



# **NANYA TECHNOLOGY CORP.**

## **2016 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 22, 2016**

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**NANYA TECHNOLOGY CORP.**  
**2016 ANNUAL SHAREHOLDERS' MEETING**  
**PROCEDURE**

1. Call Meeting to Order
2. Chairman's Address
3. Discussion Items (I)
4. Reporting Items
5. Ratification Items
6. Election Items
7. Discussion Items (II)
8. Extraordinary Motions
9. Meeting Adjourned

# **NANYA TECHNOLOGY CORP.**

## **2016 ANNUAL SHAREHOLDERS' MEETING AGENDA**

Time: 10:00 a.m., Wednesday, June 22, 2016

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

### **1. Discussion Items (I)**

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. Reporting Items**

(1) Business Report for 2015

(2) Supervisors' Review Report for 2015

(3) Report of Distribution of Employees Compensation for 2015

(4) Execution Status Report of Business Operation  
Enhancement Plan for the Company's Capital Reduction in 2015

### **3. Ratification Items**

(1) To Ratify the Business Report and Financial Statements for 2015

(2) To Ratify the Proposal for Distribution of 2015 Profits

### **4. Election Items**

The term of office of the Company's Directors has expired. Please elect the new Directors pursuant to the applicable laws.

### **5. Discussion Items (II)**

Appropriateness of releasing the newly elected Directors and the juristic person shareholder whose authorized representatives are elected as Directors, from non-competition restrictions. Please discuss and resolve.

## Discussion Items (I)

### Item 1

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	Article after Amendment	Reason for Amendment
	(New article added)	<b><u>Article 19</u></b>	<b><u>The Company shall appropriate 1% to 12% for employees' compensation from its profit, if any, before tax. However, the Company's accumulated losses shall have been covered.</u></b> <b><u>The Company may have the profit distributable as employees' compensation distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements,</u></b>	The Company amends employees compensation related articles in accordance with the revision of Article 235-1 of the Company Law.

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
			<u>entitled to receive compensation shall be determined by the Board of Directors. The resolution of employees' compensation shall be made in accordance with Article 235-1 of the Company Law of ROC.</u>	
<u>Article 19</u>	Whenever there are profits of the Company, it shall be used to <u>recover any past losses</u> , pay all <u>outstanding taxes</u> , and set aside 10% thereof in a legal reserve. Thereafter, the remaining profit, if any, after set aside a special reserve or reserves for certain undistributed earnings for business purposes, shall collectively with any undistributed surplus earnings from previous fiscal years, be included in a surplus earning distribution plan	<u>Article 20</u>	Whenever there are profits of the Company, it shall be used to <u>pay all outstanding taxes</u> , <u>recover the Company's accumulated losses</u> , and set aside 10% thereof in a legal reserve. Thereafter, the remaining profit, if any, after set aside a special reserve or reserves for certain undistributed earnings for business purposes, shall collectively with any undistributed surplus earnings from previous fiscal years, be included in a	To amend employees compensation related articles, the Company deletes paragraph 2 of Article 19 and adjusts the Article order.

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	<p>submitted by the Board of Directors for approval at a shareholders' meeting.</p> <p><u>The Company shall set aside 1%~15% from the remaining profit for distribution as employees bonus and this amount shall be regarded as an expense of such appropriate year.</u></p> <p><u>The Company may issue stock bonuses to employees of an affiliated company meeting the certain requirements set by the Board of Directors.</u></p> <p>The Company belongs to a high-technology and capital intensive industry and its operations are still experiencing significant growth. To accommodate the long-term financial projection of the Company, the Company adopts the</p>		<p>surplus earning distribution plan submitted by the Board of Directors for approval at a shareholders' meeting.</p> <p>The Company belongs to a high-technology and capital intensive industry and its operations are still experiencing significant growth. To accommodate the long-term financial projection of the Company, the Company adopts the policy that dividends shall be distributed appropriately in accordance with the Company's budget of capital expenditures. In principle, the stock dividends distributed by the Company shall not exceed 50% of the total distributable dividends of that year.</p>	

Article	Article before Amendment	Article	Article after Amendment	Reason for Amendment
	policy that dividends shall be distributed appropriately in accordance with the Company's budget of capital expenditures. In principle, the stock dividends distributed by the Company shall not exceed 50% of the total distributable dividends of that year.			
<u>Article 20</u>	Any matter not provided in these Articles of Incorporation shall be handled in accordance with the Company Law.	<u>Article 21</u>	Any matter not provided in these Articles of Incorporation shall be handled in accordance with the Company Law <u>and other relevant regulations.</u>	To fulfill the Actual circumstances, amend this Article and the Article No. is adjusted accordingly.
<u>Article 21</u>	(Omitted)	<u>Article 22</u>	Add " <u>The 23<sup>rd</sup> amendment was made on June 22, 2016.</u> " to the existing Article.	In compliance with the amendments, the Article No. is adjusted accordingly and the date of amendment in this Article is added.

## Resolution:

## **Reporting Items**

1. About the Company's business operation condition of 2015, please refer to Business Report for further details (on Page 8 through Page 10 of the Handbook.)
2. The Company's Supervisors had reviewed the 2015 Business Report and Financial Statements and issued their Review Report in accordance with the applicable laws. Please refer to Supervisors' Review Report (on Page 11 of the Handbook.)
3. Report of Distribution of Employees Compensation for 2015

### **Explanation:**

Pursuant to newly amended Article 19 of the Articles of Incorporation of the Company, the Board of Directors approved to set aside 3.7% of the 2015 pre-tax profit prior to deducting employees compensation distributable as employees compensation on March 15, 2016. The form of employees compensation will be in cash, i.e. a total amount of NT \$671,028,000.

4. Execution Status Report of Business Operation Enhancement Plan for the Company's Capital Reduction in 2015

### **Explanation:**

The Company's capital reduction plan was approved by Financial Supervisory Commission in 2014. Please refer to Page 12 through Page 13 of the Handbook for the Execution Status Report of Business Operation Enhancement Plan.

