Stock Code: 2408

Nanya Technology Corporation

2018 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 inconsistencies between the Chinese original and this translation, the Chinese version shall prevail.)

May 24, 2018

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Nanya Technology Corporation

2018 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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Nanya Technology Corporation

2018 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Friday, May 24, 2018

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 2017
   (2) Audit Committee's Review Report for FY2017
   (3) Report of Distribution of Employees' Compensation for 2017
2. Ratification Items
   (1) To Ratify the Business Report and Financial Statements for 2017
   (2) To Ratify the Proposal for Distribution of 2017 Profits
3. Discussion Items
   (1) To Approve Amendments to the "Handling Procedures to Engage in the Derivative Transaction of Products" of the Company

Reporting Items

1. Regarding the Company's business operation condition of FY2017, please refer to Business Report for further details (on Page 4 through Page 9 of the Handbook.)
2. The Company's Audit Committee had reviewed the 2017 Business Report and Financial Statements and issued their Review Report in accordance with the applicable laws. Please refer to Audit Committee's Review Report (on Page 10 of the Handbook.)
3. Report of Distribution of Employees' Compensation for FY2017

   Explanation:

   The amount of the 2017 pre-tax profit prior to deducting employees' compensation was NT$43,157,096,238. The Company has no accumulated losses. In accordance with Article 19 of the Articles of Incorporation of the Company, the Board of Directors approved to set aside 3.2% as employees' compensation on February 26, 2018. The payment of employees' compensation will be in cash, i.e. a total amount of NT$1,364,013,000.

Nanya Technology Corporation

Business Report for 2017

1. Business Performance for 2017

In 2017, Nanya Technology Corporation ("NTC") delivered record-setting net profits and earnings per share (EPS), thanks to a favorable market environment, the Company's operational improvement, and cash out of its share holdings in Micron Technology Inc. ("MU").

The market environment has been favorable to the Company as average selling prices (ASP) of dynamic random access memory (DRAM) have continued its rebound since the second half of 2016. In 2017, ASP's across all DRAM market segments were increasing quarter by quarter because, based on the Company's estimation, the overall DRAM market demand in bits was growing by approximately 22% year-over-year, outstripped the market supply which was growing by approximately 20% year-over-year. Along with the increase of market ASP's, the Company saw its own ASP to increase by over 35% than that in 2016. However, a stronger New Taiwan dollar which appreciated approximately by 5.8% over the US dollar caused a negative impact. In the end, the Company's total revenue posted a 32% year-over-year growth.

The Company's bit shipment in 2017, originally had forecasted to be down by approximately 9% year-over-year as a result of the Company's move to migrate its existing 30nm process technology to 20nm process technology, turned to be flat, thanks to endeavor of all hands. Over the last year, the Company ramped down its 30nm monthly wafer start capacity from 58k to 30k, ramped up its 20nm monthly wafer starts to reach 38k by the end of 2017, and, in parallel, introduced a new back-end of line process technology (copper-copper-aluminum). During the course of the migration, the Company was able to achieve yields of the leading product based on 20nm process technology, a 4Gb DDR3 chip, higher than our expectation to enable its mass production in the second quarter and successfully reached cost cross-over milestone over the cost of existing products in the third quarter, both of which were ahead of our original schedule by approximately one quarter. Meanwhile, the Company's 8Gb DDR4 and 2Gb DDR3, both of which were independently developed by us, received qualifications from our customers. The pull-in of ramp up of both 20nm product yields and related capacity resulted in additional bit output which would otherwise be foregone.

To facilitate the Company's future development, we had sold our entire shareholdings in Inotera to MU in December 2016 and back-to-back invested a major portion of the proceeds, i.e. NT$31,457 million, to acquire about 5.26% interest in MU. The Company has completely liquidated its holdings in MU by the end of 2017, bringing in net proceeds of US$2,112 million (equivalent to NT$$63,562 million) in total and realizing NT$32,105 million in profits. Having paid for part of the capex of 20nm technology conversion (approximately NT$29,400 million in 2017), the Company repaid all inter-company borrowing of NT$12,500 million from affiliated companies and pre-paid all bank borrowings of NT$17,600 million ahead of original schedules in 2017. The Company's financial structure was materially improved and has had cash reserved for the migration into 10 nanometer class process technology in the future.

The Company's consolidated revenue amounted to NT$ 54,918 million in 2017, a 32% increase over NT$41,633 million in 2016. Net income was NT$ 40,295 million, and earnings per share reached NT$ 14.36. Excluding major one-off items, namely the MU share disposal gains of NT$32,105 million and a negative impact from euro-convertible bond option valuation of NT$7,599 million, the Company's EPS would still have reached NT$5.63, reflecting operational improvement over that in 2016.

NTC received multiple awards in the "2017 Taiwan Corporate Sustainability Awards" from Taiwan Institute for Sustainable Energy (TISE) in recognition of the Company's effort in corporate social responsibility. Specifically, the Company was awarded with "Top 50 Corporate Sustainability", "Corporate Sustainability Report Golden", and "Innovative Growth Award" in the corporate sustainability category. The above-mentioned "Innovative Growth Award" was because Company has focused on niche DRAM market segments since 2013 and has cultivated and enhanced its competitiveness by successfully developing a series of consumer & low power DRAM products, with which have enabled the Company to be profitable since then.

2. Business Strategy for 2018

Having executed a successful technology migration, the Company's bit shipment this year is forecasted to increase by 45 percent than that in 2017. Given the significant bit output growth in 2018, the Company has planned ahead to expand our 20nm related product lineup to provide additional solutions to meet with our customers' demand.

