling situation on the Market Observation Post System.

## **CHAPTER III PROCEDURES OF APPLICATION OF EXEMPTION**

### **Article 11**

When the Company proposes to exempt Directors, Supervisors or Managers from complying the codes under special circumstances, the issue shall be determined by the Board of Directors by a resolution adopted by a majority vote at the Board Meeting by over two-thirds of the Directors attendance. The Company should immediately disclose dates of approval by the Board, any opposing or qualified opinion expressed by the independent directors, terms of exemption, reasons of exemption and items of exemption on the Market Observation Post System so as to be assessed the appropriateness by the shareholders and to protect the interests of the Company.

## **CHAPTER IV WAYS OF DISCLOSURE**

### **Article 12**

The codes should be disclosed on the Company's website, annual report, prospectus and the Market Observation Post System. The same shall apply to any amendments to the codes.

## **CHAPTER ANCILLARY RULES**

### **Article 13**

The codes shall take effect after approval by the Board of Directors, and the codes should be submitted to Supervisors and be reported to the Shareholders' Meeting. The same shall apply to any amendments to the codes.

## **Ratification Items**

### **Item 1**

For approval of the 2014 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

### **Explanation:**

1. The preparation of the Company's 2014 Consolidated and Individual Financial Statements were completed and the same were approved at the 1st meeting of the Board in 2015 and audited by independent auditors, Eric Wu and Isabel Lee, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the supervisors, which the Supervisors' Review Report is presented.
2. For the aforementioned Business Report, please refer to Page 5 through Page 7 of the Handbook. As for the Financial Statements, please refer to Page 32 through Page 39 of the Handbook. Please approve the Business Report and the Financial Statements.

### **Resolution:**

## **Ratification Items**

### **Item 2**

For approval of the Proposal for Distribution of 2014 Profits as required by the Company Act.

Proposed by the Board of Directors

### **Attachment:**

Please refer to Page 40 of the Handbook for the Statement of Profits Distribution.

### **Resolution:**

## Discussion Items

### Item 1

To accommodate the requirement by the competent securities authority with which the Company shall establish an Audit Committee to replace the Supervisors at the expiration of the term of office of the Company's incumbent Directors and Supervisors. To amend the Articles of Incorporation of the Company, the corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

#### Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 3	The Company's principal office is located in Taoyuan County, and, if necessary, may set up local or foreign offices or branches in accordance with the resolution of the Board of Directors.	The Company's principal office is located in Taoyuan <b>City</b> , and, if necessary, may set up local or foreign offices or branches in accordance with the resolution of the Board of Directors.	Accommodate Taoyuan's Upgrade as a Special Municipal
CHAPTER IV	<u>DIRECTORS AND SUPERVISORS</u>	DIRECTORS	
Article 13	The Company shall have 12 directors <u>and 3 supervisors</u> , each with a term of three years. The candidates nomination system is adopted by the elections of the directors <u>and supervisors</u> . The shareholders shall elect the directors <u>and supervisors</u> from among the nominees listed in the roster of director <u>and</u>	The Company shall have 12 directors, each with a term of three years. The candidates nomination system is adopted by the elections of the directors. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates. A director can be re-elected. The total	To establish an Audit Committee , delete "the Supervisors" and add Paragraph 3 in this Article.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<p><u>supervisors</u> candidates. A director <u>or a supervisor</u> can be re-elected. The total shareholding owned by the directors <u>and supervisor</u> of the Company shall not be less than a certain percentage of the total issued shares of the Company. The calculation of such percentage shall be in compliance with the regulations promulgated by the competent government authorities.</p> <p>The directors mentioned in the previous paragraph shall be the three (3) independent directors. The method of nomination, election of independent directors and other related matters shall be conducted in accordance with the Company Law and the regulations of the competent authority for securities matters</p>	<p>shareholding owned by the directors of the Company shall not be less than a certain percentage of the total issued shares of the Company. The calculation of such percentage shall be in compliance with the regulations promulgated by the competent government authorities.</p> <p>The directors mentioned in the previous paragraph shall be the three (3) independent directors. The method of nomination, election of independent directors and other related matters shall be conducted in accordance with the Company Law and the regulations of the competent authority for securities matters.</p> <p><b><u>In accordance with the Article14-4 of the “Securities and Exchange Act”, the Company shall establish an Audit Committee. The Audit Committee shall consist of all of the independent directors. The exercise of competence and related matters of the Audit</u></b></p>	

Article	Article before Amendment	Article after Amendment	Reason for Amendment
		<b><u>Committee and its members shall be in accordance with “Securities and Exchange Act” and other related regulations.</u></b>	
Article 16	<p>The Board of Directors is authorized to determine the compensation for the <u>Directors and Supervisors</u>, according to their extent and value of the contribution provided for the Company and the common compensation standards of the same industry.</p> <p>The Company shall buy D&amp;O insurance for the directors <u>and supervisors</u> during the term.</p>	<p>The Board of Directors is authorized to determine the compensation for the Directors, according to their extent and value of the contribution provided for the Company and the common compensation standards of the same industry.</p> <p>The Company shall buy D&amp;O insurance for the directors during the term.</p>	To establish an Audit Committee , delete “the Supervisors” in this Article.
Article 21	(Omitted)	<p>Add ” <b><u>The 22th amendment was made on June 10, 2015. The Company shall establish an Audit Committee at the expiration of the term of office of the Company’s incumbent Supervisors elected on June 21, 2013.</u></b> ” to the existing Article.</p>	Add the date of amendment and execution to the Article.

Resolution:

## Discussion Items

### Item 2

To refer to the revisions of “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” announced by the Letter of the Taiwan Stock Exchange Corporation dated January 28, 2015 (Reference No. Tai-Cheng-Chih-Li-Tzu-1040001716), the Company’s “Convention Rules and Procedures for Shareholders’ Meeting” shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
Article 3	(above omitted) To convene a Meeting, a Meeting agenda shall be prepared. The softcopy of meeting notice, proxy form, subject matters and explanations for topics related to ratification items, discussion item, and election or discharge of Directors(s) and/or Supervisor(s), shall be prepared and uploaded to the Market Observation Post System of TSE at least thirty (30) days prior to the scheduled regular Meeting date or at least fifteen (15) days prior to the scheduled special Meeting date. Also, the softcopy of Meeting Agenda and supplemental materials shall be prepared and uploaded to the Market Observation Post System of TSE at least twenty-one (21) days prior to the scheduled regular Meeting	(above omitted) To convene a Meeting, a Meeting agenda shall be prepared. The softcopy of meeting notice, proxy form, subject matters and explanations for topics related to ratification items, discussion item, and election or discharge of Directors(s) and/or Supervisor(s), shall be prepared and uploaded to the Market Observation Post System of TSE at least thirty (30) days prior to the scheduled regular Meeting date or at least fifteen (15) days prior to the scheduled special Meeting date. Also, the softcopy of Meeting Agenda and supplemental materials shall be prepared and uploaded to the Market Observation Post System of TSE at least twenty-one (21) days prior to the scheduled regular Meeting date or at least