# **NANYA TECHNOLOGY CORP.**

## **Business Report for 2015**

### **Year 2015 Financial Performance**

Due to global economy weakness, DRAM market was slowing down and ASP (average selling price) continued to decline from Q2'15. We optimized product portfolio for premium DRAM in specialty market to maintain stable profitability. NTC reported consolidated revenue of NT\$43.87 billion in 2015. Net income was NT\$17.13 billion, EPS NT\$7.07.

In 2015, NTC further enhanced production efficiency to reduce manufacturing cost for improving competitiveness. Monthly wafer output increased from 56 thousand in January to 60 thousand in December. 30nm design shrink also exceeded 50% output in Q4'15.

As a key supplier in specialty DRAM market, NTC established strategic alliance relationships with customers and controller suppliers by offering excellent customer service for the launch of next-generation consumer electronic products collaboratively. In product development area, we strengthened low power product design and related engineering capabilities. To fulfill the needs from mobile customers, we developed multi-chip –package solutions. By seamless cross-department cooperation, we demonstrated successful penetrations in premium market segments including automotive, industrial, networking, SiP(System-in-Package) and customized products.

### **Year 2016 Business Outlook**

The focus areas of operation for 2016 are to deeply-root in specialty market and customized product to increase wafer value, improve production efficiency to reinforce cost effectiveness and

20nm technology conversion. Major tasks include:

1. Continuously concentrate on consumer & low power markets, develop customized products for diversification and increase market share in specialty DRAM field. Greater than 85% of total revenue from consumer & low power markets is our target.
2. Continuously drive manufacturing cost reduction through improving the production efficiency of front- end and back-end processes. 30nm design shrink product will surpass 70% of total output in 2016. Annual bit output growth is expected to reach 10%.
3. To enable 20nm technology conversion, the new facility will be equipped with advanced tools in Q4'16. The development of next-generation DRAM products including DDR4/LPDDR4 is at full pace to provide full product lineup for fulfilling the requirements from new-generation consumer electronic products.

### **Future Development Strategy**

NTC has entered into agreements with Micron Technology in December 2015 to support Micron Semiconductor Taiwan Corp. to acquire Inotera memories Inc. as a solely owned subsidiary of Micron Taiwan for NT\$ 30 per share through Share Swap Transaction, invest up to NT\$ 31.5 billion to acquire Micron's private placement shares and have option rights to license its 1x and 1y DRAM technology nodes. The acquisition deal has been approved by Inotera's shareholders and is still subject to certain conditions, including governmental approvals. NTC and Micron have entered into a new era of strategic alliance relationships. By becoming one of its major share ownerships in Micron, and entering cooperation in future technology nodes, will create

Win-Win situation for both NTC and Micron. The deployment will further strengthen NTC's position as a key supplier in specialty DRAM market.

DRAM market will still encounter headwind in 2016. In supply side, top 3 suppliers continue to ramp the production of advanced 20nm and 1xnm technology nodes and new capacity will come online. According to the forecast by market intelligence, 2016 worldwide bit growth rate will be higher than 2015. DRAM industry consolidation resulted in more disciplined supply growth. In consideration of profitability, the total supply growth is expected to be rational.

The demand side growth rate is projected at the same level as 2015 due to the uncertainty of global economy outlook and the stalled momentum of smart phone and tablet markets. Positively, 2016 Summer Olympics will energize DRAM demand from consumer electronic devices like high-resolution DTV, set-top-box.

We appreciate the continuous support by all of our shareholders. We will make the best effort to deliver great operation performance and increase the company's value to maximize returns to our shareholders.

Chairman: Chia Chau, Wu

President: Pei-Ing Lee

Accountant Officer: Hung Chi Kuo

# **NANYA TECHNOLOGY CORP.**

## **Supervisors' Review Report**

The Board of Directors has prepared the Company's 2015 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 2016 Annual Shareholders' Meeting

Supervisors: Shih-Ming Hsie

Ming-Jong Yeh

Ming-Long Huang

March 15, 2016

## **NANYA TECHNOLOGY CORP.**

### **Execution Status Report of Business Operation Enhancement Plan for the Company's Capital Reduction in 2015**

1. In accordance with 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 2015 profit attributable to owners of the Company NT\$17,141,167K is better than target NT\$12,664,555K.

<b>Ratification Items</b>
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**Item 1**

For approval of the 2015 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 2015 Consolidated and Individual Financial Statements were completed and the same were approved at the 1st meeting of the Board in 2016 and audited by independent auditors, Ms. Delphi Chen and Ms. 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 8 through Page 10 of the Handbook. As for the Financial Statements, please refer to Page 21 through Page 28 of the Handbook. Please approve the Business Report and the Financial Statements.

**Resolution:**

<b>Ratification Items</b>
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**Item 2**

For approval of the Proposal for Distribution of 2015 Profits as required by the Company Act.

Proposed by the Board of Directors

**Attachment:**

Please refer to Page 29 of the Handbook for the Statement of Profits Distribution.

**Resolution:**

## **Election Items**

### **Item 1**

The term of office of the Company's Directors has expired. Please elect the new Directors pursuant to the applicable laws.

Proposed by the Board of Directors

### **Explanation:**

1. The Company's current Directors and Supervisors have their term of office expired on June 20, 2016. To conform to the provision promulgated by the securities competent authority, which requires the Company shall establish an Audit Committee to substitute the supervisors, it is proposed to elect 12 Directors (including 3 independent directors). The term of office of the new Directors (including independent directors) shall be three years, starting from June 22, 2016 to June 21, 2019.
2. The election of Directors (including independent directors) shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act and Article 13 of the Company's Articles of Incorporation. The Company has examined and approved the qualification of 12 candidates in the Board of Directors Meeting on May 10, 2016. The names of the 9 Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Chia Chau, Wu Representative of NPC	Bachelor in Business Administration, National Chengchi University	Current Appointment: Chairman of NPC Chairman of Nan Ya PCB Corp. Chairman of Nanya Technology Corp. Experiences: President of NPC	907,303,769