Article	Article before Amendment	Article after Amendment
	<p>date ofr at least fifteen (15) days prior to the scheduled special Meeting date. The hardcopy of Meeting Agenda and supplemental materials shall be available for shareholders to obtain and review at any time fifteen (15) days prior to the scheduled Meeting date and be displayed at the Company and <u>Stock Affairs Department</u>, and be distributed in the venue of a Meeting.</p> <p>Causes and subjects of a Meeting to be convened shall be explicitly described in the notice and public announcement. The notice may be made in electronic form upon the consent of the counter party.</p> <p>Matters regarding re-election or discharge of directors and supervisors, amendments to the AOI, and dissolution, merger, splitting of the Company, or any matters stipulated in Paragraph 1 of Article 185 of the R.O.C. Company Law, Articles 26-1 and 43-6 of the Securities and Exchange Law shall be itemized by causes and subjects in the notice of convening a Meeting, rather than being brought up by special motions. (below omitted)</p>	<p>fifteen (15) days prior to the scheduled special Meeting date. The hardcopy of Meeting Agenda and supplemental materials shall be available for shareholders to obtain and review at any time fifteen (15) days prior to the scheduled Meeting date and be displayed at the Company and the <b><u>professional stock agency engaged by the Company</u></b>, and be distributed in the venue of a Meeting.</p> <p>Causes and subjects of a Meeting to be convened shall be explicitly described in the notice and public announcement. The notice may be made in electronic form upon the consent of the counter party.</p> <p>Matters regarding re-election or discharge of directors and supervisors, amendments to the AOI, and dissolution, merger, splitting of the Company, or any matters stipulated in Paragraph 1 of Article 185 of the R.O.C. Company Law, Articles 26-1 and 43-6 of the Securities and Exchange Law, <b><u>Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u></b> shall be itemized by causes and subjects in the notice of convening a Meeting, rather than being brought up by special motions. (below omitted)</p>

Article	Article before Amendment	Article after Amendment
Article 6	<p>(above omitted)</p> <p>A shareholder or his/her proxy (“Shareholder”) shall attend a Meeting upon the attendance certificate, attendance card, or other certificates of attendance. If the one who attends the Meeting is a solicitor of solicited proxies, the solicitor shall bring personal identification for verification. A shareholder present shall submit the attendance card to substitute signing in.</p> <p>(below omitted)</p>	<p>(above omitted)</p> <p>A shareholder or his/her proxy (“Shareholder”) shall attend a Meeting upon the attendance certificate, attendance card, or other certificates of attendance. <b><u>The Company shall not impose arbitrary requirements on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend.</u></b> If the one who attends the Meeting is a solicitor of solicited proxies, the solicitor shall bring personal identification for verification. A shareholder present shall submit the attendance card to substitute signing in.</p> <p>(below omitted)</p>
Article 7	<p>(above omitted)</p> <p><u>Majority of the Board of Directors ought to attend the Meeting if such Meeting is convened by the Board of Directors.</u></p> <p>If the Meeting is convened by any other person entitled to convene the Meeting, not by the Board of Directors, such person shall preside over the Meeting. If there are two (2) or more persons entitled to convene the Meeting, they shall elect one from among themselves to preside over the Meeting.</p> <p>(below omitted)</p>	<p>(above omitted)</p> <p><b><u>If the Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding over the meeting, and majority of the Board of Directors ought to attend the Meeting and at least one supervisor attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the Shareholders Meeting minutes.</u></b></p> <p>If the Meeting is convened by any other person entitled to</p>

Article	Article before Amendment	Article after Amendment
		<p>convene the Meeting, not by the Board of Directors, such person shall preside over the Meeting. If there are two (2) or more persons entitled to convene the Meeting, they shall elect one from among themselves to preside over the Meeting. (below omitted)</p>
<p>Article 13</p>	<p>(above omitted) Unless a majority of more than fifty percent (50%) is required by the R.O.C. Company Law or the AOI of the Company, a resolution of the Meeting shall be adopted by at least a fifty percent (50%) majority of votes represented by the shareholders present at the Meeting. In the proceedings of voting, the chairman or the person designated by the chairman shall announce the total voting shares of the shareholders present at the Meeting by each discussion item. <u>The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after the solicitation by the chairman. In case of objection, the discussion item shall be voted in accordance with the preceding paragraph. Except for the discussion items listed</u></p>	<p>(above omitted) Unless a majority of more than fifty percent (50%) is required by the R.O.C. Company Law or the AOI of the Company, a resolution of the Meeting shall be adopted by at least a fifty percent (50%) majority of votes represented by the shareholders present at the Meeting. In the proceedings of voting, the chairman or the person designated by the chairman shall announce the total voting shares of the shareholders present at the Meeting by each discussion item, <b><u>followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u></b> If there is an amendment or alternative for a discussion item, the chairman may combine the amendment or alternative into the original discussion item, and determine the sequence of voting for such discussion item. If any one of the above has been</p>

Article	Article before Amendment	Article after Amendment
	<p><u>in the agenda of the Meeting, other motions or amendments or alternatives of the discussion items made by a shareholder at the Meeting shall be seconded by other shareholders. Total number of the shares represented by the shareholders who made the motions at the Meeting and who seconded such motions shall not be less than one percent (1%) of the total voting rights of the total issued and outstanding shares of the Company.</u></p> <p>If there is an amendment or alternative for a discussion item, the chairman may combine the amendment or alternative into the original discussion item, and determine the sequence of voting for such discussion item. If any one of the above has been resolved, the others shall be deemed vetoed and no further voting is necessary. (below omitted)</p>	<p>resolved, the others shall be deemed vetoed and no further voting is necessary. (below omitted)</p>
Article 15	<p>(above omitted)</p> <p>Information including the time (year, month and date) and place of the Meeting, name of the chairman, the manner in which resolutions had been adopted, as well as the summary of the essentials of the proceedings and result of the Meeting shall be clearly</p>	<p>(above omitted)</p> <p>Information including the time (year, month and date) and place of the Meeting, name of the chairman, the manner in which resolutions had been adopted, as well as the summary of the essentials of the proceedings and result of the Meeting shall be clearly stated</p>

Article	Article before Amendment	Article after Amendment
	<p>stated in the meeting minutes. The Company shall keep the meeting minutes persistently during the existence of the Company.</p> <p><u>If the resolution of the Meeting has been adopted in the manner that no objection is voiced by all shareholders present at the Meeting after the solicitation by the chairman, the meeting minutes shall describe that “Upon solicitation of comments by the Chairman, there was no objection addressed and the following resolution was adopted unanimously by the shareholders present.”</u></p> <p><u>However, if there is any objection brought up by the shareholders present at the Meeting, the resolution has been adopted by casting ballots and its voting rights adopted as well as voting ratio shall be explicitly described and stated in the meeting minutes.</u></p>	<p>in the meeting minutes. The Company shall keep the meeting minutes persistently during the existence of the Company.</p>

Resolution:

<b>Discussion Items</b>
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### Item 3

To accommodate the requirement by the competent securities authority with which the Company shall establish an Audit Committee to replace the Supervisors. And to refer to the revisions of “Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors” announced by the Letter of the Taiwan Stock Exchange Corporation dated January 28, 2015 (Reference No. Tai-Cheng-Chih-Li-Tzu-1040001716), the Company’s “Rules for Election of Directors and Supervisors” shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached. Please discuss and resolve

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment
	<u>Rules for Election of Directors and Supervisors</u>	Rules for Election of Directors
Article 1	The directors <u>and supervisors</u> shall be elected in accordance with the rules specified herein.	The directors shall be elected in accordance with the rules specified herein.
Article 2	In the election of directors <u>and supervisors</u> of the company, <u>each</u> share has the voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. In the election of the directors <u>and supervisors</u> of the company, the names of voters may be represented by shareholders’ numbers.	In the election of directors of the company <b><u>shall be conducted by means of cumulative voting method.</u></b> <u>E</u> ach share has the voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. In the election of the directors of the company, the names of voters may be represented by shareholders’

Article	Article before Amendment	Article after Amendment
		numbers.
Article 4	<p>In the election of directors <u>and supervisors</u> of the company, candidates who acquire more votes should win the seats of directors <u>or supervisors</u> respectively. If a candidate <u>wins the seats of directors and supervisors at the same time,</u> <u>he/she shall choose to be a director or a supervisor.</u> <u>The vacant position shall be filled by the candidate who acquires the second most votes.</u> If two or more persons acquire the same number of votes, the number of such persons exceeds the specified seats available, such person acquire the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behave of the candidate who is not present.</p>	<p>In the election of directors of the company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes, the number of such persons exceeds the specified seats available, such person acquire the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behave of the candidate who is not present.</p>
Article 5	<p>In accordance with the AOI of the Company, the directors <u>and supervisors</u> of the Company shall be elected by shareholders of the Company from among the nominees listed in the roster of the director <u>and supervisor</u> candidates of the Company. The elections of the independent directors and non-independent directors shall</p>	<p>In accordance with the AOI of the Company, the directors of the Company shall be elected by shareholders of the Company from among the nominees listed in the roster of the director candidates of the Company. The elections of the independent directors and non-independent directors shall be conduct in parallel and the number of the electees of the foresaid two</p>

Article	Article before Amendment	Article after Amendment
	<p>be conduct in parallel and the number of the electees of the foresaid two elections shall be calculated respectively pursuant to Article 4 hereof. <u>In the event that an audit committee of the Company has been established</u>, at least one electee of the independent directors shall have expertise in accounting or finance. The Company shall, prior to the share transfer suspension date dedicated before the meeting date of the Shareholders' Meeting of the Company, announce the period for accepting the nomination of the director <u>and supervisor</u> candidates, the total number of directors <u>and supervisors</u> to be elected, the place designated for accepting the roster of the director <u>and supervisor</u> candidate, and any other necessary matters. The length of the period for accepting the nomination of the director <u>and supervisor</u> candidates shall not be shorter than ten (10) days. The Board of Directors of the Company or a shareholder of the Company holding at least one percent (1%) of the total number of the outstanding shares issued by the Company may submit to the Company a roster of the director <u>and</u></p>	<p>elections shall be calculated respectively pursuant to Article 4 hereof. <u>A</u>t least one electee of the independent directors shall have expertise in accounting or finance. The Company shall, prior to the share transfer suspension date dedicated before the meeting date of the Shareholders' Meeting of the Company, announce the period for accepting the nomination of the director candidates, the total number of directors to be elected, the place designated for accepting the roster of the director candidate, and any other necessary matters. The length of the period for accepting the nomination of the director candidates shall not be shorter than ten (10) days. The Board of Directors of the Company or a shareholder of the Company holding at least one percent (1%) of the total number of the outstanding shares issued by the Company may submit to the Company a roster of the director candidates, provided however that the total number of the director candidates on the roster shall not exceed the total number of the directors to be elected. The roster of the director candidates submitted by the</p>

Article	Article before Amendment	Article after Amendment
	<p><u>supervisor</u> candidates, provided however that the total number of the director <u>and</u> <u>supervisor</u> candidates on the roster shall not exceed the total number of the directors <u>and</u> <u>supervisors</u> to be elected. The roster of the director <u>and</u> <u>supervisor</u> candidates submitted by the Board of Directors of the Company or the shareholder of the Company as prescribed in the preceding paragraph shall be annexed with the name, education backgrounds and past working experiences of the candidates, the letter of undertaking issued by the candidates to consent to act as the director <u>or supervisor</u> of the Company after he/she has been so elected, written statements issued by the candidates assuring that any of the events set forth in Article 30 of the Company Law does not exist with respect to such candidates, and any other related documents. If the candidate is a juristic person shareholder or its representative, additional information and documents reflecting the basic registration information of the said juristic person shareholder and the document certifying the</p>	<p>Board of Directors of the Company or the shareholder of the Company as prescribed in the preceding paragraph shall be annexed with the name, education backgrounds and past working experiences of the candidates, the letter of undertaking issued by the candidates to consent to act as the director of the Company after he/she has been so elected, written statements issued by the candidates assuring that any of the events set forth in Article 30 of the Company Law does not exist with respect to such candidates, and any other related documents. If the candidate is a juristic person shareholder or its representative, additional information and documents reflecting the basic registration information of the said juristic person shareholder and the document certifying the number of shares of the company in its possession. The Board of Directors of the Company or any other person who convenes the Shareholders' Meetings of the Company shall review the qualification of the nominated director candidates and shall, unless there exists any of the following circumstances, include all nominated director candidates</p>

Article	Article before Amendment	Article after Amendment
	<p>number of shares of the company in its possession. The Board of Directors of the Company or any other person who convenes the Shareholders' Meetings of the Company shall review the qualification of the nominated director <u>and supervisor</u> candidates and shall, unless there exists any of the following circumstances, include all nominated director <u>and supervisor</u> candidates into the final roster of the director <u>and supervisor</u> candidates accordingly:</p> <p>(1) Where the roster of the director <u>and supervisor</u> candidates is submitted by the nominating shareholder beyond the announced period for accepting the nomination of the director <u>and supervisor</u> candidates; or</p> <p>(2) Where the number of shares of the Company held by the nominating shareholder is less than one percent (1%) of the total number of the outstanding shares of the Company at the time when the registration of the share transfer is suspended by the Company pursuant to Paragraph 2 or 3 of</p>	<p>into the final roster of the director candidates accordingly:</p> <p>(1) Where the roster of the director candidates is submitted by the nominating shareholder beyond the announced period for accepting the nomination of the director candidates; or</p> <p>(2) Where the number of shares of the Company held by the nominating shareholder is less than one percent (1%) of the total number of the outstanding shares of the Company at the time when the registration of the share transfer is suspended by the Company pursuant to Paragraph 2 or 3 of Article 165 of the Company Law; or</p> <p>(3) Where the nominated number of the director and supervisor candidates exceeds the total number of the directors to be elected; or</p> <p>(4) Where any of the relevant documents required in the preceding paragraph of this Article is not submitted along with the roster of the director candidates.</p>