Name	Education	Major Experience	Shareholding (Share)
Wen Yuan, Wong	Master in Industrial Engineering, University of Houston	Current Appointment: Chairman of FCFC Chairman of Formosa Taffeta Corp. Chairman of Formosa Advanced Technologies Corp. Experiences: President of FCFC	4,000
Susan Wang	Barnard College, U.S.	Current Appointment: Executive Director of FPC Executive Director of FPCC Chairman of Formosa Environmental Technology Corp. Experiences: Executive Vice President of FPC-USA	0
Ming Jen, Tzou Representative of NPC	Associate Degree in Department of Chemical Engineering, Provincial Taipei Institute of Technology	Current Appointment: President of NPC Experiences: Executive Vice President of NPC	907,303,769
Wen-Yao Wang Representative of NPC	Pitzer College	Current Appointment: Senior Vice President of NPC Experiences: Assistant Vice President of NPC	907,303,769
Lin-Chin Su Representative of NPC	Ph.D. in Materials Science and Engineering, the University of Utah	Current Appointment: Senior Vice President of Nanya Technology Corp. Experiences: Vice President of Nanya Technology Corp.	907,303,769

Name	Education	Major Experience	Shareholding (Share)
Shih-Ming Hsie Representative of Formosa Taffeta Corp.	National Taipei University of Technology	Current Appointment: Vice Chairman of Formosa Advanced Technologies Corp. President of Formosa Taffeta Corp. Experiences: Chairman of Yu Yuang Textile Corp.	15,421,010
Pei-Ing Lee	Ph.D. in Chemical Engineering, Syracuse University	Current Appointment: Chairman of Inotera Memories, Inc. President of Nanya Technology Corp. Experiences: Senior Vice President of Nanya Technology Corp.	263,098
Otto Chang	Bachelor in Automatic Control Engineering, Feng Chia University	Current Appointment: President of Nan Ya PCB Corp. Experiences: Manager of NPC	59,839

The names of the 3 Independent Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Ching-Chyi Lai	Master in Department of Public Finance, National Chengchi University	Current Appointment: Chair Professor of Chung Hua University Experiences: Chief Secretary of Council for Economic Planning and Development, Executive Yuan Deputy Secretary-general of Executive Yuan Chairman of Chunghwa Post Corp.	0

Name	Education	Major Experience	Shareholding (Share)
Tsai-Feng Hou	Master in Public Policy Program, National Sun Yat-sen University	Current Appointment: Independent Director of King's Town Bank Corp. Experiences: President of Ta Chong Securities Corp.	0
Shu-Po Hsu	Master in Graduate Institute of Criminology, National Chung Cheng University	Current Appointment: Vice Chairman of General Chamber of Commerce of the Republic of China Vice Chairman of Taiwan Life Insurance Corp. Experiences: Vice Chairman of Taiwan Financial Services Roundtable Corp.	0

## Resolution:

## Discussion Items (II)

### Item 1

Appropriateness of releasing the newly elected Directors and the juristic person shareholder whose authorized representatives are elected as Directors, from non-competition restrictions. Please discuss and resolve.

Proposed by the Board of Directors

### Explanation:

1. According to Article 209 of the Company Act, any Director conducting business for himself/herself or on another's behalf, and the scope of which coincides with the Company's business scope, shall explain at the Shareholders' Meeting the essential contents of such conduct and obtain approval from shareholders in the Meeting.
2. Meanwhile, according to Explanation Letter No.89206938 on Article 209 of the Company Act, announced by the Ministry of Economic Affairs dated April 24, 2000, where the juristic person shareholder's authorized representatives are elected as directors according to Article 27-2 of the Company Act, both the juristic person shareholder and the authorized representatives shall be subject to the non-competition restrictions under Article 209 of the Company Act.
3. If the newly-elected Directors and the juristic person shareholder whose authorized representatives are elected as directors in this Annual Shareholders' Meeting conduct competitive businesses that are subject to the non-competition restrictions under Article 209 of the Company Act and the interest of the Company is not impaired, it is proposed to release the Directors and juristic person shareholders whose authorized representatives are elected as directors from such non-competition restrictions after having assumed office.  
(Proclaim the information of engaging in competitive businesses conducted by the Directors and the juristic person shareholders)

Resolution:

**NANYA TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in thousands of New Taiwan Dollars)

	DECEMBER 31, 2014 (Adjusted)	DECEMBER 31, 2015		DECEMBER 31, 2014 (Adjusted)	DECEMBER 31, 2015
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets:</b>			<b>Current liabilities :</b>		
1100 Cash and cash equivalents (Note 6(1))	\$ 7,267,855	7 3,103,705	2100 Short-term loans (Note 6(11))	\$ -	3 3,306,000
1170 Notes and accounts receivable, net (Note 6(4))	6,025,292	6 5,442,511	2170 Notes and accounts payable, net	1,075,345	1 1,384,780
1180 Accounts receivable due from related parties, net (Notes 6(4) and 7)	19,825	-	2180 Accounts payable—related parties (Note 7)	133,595	- 175,430
1200 Other receivables (Note 6(4))	1,660,987	2 1,486,388	2220 Other payables—related parties (Notes 6(13) and 7)	41,099,884	39 26,646,915
1210 Other receivable—related parties (Notes 6(4) (10) and 7)	248,012	-	2322 Current portion of long-term loans (Note 6(12))	3,900,000	4 500,000
130x Inventories (Note 6(5))	5,148,407	5 5,949,340	2399 Other current liabilities	2,970,922	3 3,216,474
1470 Other current assets	891,640	- 1,577,089	<b>Total current liabilities</b>	49,179,746	47 35,229,599
<b>Total current assets</b>	21,262,018	20 17,822,621	<b>Non-current liabilities:</b>		34
<b>Non-current assets:</b>			Long-term loans (Note 6(12))	12,480,000	12 12,685,000
1523 Available-for-sale financial assets— non-current (Note 6(2))	115,366	- 92,930	Deferred income tax liabilities (Note 6(15))	276	- 7,558
1543 Financial assets carried at cost— non-current (Note 6(3))	-	- 9,340	Lease payables— long-term (Note 6(13))	282,250	- 273,923
1546 Debt investments without active market—non-current (Note 6(3))	-	- 181,280	Accrued pension liabilities (Note 6(14))	634,563	1 755,860
1550 Investments accounted for using equity method, net (Notes 6(7) and 7)	28,345,200	27 32,833,967	Other non-current liabilities	298,419	- 199,722
1600 Property, plant and equipment (Notes 6(9), 7 and 8)	51,175,927	49 49,763,526	<b>Total non-current liabilities</b>	13,695,508	13 13,922,063
1780 Intangible assets	537,136	1 406,193	<b>Total liabilities</b>	62,875,254	60 49,151,662
1840 Deferred income tax assets (Note 6(15))	846,648	1 876,064	<b>Equity (Notes 6(7)(8)(15)(16)):</b>		
1935 Lease receivable— long-term (Note 6(10))	1,883,806	2 1,632,343	Common stock	24,095,278	23 24,285,658
1990 Other non-current assets (Notes 6(1) and 8)	386,211	- 387,773	Capital received in advance	653,565	1 -
<b>Total non-current assets</b>	83,290,294	80 86,183,416	Additional paid-in capital	6,377,936	6 7,812,701
<b>Total assets</b>	<u>104,552,312</u>	<u>100 \$ 104,006,037</u>	Legal reserve	-	- 1,077,812
			Accumulated profit	10,816,268	10 21,913,621
			Other equity	5,939	- (4,570)
			Treasury stock	(347,533)	- (347,533)
			Equity attributable to owners of the Company	41,601,453	40 54,737,689
			Non-controlling interest	75,605	- 116,686
			<b>Total equity</b>	41,677,058	40 54,854,735
			<b>Total Liabilities and Equity</b>	<u>104,552,312</u>	<u>100 \$ 104,006,037</u>

NANYA TECHNOLOGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars, except for per share amounts)

	2014 (Adjusted)		2015	
	Amounts	%	Amounts	%
4000 Operating revenues (Notes 6(19) and 7)	\$ 49,107,622	100	43,875,905	100
5000 Cost of goods sold (Notes 6(5)(14)(17)(20) and 7)	<u>26,938,594</u>	<u>55</u>	<u>26,567,909</u>	<u>61</u>
Gross profit	<u>22,169,028</u>	<u>45</u>	<u>17,307,996</u>	<u>39</u>
Operating expenses (Notes 6(14)(17)(20) and 7) :				
6100 Selling and distribution expenses	588,584	1	660,729	2
6200 Administrative and general expenses	1,398,348	3	1,206,219	3
6300 Research and development expenses	<u>1,377,524</u>	<u>3</u>	<u>1,953,662</u>	<u>4</u>
Total operating expenses	<u>3,364,456</u>	<u>7</u>	<u>3,820,610</u>	<u>9</u>
Operating income	<u>18,804,572</u>	<u>38</u>	<u>13,487,386</u>	<u>30</u>
Non-operating income and expenses :				
7010 Other income	261,829	1	226,050	1
7020 Other gains and losses (Notes 6(21) and 7)	571,459	1	419,496	1
7050 Finance expenses (Note 6(21))	(1,199,818)	(2)	(860,427)	(2)
7060 Share of profit of associate accounted for using equity method (Note 6(7))	<u>13,294,654</u>	<u>27</u>	<u>4,404,923</u>	<u>10</u>
Net non-operating activities	<u>12,928,124</u>	<u>27</u>	<u>4,190,042</u>	<u>10</u>
7900 Income before income tax	31,732,696	65	17,677,428	40
7950 Income tax (benefit) expense (Note 6(15))	<u>2,481,199</u>	<u>5</u>	<u>506,028</u>	<u>1</u>
8000 Profit from continuing operations	29,251,497	60	17,171,400	39
8100 Loss from discontinued operations (Note 12(3))	<u>(1,056,131)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Net income	<u>28,195,366</u>	<u>58</u>	<u>17,171,400</u>	<u>39</u>
8300 Other comprehensive income (loss)				
8310 Items that may not be reclassified subsequently to profit or loss:				
8311 Remeasurement of the net defined benefit assets	(59,408)	-	(132,255)	-
8320 Recognized shares of other comprehensive income of associates accounted for using equity methods – may not be reclassified subsequently to profit or loss	(1,811)	-	(2,835)	-
8349 Income tax expense related to items that may not be reclassified to profit or loss (Note 6(15))	-	-	22,484	-
Total amount of items that may be reclassified subsequently to income or loss	<u>57,597</u>	<u>-</u>	<u>(112,606)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences arising on translation foreign operations	(3,777)	-	11,928	-
8362 Unrealized gain on available-for-sale financial assets	12,050	-	(22,437)	-
8399 Income tax expense related to items that may be reclassified to profit or loss (Note 6(15))	-	-	-	-
8300 Other comprehensive loss	<u>65,870</u>	<u>-</u>	<u>(123,115)</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 28,261,236</u>	<u>58</u>	<u>17,048,285</u>	<u>39</u>
Profit attributable to:				
Owners of the Company				
Profit from continuing operations	\$ 29,238,438	59	17,141,167	-
Loss from discontinued operations	<u>(996,121)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
8610 Profit attributable to owners of the Company	<u>\$ 28,242,317</u>	<u>57</u>	<u>17,141,167</u>	<u>-</u>
Non-controlling interests				
Profit from continuing operations	\$ 13,059	-	30,233	-
Loss from discontinued operations	<u>(60,010)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8620 Income (loss) attributable to non-controlling interests	<u>\$ (46,951)</u>	<u>-</u>	<u>30,233</u>	<u>-</u>
Total comprehensive (loss) income attributable to:				
Owners of the Company				
Comprehensive income from continuing operations	\$ 29,304,308	60	17,018,052	39
Comprehensive loss from discontinued operations	<u>(996,121)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
8710 Total comprehensive income attributable to owners of the Company	<u>\$ 28,308,187</u>	<u>58</u>	<u>17,018,052</u>	<u>39</u>
Non-controlling interests				
Comprehensive income from continuing operations	\$ 13,059	-	30,233	-
Comprehensive loss from discontinued operations	<u>(60,010)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8720 Total comprehensive income (loss) attributable to non-controlling interests	<u>\$ (46,951)</u>	<u>-</u>	<u>30,233</u>	<u>-</u>
9750 Basic earnings per share (Unit: TWD) (Note 6(18))				
9710 Basic earnings per share from continuing operations	\$ 12.19		7.07	
9720 Basic loss per share from discontinued operations	<u>(0.42)</u>		<u>-</u>	
Basic earnings per share	<u>\$ 11.77</u>		<u>7.07</u>	
9810 Diluted earnings per share (Unit: TWD) (Note 6(18))				
Diluted earnings per share from continuing operations	\$ 12.18		7.02	
Diluted loss per share from discontinued operations	<u>(0.42)</u>		<u>-</u>	
Diluted earnings per share	<u>\$ 11.76</u>		<u>7.02</u>	