Article	Article before Amendment	Article after Amendment
	<p>Article 165 of the Company Law; or</p> <p>(3) Where the nominated number of the director and supervisor candidates exceeds the total number of the directors <u>and supervisors</u> to be elected; or</p> <p>(4) Where any of the relevant documents required in the preceding paragraph of this Article is not submitted along with the roster of the director <u>and supervisor</u> candidates.</p>	
Article 9	<p>The ballots shall be calculated during the meeting right after the vote casting and the result of the election should be announced by the chairman at the meeting.</p>	<p>The ballots shall be calculated during the meeting right after the vote casting and the result of the election should be announced by the chairman at the meeting <b><u>, including the names of those elected as directors and the numbers of votes with which they were elected.</u></b></p> <p><b><u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u></b></p>

Article	Article before Amendment	Article after Amendment
Article 10	<u>The board of directors shall issue notifications to the directors and supervisors elected.</u>	(Current Article 10 was deleted)

Resolution:

NANYA TECHNOLOGY CORPORATION AND SUBSIDLARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2014

(Expressed in thousands of New Taiwan Dollars)

Assets	2013.12.31		2014.12.31		Liabilities and Equity	2013.12.31		2014.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets :</b>					<b>Current liabilities :</b>				
Cash and cash equivalents	\$ 3,995,502	4	7,267,855	7	Short-term loans	\$ 90,000	-	-	-
Notes and accounts receivable, net	6,632,853	7	6,025,292	6	Notes and accounts payable, net	1,219,248	1	1,075,345	1
Accounts receivable due from related parties, net	12,797	-	19,825	-	Accounts payable—related parties	718,018	1	133,595	-
Other receivables	2,096,513	2	1,660,987	2	Other payables—related parties	66,314,804	71	41,099,884	39
Other receivable—related parties	218,339	-	248,012	-	Current portion of long-term loans	7,294,000	8	3,900,000	4
Inventories	7,716,658	8	5,148,407	5	Other current liabilities	<u>2,056,323</u>	<u>2</u>	<u>2,970,922</u>	<u>3</u>
Other current assets	<u>1,373,303</u>	<u>2</u>	<u>891,640</u>	-	<b>Total current liabilities</b>	<u>77,692,393</u>	<u>83</u>	<u>49,179,746</u>	<u>47</u>
<b>Total current assets</b>	<u>22,045,965</u>	<u>23</u>	<u>21,262,018</u>	<u>20</u>	<b>Non-current liabilities :</b>				
<b>Non-current assets :</b>					Long-term loans	4,397,000	5	12,480,000	12
Non-current available-for-sale financial assets	103,317	-	115,366	-	Deferred income tax liabilities	183	-	276	-
Investments accounted for using equity method, net	12,852,246	14	28,347,485	27	Lease payables—long-term	290,102	-	282,250	-
Property, plant and equipment	52,798,680	57	51,175,927	49	Accrued pension liabilities	819,760	1	674,994	1
Intangible assets	137,532	-	537,136	1	Other non-current liabilities	<u>122,244</u>	-	<u>298,419</u>	-
Deferred income tax assets	3,251,103	4	846,648	1	<b>Total non-current liabilities</b>	<u>5,629,289</u>	<u>6</u>	<u>13,735,939</u>	<u>13</u>
Lease receivable—long-term	2,110,377	2	1,883,806	2	<b>Total liabilities</b>	<u>83,321,682</u>	<u>89</u>	<u>62,915,685</u>	<u>60</u>
Other non-current assets	<u>27,599</u>	-	<u>386,211</u>	-	<b>Equity</b>				
<b>Total non-current assets</b>	<u>71,280,854</u>	<u>77</u>	<u>83,292,579</u>	<u>80</u>	Common stock	239,608,511	257	24,095,278	23
					Advance receipts for ordinary share	-	-	653,565	1
					Additional paid-in capital	3,696,784	4	6,377,936	6
					Accumulated deficit	(233,081,650)	(250)	10,778,122	10
					Other equity	(2,334)	-	5,953	-
					Treasury stock	<u>(347,533)</u>	-	<u>(347,533)</u>	-
					<b>Equity attributable to owners of the Company</b>	<u>9,873,778</u>	<u>11</u>	<u>41,563,307</u>	<u>40</u>
					Non-controlling interest	<u>131,359</u>	-	<u>75,605</u>	-
					<b>Total equity</b>	<u>10,005,137</u>	<u>11</u>	<u>41,638,912</u>	<u>40</u>
<b>Total assets</b>	<u>\$ 93,326,819</u>	<u>100</u>	<u>104,554,597</u>	<u>100</u>	<b>Total Liabilities and Equity</b>	<u>\$ 93,326,819</u>	<u>100</u>	<u>104,554,597</u>	<u>100</u>

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014,**  
**(Expressed in thousands of New Taiwan Dollars, except for loss per share)**