**NANYA TECHNOLOGY CORPORATION**

### Attributable to owners of the Company

**NANYA TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015**  
**(Expressed in thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2014 (Adjusted)</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net income from continuing operations before tax	\$ 31,732,696	17,677,428
Net loss from discontinued operations before tax	(1,056,131)	-
Net income before tax	30,676,565	17,677,428
<b>Adjustments for:</b>		
Income and expenses not affecting cash flows		
Depreciation expense	5,416,077	5,669,957
Amortization of deferred charges	191,434	129,408
Interest expenses	1,207,899	860,427
Interest income	(262,270)	(226,050)
Dividend revenue	-	(3,601)
Compensation costs arising from share-based payments	18,278	493,805
Share of profit of associate accounted for using equity method	(13,294,654)	(4,404,923)
Loss (gain) on disposal of property, plant and equipment	(53,604)	1,745
Property, plant and equipment reclassified to expense	13,005	-
Impairment loss on non-financial assets	395,254	4,204
Unrealized foreign currency exchange gain, net	(173,335)	(40,223)
Discount amortization of financial liabilities	14,000	5,000
Income and expenses not affecting cash flows	(6,527,916)	2,489,749
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	759,103	682,725
Decrease (increase) in other receivables	239,897	12,548
Decrease (increase) in inventories	2,568,251	(800,933)
Decrease (increase) in other current assets	234,812	(707,583)
Decrease in accounts payable	(692,932)	(90,925)
Increase (decrease) in other current liabilities	939,046	(29,897)
Decrease in accrued pension liabilities	(145,482)	(10,958)
Decrease in other non-current liabilities	(23,798)	(15,773)
Total change in operating assets and liabilities	3,878,897	(960,796)
<b>Cash generated from operating activities</b>	<b>28,027,546</b>	<b>19,206,381</b>
Interest received	261,069	227,576
Dividend received	-	3,601
Interest paid	(1,242,110)	(882,399)
Income tax paid	(35,602)	(32,918)
<b>Net cash provided by operating activities</b>	<b>27,010,903</b>	<b>18,522,241</b>
<b>Cash flows from investing activities:</b>		
Purchase of debt investments without active market	-	(181,280)
Purchases of financial assets carried at cost	-	(9,340)
Proceeds from disposal of non-current assets classified as held for sale	1,700,000	-
Purchases of property, plant and equipment	(5,795,646)	(3,841,842)
Proceeds from disposal of property, plant and equipment	77,976	2,928
Purchase of intangible asset	(291,163)	(111,196)
Decrease in lease receivables	429,330	429,330
Increase in other non-current assets	(361,681)	(1,563)
Acquisition of ownership interests in subsidiaries from non-controlling interests	(69,750)	-
<b>Net cash used in investing activities</b>	<b>(4,310,934)</b>	<b>(3,712,963)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	90,600	3,600,600
Repayments of short-term loans	(180,600)	(300,000)
Increase in long-term loans	11,975,000	500,000
Repayments of long-term loan	(7,300,000)	(3,700,000)
Decrease in other payable-related parties	(25,373,682)	(14,487,626)
Decrease in lease payables—related parties	(7,404)	(7,853)
Cash dividends paid by subsidiaries	(22,104)	-
Exercise of employee stock options	1,282,281	393,633
Proceeds from sale of subsidiary shares of stock (without losing control)	22,104	-
Increase in non-controlling interests	-	7,300
Cash dividends paid	-	(4,852,022)
<b>Net cash used in financing activities</b>	<b>(19,513,805)</b>	<b>(18,840,568)</b>
<b>Effect of foreign currency exchange translation</b>	<b>86,189</b>	<b>(132,860)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,272,353</b>	<b>(4,164,150)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,995,502</b>	<b>7,267,855</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 7,267,855</b>	<b>3,103,705</b>

NANYA TECHNOLOGY CORPORATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars)