	2013		2014	
	Amount	%	Amount	%
<b>Operating revenues</b>	\$ 45,224,061	100	49,107,622	100
<b>Cost of goods sold</b>	<u>37,102,087</u>	<u>82</u>	<u>26,939,061</u>	<u>55</u>
<b>Gross profit</b>	<u>8,121,974</u>	<u>18</u>	<u>22,168,561</u>	<u>45</u>
<b>Operating expenses :</b>				
Selling and distribution expenses	623,485	1	588,624	1
Administrative and general expenses	1,133,742	3	1,398,471	3
Research and development expenses	<u>1,404,013</u>	<u>3</u>	<u>1,377,610</u>	<u>3</u>
<b>Total operating expenses</b>	<u>3,161,240</u>	<u>7</u>	<u>3,364,705</u>	<u>7</u>
<b>Operating income</b>	<u>4,960,734</u>	<u>11</u>	<u>18,803,856</u>	<u>38</u>
<b>Non-operating income and expenses :</b>				
Other income	260,449	-	261,829	-
Other gains and losses	260,071	1	571,459	1
Finance expenses	(1,466,844)	(3)	(1,199,818)	(2)
Share of profit of associates accounted for using equity method	<u>5,045,424</u>	<u>11</u>	<u>13,294,580</u>	<u>27</u>
<b>Total non-operating income and expenses</b>	<u>4,099,100</u>	<u>9</u>	<u>12,928,050</u>	<u>26</u>
<b>Profit before income tax</b>	9,059,834	20	31,731,906	64
<b>Income tax expense</b>	<u>39,333</u>	<u>-</u>	<u>2,481,199</u>	<u>5</u>
<b>Profit from continuing operations</b>	<u>9,020,501</u>	<u>20</u>	<u>29,250,707</u>	<u>59</u>
<b>Loss from discontinued operations</b>	<u>(910,038)</u>	<u>(2)</u>	<u>(1,056,131)</u>	<u>(2)</u>
<b>Net income</b>	<u>8,110,463</u>	<u>18</u>	<u>28,194,576</u>	<u>57</u>
<b>Other comprehensive income :</b>				
Other comprehensive income, before tax, exchange differences on translation	(3,300)	-	(3,777)	-
Other comprehensive income, before tax, available-for-sale financial assets	3,878	-	12,050	-
Income tax relating to components of other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income (net after tax)</b>	<u>578</u>	<u>-</u>	<u>8,273</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>\$ 8,111,041</u>	<u>18</u>	<u>28,202,849</u>	<u>57</u>
<b>Profit attributable to:</b>				
Owners of the Company				
Profit from continuing operations	\$ 9,003,966	15	29,237,648	59
Loss from discontinued operations	<u>(866,146)</u>	<u>(2)</u>	<u>(996,121)</u>	<u>(2)</u>
<b>Profit attributable to owners of the Company</b>	<u>\$ 8,137,820</u>	<u>13</u>	<u>28,241,527</u>	<u>57</u>
Non-controlling interests				
Profit from continuing operations	\$ 16,535	-	13,059	-
Loss from discontinued operations	<u>(43,892)</u>	<u>-</u>	<u>(60,010)</u>	<u>-</u>
<b>Loss attributable to non-controlling interests</b>	<u>\$ (27,357)</u>	<u>-</u>	<u>(46,951)</u>	<u>-</u>
<b>Total comprehensive (loss) income attributable to:</b>				
Owners of the Company				
Comprehensive income from continuing operations	\$ 9,004,544	21	29,245,921	59
Comprehensive income from discontinued operations	<u>(866,146)</u>	<u>(2)</u>	<u>(996,121)</u>	<u>(2)</u>
<b>Total comprehensive income attributable to owners of the Company</b>	<u>\$ 8,138,398</u>	<u>18</u>	<u>28,249,800</u>	<u>57</u>
Non-controlling interests				
Comprehensive income from continuing operations	\$ 16,535	-	13,059	-
Comprehensive income from discontinued operations	<u>(43,892)</u>	<u>-</u>	<u>(60,010)</u>	<u>-</u>
<b>Total comprehensive income attributable to non-controlling interests</b>	<u>\$ (27,357)</u>	<u>-</u>	<u>(46,951)</u>	<u>-</u>
<b>Earnings per share</b>				
Basic earnings per share from continuing operations	\$	3.76	12.19	
Basic loss per share from discontinued operations	<u>(0.36)</u>	<u>(0.42)</u>		
<b>Basic earnings per share (Unit : NTD dollars)</b>	<u>\$ 0.40</u>		<u>11.77</u>	

**NANYA TECHNOLOGY CORPORATION AND SUBSIDLARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014**  
**(Expressed in thousands of New Taiwan Dollars)**

Equity attributable to owners of Company

	<u>Common stock</u>	<u>Advance receipts for share capital</u>	<u>Additional capital surplus</u>	<u>Accumulated deficit</u>	<u>Total other equity interest</u>		<u>Treasury stock</u>	<u>Total equity attributable to owners of parent</u>	<u>Non-controlling Interest</u>	<u>Total equity</u>
					<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains(losses)on available-for-sale financial assets</u>				
<b>Balance as of January 1, 2013</b>	\$ 239,590,181	-	3,728,063	(241,213,918)	(16,439)	13,527	(347,533)	1,753,881	50,945	1,804,826
Net profit for the year ended December 31, 2013	-	-	-	8,137,820	-	-	-	8,137,820	(27,357)	8,110,463
Other comprehensive income	-	-	-	-	(3,300)	3,878	-	578	-	578
Total comprehensive income	-	-	-	8,137,820	(3,300)	3,878	-	8,138,398	(27,357)	8,111,041
Change in equity of associates accounted for using equity method	-	-	(116,326)	-	-	-	-	(116,326)	-	(116,326)
Subsidiary's capital increase in cash	-	-	36,311	-	-	-	-	36,311	113,689	150,000
Recognized compensation costs on employee stock options	-	-	50,685	-	-	-	-	50,685	146	50,831
Exercise of employee share options	18,330	-	(1,949)	(5,552)	-	-	-	10,829	-	10,829
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(6,064)	(6,064)
<b>Balance as of December 31, 2013</b>	239,608,511	-	3,696,784	(233,081,650)	(19,739)	17,405	(347,533)	9,873,778	131,359	10,005,137
Net profit for the year ended December 31, 2014	-	-	-	28,241,527	-	-	-	28,241,527	(46,951)	28,194,576
Other comprehensive income	-	-	-	-	(3,777)	12,050	-	8,273	-	8,273
Total comprehensive income	-	-	-	28,241,527	(3,777)	12,050	-	28,249,800	(46,951)	28,202,849
Capital reduction to offset accumulated deficits	(215,649,073)	-	-	(215,649,073)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries disposed	-	-	(835)	-	-	-	-	(835)	22,939	22,104
Change in equity of associates accounted for using equity method	-	-	2,200,117	-	-	-	-	2,200,117	-	2,200,117
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	-	(36,311)	(23,652)	-	-	-	(59,963)	(9,787)	(69,750)
Recognized compensation costs on employee stock options	-	-	18,129	-	-	-	-	18,129	149	18,278
Exercise of employee share options	135,840	653,565	500,052	(7,176)	-	-	-	1,282,281	-	1,282,281
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(22,104)	(22,104)
<b>Balance as of December 31, 2014</b>	<u>\$ 24,095,278</u>	<u>(653,565)</u>	<u>6,377,936</u>	<u>(10,778,122)</u>	<u>(23,516)</u>	<u>29,455</u>	<u>(347,533)</u>	<u>41,563,307</u>	<u>75,605</u>	<u>41,638,912</u>

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014

(Expressed in thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2014</u>
<b>Cash flows from operating activities :</b>		
Profit from continuing operations before tax	\$ 9,059,834	31,731,906
Loss from discontinued operations before tax	<u>(910,038)</u>	<u>(1,056,131)</u>
<b>Profit before tax</b>	<b>\$ 8,149,796</b>	<b><u>30,675,775</u></b>
<b>Adjustments for:</b>		
Incomes and expenses not affecting cash flow		
Depreciation expense	6,064,107	5,416,077
Amortization expense	687,022	191,434
Interest expenses	1,484,285	1,207,899
Interest income	(260,458)	(262,270)
Share-based payments	50,831	18,278
Share of gain of associates accounted for using equity method	(5,045,424)	(13,294,580)
Loss (gain) on disposal of property, plan and equipment	44,797	(53,604)
Property, plant and equipment transferred to expenses	-	13,005
Impairment loss on non-financial assets	151,976	395,254
Unrealized foreign currency exchange gain, net	(98,467)	(173,335)
Amortization of discount on financial liabilities	<u>15,667</u>	<u>14,000</u>
Incomes and expenses not affecting cash flow	<u>3,094,336</u>	<u>(6,527,842)</u>
Change in operating assets and liabilities :		
Change in operating assets ,net		
(Increase) decrease in accounts receivable and notes receivable	(1,787,828)	759,103
Decrease in other receivables	400,523	239,897
Decrease in inventories	6,990,593	2,568,251
(Increase) decrease in other assets	(162,503)	234,812
Decrease in accounts payable and notes payable	(341,136)	(692,932)
Decrease in other current liabilities	(1,771,435)	939,046
Decrease in accrued pension liabilities	(20,967)	(144,766)
Increase (decrease) in other non-current liabilities	<u>29,081</u>	<u>(23,798)</u>
Total changes in operating assets and liabilities	<u>3,336,328</u>	<u>3,879,613</u>
<b>Cash generated from operations</b>	<b>14,580,460</b>	<b>28,027,546</b>
Interest received	260,259	261,069
Interest paid	(1,488,107)	(1,242,110)
Income tax paid	<u>(17,304)</u>	<u>(35,602)</u>
<b>Net cash provided by operating activities</b>	<b><u>13,335,308</u></b>	<b><u>27,010,903</u></b>
<b>Cash flows from investing activities :</b>		
Acquisition of investments accounted for using equity method	(1,999,998)	-
Proceeds from disposal of non-current assets classified as held for sale	-	1,700,000
Purchases of property, plant and equipment	(5,877,523)	(5,795,646)
Proceeds from disposal of fixed and idle assets	138,048	77,976
Acquisition of intangible assets	(29,406)	(291,163)
Decrease in lease receivables	429,330	429,330
Increase (decrease) in other non-current assets	2,759	(361,681)
Acquisition of ownership interests in subsidiaries from non-controlling interests	<u>-</u>	<u>(69,750)</u>
<b>Net cash used in investing activities</b>	<b><u>(7,336,790)</u></b>	<b><u>(4,310,934)</u></b>
<b>Cash flows from financing activities :</b>		
Increase (decrease) in short-term loans	90,000	(90,000)
Proceeds from long-term debt	-	11,975,000
Repayments of long-term debt	(18,083,334)	(7,300,000)
Increase(decrease) in other payables-related parties	4,495,238	(25,373,682)
Decrease in lease payable	(7,199)	(7,404)
Cash dividends paid	(6,064)	(22,104)
Increase in cash capital	150,000	-
Exercise of employee share options	10,829	1,282,281
Disposal of ownership interests in subsidiaries (without losing control)	<u>-</u>	<u>22,104</u>
<b>Net cash used in financing activities</b>	<b><u>(13,350,530)</u></b>	<b><u>(19,513,805)</u></b>
<b>Effect of foreign currency exchange translation</b>	<b>39,133</b>	<b>86,189</b>
<b>(Decrease) Increase in cash</b>	<b>(7,312,879)</b>	<b>3,272,353</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>11,308,381</u></b>	<b><u>3,995,502</u></b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ <u>3,995,502</u></b>	<b><u>7,267,855</u></b>

NANYA TECHNOLOGY CORPORATION.

STAND-ALONE STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2014

(Expressed in thousands of New Taiwan Dollars)

Assets	2013.12.31		2014.12.31		Liabilities and Equity	2013.12.31		2014.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets :</b>					<b>Current liabilities :</b>				
Cash and cash equivalents	\$ 3,218,955	3	6,414,145	6	Notes and accounts payable, net	\$ 1,005,026	1	1,065,547	1
Notes and accounts receivable, net	4,221,493	5	4,976,818	5	Accounts payable—related parties	710,490	1	133,595	-
Accounts receivable due from related parties, net	2,454,047	3	1,558,297	1	Other payables—related parties	64,439,966	71	40,626,472	39
Other receivables	2,070,229	2	1,644,580	2	Current portion of long-term loans	7,294,000	8	3,900,000	4
Other receivable—related parties	228,462	-	248,012	-	Other current liabilities	1,810,593	2	2,784,412	3
Inventories	7,055,103	8	4,834,283	5	<b>Total current liabilities</b>	<b>75,260,075</b>	<b>83</b>	<b>48,510,026</b>	<b>47</b>
Other current assets	1,065,659	1	884,554	1	<b>Non-current liabilities :</b>				
<b>Total current assets</b>	<b>20,313,948</b>	<b>22</b>	<b>20,560,689</b>	<b>20</b>	Long-term loans	4,397,000	5	12,480,000	12
<b>Non-current assets :</b>					Lease payables—long-term	290,102	-	282,250	-
Investments accounted for using equity method, net	13,996,332	15	28,679,484	27	Accrued pension liabilities	819,760	1	674,994	1
Property, plant and equipment	51,238,671	56	51,157,114	49	Other non-current liabilities	408,027	-	513,665	-
Intangible assets	137,532	-	537,136	1	<b>Total non-current liabilities</b>	<b>5,914,889</b>	<b>6</b>	<b>13,950,909</b>	<b>13</b>
Deferred income tax assets	3,245,504	4	840,000	1	<b>Total liabilities</b>	<b>81,174,964</b>	<b>89</b>	<b>62,460,935</b>	<b>60</b>
Lease receivable—long-term	2,110,377	3	1,883,806	2	<b>Equity :</b>				
Other non-current assets	6,378	-	366,013	-	Common stock	239,608,511	263	24,095,278	23
<b>Total non-current assets</b>	<b>70,734,794</b>	<b>78</b>	<b>83,463,553</b>	<b>80</b>	Advance receipts for ordinary share	-	-	653,565	1
					Additional paid-in capital	3,696,784	4	6,377,936	6
					Accumulated deficit	(233,081,650)	(256)	10,778,122	10
					Other equity	(2,334)	-	5,939	-
					Treasury stock	(347,533)	-	(347,533)	-
					<b>Total equity</b>	<b>9,873,778</b>	<b>11</b>	<b>41,563,307</b>	<b>40</b>
<b>Total assets</b>	<b>\$ 91,048,742</b>	<b>100</b>	<b>104,024,242</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>\$ 91,048,742</b>	<b>100</b>	<b>104,024,242</b>	<b>100</b>