	DECEMBER 31, 2014 (Adjusted)	DECEMBER 31, 2015		DECEMBER 31, 2014 (Adjusted)	DECEMBER 31, 2015
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets:</b>			<b>Current liabilities:</b>		
1100 Cash and cash equivalents (Note 6(1))	\$ 6,414,145	6 2,242,753	2100 Short-term loans (Note 6(9))	-	\$ 3,300,000
1170 Notes and accounts receivable, net (Notes 6(3)(17))	4,976,818	5 4,443,733	2170 Notes and accounts payable, net	1,065,547	1 1,357,888
1180 Accounts receivable from related parties, net (Notes 6(3) and 7)	1,558,297	1 1,309,646	2180 Accounts payable – related parties (Note 7)	133,595	- 175,430
1200 Other receivables (Note 6(3))	1,644,580	- 1,466,021	2220 Other payables – related parties (Notes 6(11) and 7)	40,626,472	39 26,176,298
1210 Other receivable – related parties (Notes 6(3)(8) and 7)	248,012	- 263,588	2230 Income tax liabilities	-	- 482,565
130x Inventories (Note 6(4))	4,834,283	5 5,815,290	2322 Current portion of long-term loans (Note 6(10))	3,900,000	4 500,000
1470 Other current assets	884,554	1 1,564,816	2399 Other current liabilities	2,784,412	3 2,647,855
<b>Total current assets</b>	<b>20,560,689</b>	<b>20 17,105,847</b>	<b>Total current liabilities</b>	<b>48,510,026</b>	<b>47 34,640,036</b>
<b>Non-current assets:</b>			<b>Non-current liabilities:</b>		
1543 Financial assets carried at cost – non-current (Note 6(2))	-	- 9,340	2540 Long-term loans (Note 6(10))	12,480,000	12 12,685,000
1546 Debt investments without active market – non-current (Note 6(2))	-	- 181,280	2570 Deferred income tax liabilities (Note 6(13))	-	- 6,838
1550 Investments accounted for using equity method, net (Notes 6(5) and 7)	28,677,212	27 33,219,400	2613 Lease payables – long-term (Note 6(11))	282,250	- 273,923
1600 Property, plant and equipment (Notes 6(7), 7 and 8)	51,157,114	49 49,722,671	2640 Accrued pension liabilities (Note 6(12))	634,563	1 735,860
1780 Intangible assets	537,136	1 406,193	2670 Other non-current liabilities	513,678	- 414,693
1840 Deferred income tax assets (Note 6(13))	840,000	1 869,322	<b>Total non-current liabilities</b>	<b>13,910,491</b>	<b>13 14,136,314</b>
1935 Lease receivable – long-term (Note 6(8))	1,883,806	2 1,632,343	<b>Total liabilities</b>	<b>62,420,517</b>	<b>60 48,776,350</b>
1990 Other non-current assets (Notes 6(1) and 8)	366,013	- 367,643	<b>Equity (Notes 6(5)(6)(13)(14)(15)):</b>		
<b>Total non-current assets</b>	<b>83,461,281</b>	<b>80 86,408,192</b>	3110 Common stock	24,095,278	23 24,285,658
<b>Total assets</b>	<b>\$ 104,021,970</b>	<b>100 103,514,039</b>	3140 Capital received in advance	653,565	1 -
			3200 Additional paid-in capital	6,377,936	6 7,812,701
			3310 Legal reserve	-	- 1,077,812
			3300 Accumulated profit	10,816,268	10 21,913,621
			3400 Other equity	5,939	- (4,570)
			3500 Treasury stock	(347,533)	- (347,533)
			<b>Total equity</b>	<b>41,601,453</b>	<b>40 54,737,689</b>
			<b>Total Liabilities and Equity</b>	<b>\$ 104,021,970</b>	<b>100 103,514,039</b>

NANYA TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars, except for per share amounts)

		2014 (Adjusted)		2015	
		Amounts	%	Amounts	%
4000	Operating revenues (Notes 6(17) and 7)	\$ 48,589,951	100	43,129,599	100
5000	Cost of goods sold (Notes 6(4)(12)(15)(18) and 7)	<u>26,809,439</u>	<u>55</u>	<u>26,209,509</u>	<u>61</u>
	Gross profit	<u>21,780,512</u>	<u>45</u>	<u>16,920,090</u>	<u>39</u>
5910	Add: Unrealized profit from sale	(72,643)	-	(78,605)	-
5920	Realized profit from sale	<u>19,565</u>	<u>-</u>	<u>72,643</u>	<u>-</u>
	Gross profit	<u>21,727,434</u>	<u>45</u>	<u>16,914,128</u>	<u>39</u>
	Operating expenses (Notes 6(12)(15)(18) and 7) :				
6100	Selling and distribution expenses	415,327	1	482,989	1
6200	Administrative and general expenses	1,365,718	3	1,192,306	3
6300	Research and development expenses	<u>1,335,071</u>	<u>3</u>	<u>1,848,728</u>	<u>4</u>
	Total operating expenses	<u>3,116,116</u>	<u>7</u>	<u>3,524,023</u>	<u>8</u>
	Operating income	<u>18,611,318</u>	<u>38</u>	<u>13,390,105</u>	<u>31</u>
	Non-operating income and expenses :				
7010	Other income	266,992	-	224,239	1
7020	Other gains and losses (Notes 6(19) and 7)	790,561	2	387,995	1
7050	Finance expenses (Note 6(19))	(1,191,244)	(2)	(851,724)	(2)
7060	Share of profit of subsidiary and associate accounted for using equity method (Note 6(5))	<u>12,170,194</u>	<u>25</u>	<u>4,475,243</u>	<u>10</u>
	Net non-operating activities	<u>12,036,503</u>	<u>25</u>	<u>4,235,753</u>	<u>10</u>
7900	Income before income tax	30,647,821	63	17,625,858	41
7950	Income tax expense (Note 6(13))	<u>2,405,504</u>	<u>5</u>	<u>484,691</u>	<u>1</u>
	Net income	<u>28,242,317</u>	<u>58</u>	<u>17,141,167</u>	<u>40</u>
8300	Other comprehensive income (loss)				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurement of net defined benefit assets	59,408	-	(132,255)	-
8330	Recognized share of other comprehensive income of associates accounted for using equity method –may not be reclassified subsequently to profit or loss	(1,811)	-	(2,835)	-
8349	Income tax expense related to items that may not be reclassified to profit or loss (note 6(13))	<u>-</u>	<u>-</u>	<u>22,484</u>	<u>-</u>
	Total amount of items may be reclassified subsequently to income or loss	<u>57,597</u>	<u>-</u>	<u>(112,606)</u>	<u>-</u>
8360	Items that could be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(3,777)	-	11,928	-
8362	Unrealized gain on available-for-sale financial assets	12,050	-	(22,437)	-
8399	Income tax expense related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total amount of items that may be reclassified subsequently to profit or loss	<u>8,273</u>	<u>-</u>	<u>(10,509)</u>	<u>-</u>
8300	Other comprehensive loss	<u>65,870</u>	<u>-</u>	<u>(123,115)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 28,308,187</u>	<u>58</u>	<u>17,018,052</u>	<u>40</u>
8750	Basic earnings per share (Note 6(16))	<u>\$ 11.77</u>		<u>7.07</u>	
	Diluted earnings per share (Note 6(16))	<u>\$ 11.76</u>		<u>7.02</u>	