**NANYA TECHNOLOGY CORPORATION**

**STAND-ALONE STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014**  
(Expressed in thousands of New Taiwan Dollars, except for per share amounts)

	2013		2014	
	Amount	%	Amount	%
<b>Operating revenues</b>	\$ 44,686,542	100	48,589,951	100
<b>Cost of goods sold</b>	36,962,538	83	26,809,906	55
<b>Gross profit</b>	7,724,004	17	21,780,045	45
<b>Add : Unrealized profit from sales</b>	(19,565)	-	(72,643)	-
Realized (loss) profit on from sales	(46,691)	-	19,565	-
<b>Gross profit</b>	7,657,748	17	21,726,967	45
<b>Operating expenses :</b>				
Selling and distribution expenses	422,460	1	415,367	1
Administrative and general expenses	1,089,669	2	1,365,841	3
Research and development expenses	1,431,933	3	1,335,157	3
<b>Total operating expenses</b>	2,944,062	6	3,116,365	7
<b>Operating income</b>	4,713,686	11	18,610,602	38
<b>Non-operating income and expenses :</b>				
Other income	258,226	1	266,992	-
Other gains and losses	249,926	-	790,561	2
Finance expenses	(1,458,439)	(3)	(1,191,244)	(2)
Share of profit of subsidiaries and associates accounted for using equity method	4,374,421	9	12,170,120	25
<b>Total non-operating income and expenses</b>	3,424,134	7	12,036,429	25
<b>Profit before income tax</b>	8,137,820	18	30,647,031	63
<b>Income tax expense</b>	-	-	2,405,504	5
<b>Net income</b>	8,137,820	18	28,241,527	58
<b>Other comprehensive income :</b>				
Other comprehensive income, before tax, exchange differences on translation	(3,300)	-	(3,777)	-
Other comprehensive income, before tax, available-for-sale financial assets	3,878	-	12,050	-
Income tax relating to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income (net after tax)</b>	578	-	8,273	-
<b>Total comprehensive income</b>	\$ 8,138,398	18	28,249,800	58
<b>Earnings per share</b>				
<b>Basic earnings per share (Unit : NTD dollars)</b>	\$	3.40	11.77	

NANYA TECHNOLOGY CORPORATION

STAND-ALONE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014  
(Expressed in thousands of New Taiwan Dollars)

	<u>Common stock</u>	<u>Advance receipts for share capital</u>	<u>Additional capital surplus</u>	<u>Accumulated deficit</u>	<u>Total other equity interest</u>		<u>Treasury stock</u>	<u>Total equity</u>
					<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains(losses) on available-for-sale financial assets</u>		
<b>Balance as of January 1, 2013</b>	\$ 239,590,181	-	3,728,063	(241,213,918)	(16,439)	13,527	(347,533)	1,753,881
Net profit for the year ended December 31, 2013	-	-	-	8,137,820	-	-	-	8,137,820
Other comprehensive income	-	-	-	-	(3,300)	3,878	-	578
Total comprehensive income	-	-	-	8,137,820	(3,300)	3,878	-	8,138,398
Change in equity of subsidiaries and associates accounted for using equity method	-	-	(115,965)	-	-	-	-	(115,965)
Issue of shares	-	-	36,311	-	-	-	-	36,311
Recognized compensation costs on employee stock options	-	-	50,324	-	-	-	-	50,324
Exercise of employee share options	18,330	-	(1,949)	(5,552)	-	-	-	10,829
<b>Balance as of December 31, 2013</b>	239,608,511	-	3,696,784	(233,081,650)	(19,739)	17,405	(347,533)	9,873,778
Net profit for the year ended December 31, 2014 (Note)	-	-	-	28,241,527	-	-	-	28,241,527
Other comprehensive income	-	-	-	-	(3,777)	12,050	-	8,273
Total comprehensive income	-	-	-	28,241,527	(3,777)	12,050	-	28,249,800
Capital reduction to offset accumulated deficits	(215,649,073)	-	-	215,649,073	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(835)	-	-	-	-	(835)
Change in equity of subsidiaries and associates accounted for using equity method	-	-	2,200,473	-	-	-	-	2,200,473
Acquisition of ownership interests in subsidiaries by non-controlling interests	-	-	(36,311)	(23,652)	-	-	-	(59,963)
Recognized compensation costs on employee stock options	-	-	17,773	-	-	-	-	17,773
Exercise of employee share options	135,840	653,565	500,052	(7,176)	-	-	-	1,282,281
<b>Balance as of December 31, 2014</b>	<b>\$ 24,095,278</b>	<b>653,565</b>	<b>6,377,936</b>	<b>10,778,122</b>	<b>(23,516)</b>	<b>29,455</b>	<b>(347,533)</b>	<b>41,563,307</b>

Note : The appropriations of directors' and supervisors' remuneration of NT\$ 0 and employee bonus of NT\$ 97,004 from earnings of 2014 were expensed and accrued in 2014.

**NANYA TECHNOLOGY CORPORATION**  
**STAND-ALONE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014**  
(Expressed in thousands of New Taiwan Dollars)

	<u>2013</u>	<u>2014</u>
<b>Cash flows from operating activities :</b>		
<b>Profit before tax</b>	\$ 8,137,820	30,647,031
<b>Adjustments for:</b>		
Incomes and expenses not affecting cash flow		
Depreciation expense	5,862,427	5,360,994
Amortization expense	687,022	191,434
Interest expenses	1,458,439	1,191,244
Interest income	(258,226)	(266,992)
Cash dividends received for using equity method	14,919	54,392
Share-based payments	50,324	17,773
Share of gain of subsidiaries and associates accounted for using equity method	(4,374,421)	(12,170,120)
Loss (gain) on disposal of property, plant and equipment	837	(329,570)
Property, plan and equipment transferred to expenses		13,005
Reversal of impairment losses (gains) on property, plant and equipment	111,107	(10,051)
Unrealized profit	19,565	72,643
Realized profit	46,691	(19,565)
Unrealized foreign currency exchange gain, net	(98,467)	(173,697)
Amortization of discount on financial liabilities	15,667	14,000
Incomes and expenses not affecting cash flow	<u>3,535,884</u>	<u>(6,054,510)</u>
Change in operating assets and liabilities :		
(Decrease) increase in accounts receivable and notes receivable	(1,809,716)	298,996
Decrease in other receivables	475,877	205,181
Decrease in inventories	7,215,488	2,220,820
(Increase) decrease in other assets	(121,458)	181,105
Dncrease in accounts payable and notes payable	(473,780)	(480,980)
Decrease increase in other payable to related parties	(297,458)	152,365
(Decrease) increase in other current liabilities	(1,480,671)	870,016
Decrease in accrued pension liabilities	(20,967)	(144,766)
Decrease(increase) in other non-current liabilities	16,052	(2,922)
Total changes in operating assets and liabilities	<u>3,503,367</u>	<u>3,299,815</u>
<b>Cash generated from operations</b>	15,177,071	27,892,336
Interest received	258,027	265,798
Interest paid	(1,465,894)	(1,221,827)
Income tax paid	(2,659)	(285)
<b>Net cash used in operating activities</b>	<u>13,966,545</u>	<u>26,936,02</u>
<b>Cash flows from investing activities :</b>		
Acquisition of investments accounted for using equity method	(1,999,998)	(290,000)
Purchases of property, plant and equipment	(5,870,406)	(5,764,014)
Proceeds from sales of property, plant and equipment	135,554	475,486
Acquisition of intangible assets	(29,406)	(291,163)
Decrease in lease receivables	429,330	429,330
Decrease (increase) in other non-current assets	225	(362,705)
<b>Net cash provided by investing activities</b>	<u>(7,334,701)</u>	<u>(5,803,066)</u>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term debt		11,975,000
Repayments of long-term debt	(18,083,334)	(7,300,000)
Increase (decrease) in other payables-related parties	3,900,000	(24,000,000)
Decrease in lease payable	(7,199)	(7,404)
Exercise of employee share options	10,829	1,282,281
Disposal of ownership interests in subsidiaries (without losing control)	-	22,104
<b>Net cash provided by financing activities</b>	<u>(14,179,704)</u>	<u>(18,028,019)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	42,530	90,253
<b>(Decrease) increase in cash and equivalents</b>	(7,505,330)	3,195,190
<b>Cash and cash equivalents at beginning of period</b>	<u>10,724,285</u>	<u>3,218,955</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,218,955</u>	<u>6,414,145</u>