NANYA TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015  
(Expressed in thousands of New Taiwan Dollars)

	Retained earnings			Other equity items			Treasury stock	Total Equity
	Common stock	Capital received in advance	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Exchange difference on translation of foreign financial statements	Unrealized (losses) gains available-for-sale financial assets	
<b>Balance at January 1, 2014</b>	\$ 239,608,511	-	3,696,784	-	(233,081,650)	(19,739)	17,405	9,873,778
Effect of the retrospective application of accounting principle or adjustment	-	-	-	-	(20,241)	-	-	(20,241)
Adjusted balance as of January 1, 2014	239,608,511	-	3,696,784	-	(233,101,891)	(19,739)	17,405	9,853,537
Net income	-	-	-	-	28,242,317	-	-	28,242,317
Other comprehensive income (loss)	-	-	-	-	57,597	(3,777)	12,050	65,870
Total comprehensive income	-	-	-	-	28,299,914	(3,777)	12,050	28,308,187
Change in recognized shares of subsidiaries and associates accounted for using equity method	-	-	2,200,473	-	-	-	-	2,200,473
Capital reduction to offset accumulated deficits	(215,649,073)	-	-	-	215,649,073	-	-	-
Difference between the actual disposal of subsidiary shares price and book value	-	-	(835)	-	-	-	-	(835)
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	-	(36,311)	-	(23,652)	-	-	(59,963)
Recognized compensation costs on employee stock options	-	-	17,773	-	-	-	-	17,773
Due to recognition of equity component of employee stock options issued	135,840	653,565	500,052	-	(7,176)	-	-	1,282,281
<b>Balance as of December 31, 2014</b>	24,095,278	653,565	6,377,936	-	10,816,268	(23,516)	29,455	41,601,453
Net income	-	-	-	-	17,141,167	-	-	17,141,167
Other comprehensive income (loss)	-	-	-	-	(112,606)	11,928	(22,437)	(123,115)
Total comprehensive income	-	-	-	-	17,028,561	11,928	(22,437)	17,018,052
Legal capital reserve	-	-	-	1,077,812	(1,077,812)	-	-	-
Common stock dividends	-	-	-	-	(4,853,396)	-	-	(4,853,396)
Change in other capital surplus:	-	-	-	-	-	-	-	-
Change in equity of associates accounted for using equity method	-	-	86,316	-	-	-	-	86,316
Change in equity of subsidiaries accounted for using equity method	-	-	(3,159)	-	-	-	-	(3,159)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	1,374	-	-	-	-	1,374
Recognized compensation costs on employee stock options by the Company	-	-	2,924	-	-	-	-	2,924
Recognized compensation costs on employee stock options by subsidiaries	-	-	893	-	-	-	-	893
Due to recognition of equity component of employee stock options issued	190,380	(653,565)	856,818	-	-	-	-	393,633
Capital received in advance – exercise of employee stock options	-	-	489,599	-	-	-	-	489,599
<b>Balance as of December 31, 2015</b>	\$ 24,285,658	-	7,812,701	1,077,812	21,913,621	(11,588)	7,018	54,737,689

**NANYA TECHNOLOGY CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015**  
**(Expressed in thousands of New Taiwan Dollars)**

	<b>For the years ended December 31,</b>	
	<b>2014 (Adjusted)</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 30,647,821	17,625,858
<b>Adjustments for:</b>		
Incomes and expenses not affecting cash flows		
Depreciation expense	5,360,994	5,659,997
Amortization of deferred charges	191,434	129,408
Interest expenses	1,191,244	851,724
Interest income	(266,992)	(224,239)
Dividend revenue	54,392	-
Compensation costs arising from share-based payments	17,773	492,523
Share of profit of subsidiary and associate accounted for using equity method	(12,170,194)	(4,475,243)
Loss (or gain) on disposal of property, plant and equipment	(329,570)	1,016
Property, plant and equipment reclassified to expense	13,005	-
Reversal of gain on impairment of non-financial assets	(10,051)	4,204
Unrealized sales profits	72,643	78,605
Realized sales profits	(19,565)	(72,643)
Unrealized foreign currency exchange gain, net	(173,697)	(40,223)
Discount amortization of financial liabilities	14,000	5,000
Incomes and expenses not affecting cash flows	(6,054,584)	2,410,129
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	298,996	860,480
Decrease (increase) in other receivables	205,181	(15,368)
Decrease (increase) in inventories	2,220,820	(981,007)
Decrease (increase) in other current assets	181,105	(680,262)
Decrease in accounts payable	(480,980)	(108,019)
Increase in other payables—related parties	152,365	44,016
Increase (decrease) in other current liabilities	870,016	(109,114)
Decrease in accrued pension liabilities	(145,482)	(10,958)
Decrease in other non-current liabilities	(2,922)	(16,620)
Total change in operating assets and liabilities	3,299,099	(1,016,852)
<b>Cash generated from operating activities</b>	<b>27,892,336</b>	<b>19,019,135</b>
Interest received	265,798	225,758
Interest paid	(1,221,827)	(873,959)
Income tax paid	(285)	(1,036)
<b>Net cash provided by operating activities</b>	<b>26,936,022</b>	<b>18,369,898</b>
<b>Cash flows from investing activities:</b>		
Purchases of debt investments without active market	-	(181,280)
Purchases of financial assets carried at cost	-	(9,340)
Acquisitions of investment accounted for using equity method	(290,000)	-
Purchases of property, plant and equipment	(5,764,014)	(3,810,003)
Proceeds from disposal of property, plant and equipment	475,486	2,928
Increase in refundable deposits	-	(171)
Purchases of intangible asset	(291,163)	(111,196)
Decrease in lease receivables	429,330	429,330
Increase in other non-current assets	(362,705)	77
<b>Net cash used in investing activities</b>	<b>(5,803,066)</b>	<b>(3,679,655)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	-	3,600,000
Repayments of short-term loans	-	(300,000)
Increase in long-term loans	11,975,000	500,000
Repayments of long-term loan	(7,300,000)	(3,700,000)
Decrease in other payable—related parties	(24,000,000)	(14,500,000)
Decrease in lease payables—related parties	(7,404)	(7,853)
Cash dividends paid	-	(4,852,022)
Exercise of employee stock options	1,282,281	393,633
Proceeds from sale of subsidiary shares of stock (without losing control)	22,104	-
<b>Net cash used in financing activities</b>	<b>(18,028,019)</b>	<b>(18,866,242)</b>
<b>Effect of foreign currency exchange translation</b>	<b>90,253</b>	<b>4,607</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,195,190</b>	<b>(4,171,392)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,218,955</b>	<b>6,414,145</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 6,414,145</b>	<b>2,242,753</b>

# NANYA TECHNOLOGY CORPORATION

## Statement of Profits Distribution For the year of 2015

Unit: NTD

Items	Amount	Items	Amount	Explanation
<b>Available for Distribution:</b>		<b>Distribution Items:</b>		
1. Unappropriated retained earnings of previous years	4,846,914,297	1. Appropriation of legal reserve (10% of the after-tax profit)	1,714,116,739	1. The Company plans to distribute cash dividends of NT\$2.8 per share for current year.
2. Adjustment	38,145,874	2. Appropriation of special reserve	4,570,407	2. The Company distributes dividends for a total of NT\$7,695,984,268, all of which are from net profit after tax of 2015.
3. Other comprehensive income reclassified to unappropriated retained earnings of current year	(112,606,845)	3. Distribution of cash dividends (NT\$2.8 per share)	7,695,984,268	3. The proposed distribution of cash dividends is based on total outstanding shares of 2,748,565,810 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.
4. Net profit after tax of current year	17,141,167,385	4. Unappropriated retained earnings carried forward to next year	12,498,949,297	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.
				5. Adjustment: adjust unappropriated retained earnings in accordance with the 2013 version of IFRS required by Financial Supervisory Commission.
				6. Other comprehensive income reclassified to unappropriated retained earnings of current year: adjust the actuarial pension valuation.
				7. Special reserve of NT\$4,570,407 is appropriated from the net amount of exchange differences losses on translation of foreign financial statements
<b>Total</b>	<b>21,913,620,711</b>	<b>Total</b>	<b>21,913,620,711</b>	NT\$11,588,649 and unrealized gains on available-for-sale financial assets NT\$7,018,242.



安侯建業聯合會計師事務所

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## Independent Auditors' Report

The Board of Directors  
Nanya Technology Corporation

We have audited the accompanying consolidated statements of financial position of Nanya Technology Corporation (the "Company") and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statement of subsidiaries included in the 2014 consolidated financial statements of the Company were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$642,091 thousand and representing 0.61 percent of the related consolidated total assets as of December 31, 2014, and their operating revenues were NT\$3,252,970 thousand, representing 6.62 percent of the related consolidated operating revenues in 2014.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China (ROC). 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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the audit reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nanya Technology Corporation and its subsidiaries as of December 31, 2014 and 2015 and the results of their consolidated operations and their consolidated cash flows for the years ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC interpretations, as endorsed by Financial Supervisory Commission, ROC.



Because of the significant DRAM industry decline in previous years, the Company's current liabilities exceeded its current assets by NT\$17,406,978 thousand as of December 31, 2015, which exposes the Company to liquidity risk. The management's plans on this matter are described in Note 12(2) of the consolidated financial statements. The consolidated financial statements described in the first paragraph above do not include any adjustments that might result from the outcome of this uncertainty.

We have also audited the parent company only financial statements of Nanya Technology Corporation as of and for the years ended December 31, 2014 and 2015 and have expressed a modified unqualified opinion thereon.

KPMG

Taipei, Taiwan (the Republic of China)  
March 15, 2016

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with International Financial Reporting Standards, International Accounting Standards, and IFRIC interpretations and SIC interpretations, as endorsed by Financial Supervisory Commission, in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and original Chinese version or any difference in the interpretation of the two versions, the independent auditors' report and consolidated financial statements in Chinese shall prevail.



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## Independent Auditors' Report

The Board of Directors  
Nanya Technology Corporation

We have audited the accompanying balance sheets of Nanya Technology Corporation (the "Company") as of December 31, 2014 and 2015 and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for under the equity method as of and for the year ended December 31, 2014. The investments in these investees accounted for under the equity method amounted to NT\$28,973 thousand, representing 0.03% of the total assets, as of December 31, 2014. Share of the profit or loss of these subsidiaries and associates accounted for under the equity method amounted to NT\$6,260 thousand, representing 0.02% of the net income before income tax for the year ended December 31, 2014. The financial statements of the aforementioned investee companies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Rules 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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Formosa Plastics Corporation as of December 31, 2014 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.



Because of the significant decline in the DRAM industry in the previous years, the Company's current liabilities exceeded its current assets by NT\$17,534,189 thousand as of December 31, 2015, which exposes the Company to liquidity risk. The management's plans on this matter are described in Note 12(2) to the financial statements. The financial statements described in the first paragraph above do not include any adjustments that might result from the outcome of this uncertainty.

KPMG

Taipei, Taiwan (the Republic of China)  
March 15, 2016

#### Notes to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issues in the Republic of China. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and original Chinese version or any difference in the interpretation of the two versions, the independent auditors' report and financial statements in Chinese shall prevail.

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

1. Amounts of employees' cash compensation, stock compensation, and cash compensation to Directors and Supervisors:	
Employees' cash compensation	NT\$ 671,028,000
Employees' stock compensation	NT\$ 0
Cash Compensation to Directors and Supervisors	NT\$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividends	0%

**Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2016 Annual Shareholders' Meeting:**

Not applicable since the Company does not propose the stock dividend distribution at the 2016 Annual Shareholders' Meeting and does not required to prepare financial forecast information.