# NANYA TECHNOLOGY CORPORATION

## Statement of Profits Distribution For the year of 2014

Unit: NTD

Items	Amount	Items	Amount	Explanation
<b>Available for Distribution:</b>		<b>Distribution Items:</b>		
1. Accumulated deficit of previous years	(17,463,404,798)	1. Appropriation of legal reserve (10% of the after-tax profit)	1,077,812,213	<p>1. The Company plans to distribute cash dividends of NT\$2.0 per share for current year.</p> <p>2. The Company distributes dividends for a total of NT\$4,853,395,620, all of which are from net profit after tax of 2014.</p> <p>3. The proposed distribution of cash dividends is based on total outstanding shares of 2,426,697,810 shares and it may be changed by the Company's employees exercise their stock options. It is proposed that the Board of Directors be authorized to adjust the ultimate cash dividend per share accordingly.</p> <p>4. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar.</p> <p>5. Bonus for employees amounted to NT\$97,004,330. Compensation of directors and supervisors amounted to NT\$0.</p>
2. Net profit after tax of current year	28,241,526,928	2. Distribution of cash dividends (NT\$2.0 per share)	4,853,395,620	
		3. Unappropriated retained earnings carried forward to next year	4,846,914,297	
Total	10,778,122,130	Total	10,778,122,130	

## **Independent Auditors' Report (CONSOLIDATED)**

The Board of Directors  
Nanya Technology Corporation:

We have audited the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries as of December 31, 2013 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these financial statements based on our audits. The financial statement of subsidiaries included in the 2013 and 2014 consolidated financial statement of the Company were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as if related to the amount included for these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amount to NT\$ 609,296 thousand and NT\$ 642,091 thousand representing 0.65 percent and 0.61 percent of the related consolidated total assets as of December 31, 2013 and 2014 respectively, and their net sales were NT\$ 2,961,194 thousand and NT\$ 3,252,970 thousand, representing 6.55 percent and 6.62 percent of the related consolidated total net sales in 2013 and 2014, respectively.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Nanya Technology Corporation as of December 31, 2013 and 2014, and the results of its operations and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards as endorsed by the ROC Financial Supervisory Commission (FSC), International Accounting Standards, IFRIC Interpretations and SIC Interpretations (hereinafter referred to IFRS as endorsed by the FSC).

Because of the change of DRAM's market, the Company has liquidity risks as its current liabilities exceeded its current assets by NT\$27,917,728 thousand as of December 31, 2014. Management's plans on these matters are described. The financial statements described in the first paragraph above do not include any adjustments that might result from the outcome of this uncertainty.

We have audited the stand-alone financial statements of the Company as of and for the years ended December 31, 2013 and 2014 and expressed a modified unqualified opinion thereon.

Taipei, Taiwan (the Republic of China)  
March 12, 2015

### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with IFRS as endorsed by the FSC, ROC and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

This document is an English translation of a report originally issued in Chinese. In the event of a conflict between the English translation and the original Chinese version, the Chinese language auditors' review report shall prevail.

## **Independent Auditors' Report (STAND-ALONE)**

The Board of Directors  
Nanya Technology Corporation:

We have audited the accompanying balance sheets of Nanya Technology Corporation (the "Company") as of December 31, 2013 and 2014, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these financial statements based on our audits. We did not audit the financial statements of certain investees accounted for under the equity method. These long-term equity investments amounted to NT\$27,447 thousand and NT\$28,973 thousand as of December 31, 2013 and 2014, representing 0.03 percent and 0.03 percent of the related total assets respectively, and their share of associates and subsidiaries accounted for using equity method was loss of NT\$9,551 thousand and gain of NT\$6,260 thousand, representing 0.12 percent and 0.02 percent of their net loss and gain before tax in 2013 and 2014, respectively. The financial statements of these companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Nanya Technology Corporation as of December 31, 2013 and 2014, and the results of its operations and cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Because of the change of DRAM's market, the Company has liquidity risks as its current liabilities exceeded its current assets by NT\$27,949,337 thousand of December 31, 2014. Management's plans on these matters are described. The financial statements described in the first paragraph above do not include any adjustments that might result from the outcome of this uncertainty.

Taipei, Taiwan (the Republic of China)  
March 12, 2015

### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with International Accounting Standards approved by Financial Supervisory Commission, ROC and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

This document is an English translation of a report originally issued in Chinese. In the event of a conflict between the English translation and the original Chinese version, the Chinese language auditors' review report shall prevail.

**Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2015 Annual Shareholders' Meeting:**

Not applicable since the Company does not disclose financial forecast information.

**Information regarding the Proposed Employees' Bonus and Compensation to Directors and Supervisors Adopted by the Board of Directors of the Company:**

1. Proposed amounts of employees' cash bonus, stock bonus, and compensation to Directors and Supervisors:	
Employees' cash bonus	NT\$ 97,004,330
Employees' stock bonus	NT\$ 0
Compensation to Directors and Supervisors	NT\$ 0
2. Share amount of the proposed employees' stock bonus and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock bonus	0 share
percentage of the share amount to that of all stock dividend	0%
3. Imputed earnings per share of the proposed employees' bonus and compensation to Directors and Supervisors:	
Imputed earnings per share	NT\$11.77