After the successful introduction of the leading product, NTC followed through to qualify its second product based on 20nm process technology, an 8Gb DDR4 chip, with customers in the fourth quarter and has commenced its mass production since December, 2017. This is an important achievement as the chip's circuit design was independently developed by the Company's in-house R&D team. In addition, the Company designed another 8Gb DDR4 chip and has been in the process to qualify it with selected customers for server applications. Both chips will pave the way for NTC to provide value-added solutions not only for existing customers' consumer & PC peripheral applications but also for server / data center application which is the fast growing market segment to date.

In 2018, the Company has 8 product designs in the pipeline, with an emphasis on mobile DRAMs, i.e. LPDDR3 and LPDDR4, which require 20nm process technology to enable low power consumptions and small footprints, along with other design specifications for consumer & PC peripheral applications. With the appropriate mobile DRAM products to our customers, the Company is expecting to gain traction in smart phone applications in the future.

In addition to our business development, the Company has allocated significant resources to enhance legal compliance and has constantly monitored any changes in laws and regulations which may have potential impact to the Company. To enhance the Company's long-term sustainability, we have set up an independent department to be responsible for improving our corporate social responsibility and overall risk management.

3. Industry Outlook

Among the end applications for DRAM, smart phone application remains the largest market segment to date. Sever/data center application is the second largest market segment for DRAM, but its demand growth speed has overtaken that of smart phone application. Mobile computing, the Internet of Things, and cloud computing are driving the significant growth in the data center industry and the trend is expected to continue. Therefore, after combining the demand from other market segments, the Company is forecasting that, in 2018, the overall DRAM demand in bits will increase by approximately 22% over that in 2017.

In recent years, the three major DRAM suppliers have demonstrated their ability and willingness to migrate their respective technologies and/or expand capacity with discipline to maintain a rational demand and supply market condition. Based on available information, the Company is forecasting that the overall DRAM supply in bits to have a year-over-year growth rate of approximately 21% in 2018, because the three major suppliers are expected to have limited capacity increase and have their respective bit output growth mainly coming from technology migration. Meanwhile, the potential impact from DRAM production in China has yet to be determined. Based on the above, the overall demand in bits is expected by the Company to surpass the overall supply, thereby allowing a favorable market condition to the Company this year.

Over the years, NTC has gone through various DRAM cycles, but our commitment to provide returns to shareholders has remained unchanged. Based on the current market outlook and the Company's business set-up in terms of product and capacity, we possess expertise and resource to meet with new challenges and look forward to creating prosperity for the Company and our shareholders together in the future.

Chairman: Chia Chau, Wu

President: Pei-Ing Lee

Accountant Officer: Hung Chi Kuo

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2017 Business Report, Financial Statements (including consolidated and Stand-alone statements), and Proposal for Profits Distribution. The CPA firm of KPMG has audited the Financial Statements and issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Nanya Technology Corporation. According to the Securities and Exchange Act and the Company Law, we hereby submit this report.

Nanya Technology Corporation

Chairman of the Audit Committee:

February 26, 2018

Ratification Items

Item 1

To Ratify the Business Report and Financial Statements for 2017

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2017 Consolidated and Stand-alone Financial Statements were completed and the same were reviewed by the Audit Committee, approved by the Board of Directors on February 26, 2018 and audited by independent auditors, Ms. Delphi Chen and Ms. Hui-Chih Ko, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, in which the Audit Committee's Review Report is presented.
2. For the aforementioned Business Report, please refer to Page 4 through Page 9 of the Handbook. As for the Financial Statements, please refer to Page 20 through Page 27 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items

Item 2

To Ratify the Proposal for Distribution of 2017 Profits

Proposed by the Board of Directors

Explanation:

The Proposal for Distribution of 2017 Profits of the Company was reviewed by the Audit Committee and approved by the Board of Directors on February 26, 2018.

(Please refer to Page 28 of the Handbook for the Statement of Profits Distribution.)

Resolution:

Discussion Items

Item 1

To Approve Amendments to the "Handling Procedures to Engage in the Derivative Transaction of Products" of the Company

Proposed by the Board of Directors

Explanation:

To accommodate the needs of the Company's practical operation, the "Handling Procedures to Engage in the Derivative Transaction of Products" of the Company shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached.

Article	Before Amendment	After Amendment	Amendment Description
Article 4	The characteristics of derivative transactions can be classified into "hedging purposes" and "trading purposes" based on the purposes of the derivative transactions. The purposes adopt different restrictions of risk position, stop limit restriction and accounting handling standard.	The characteristics of derivative transactions can be classified into "hedging purposes" and "trading purposes" based on the purposes of the derivative transactions. **The principle of the Company's derivatives transactions is to manage volatility resulting from fluctuation in the financial markets such as movements in foreign exchange rates, interest rates, and asset price.**	To accommodate the needs of the Company's practical operation, add the principle of the Company's derivatives transactions.

Article	Before Amendment	After Amendment	Amendment Description
Article 5	The amount of engaging in derivative transactions of the Company shall not exceed 50% of net value of the Company. The limit of loss for all and individual contracts shall not exceed 10% of the contract amount. The content of each contract shall be appraised and decided by the high-level manager authorized by the Board of Directors. Major derivatives transactions of the Company requires approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.	The amount of engaging in derivative transactions of the Company shall not exceed 50% of net value of the Company. The limit of loss for all and individual contracts shall not exceed 10% of the contract amount. The content of each contract shall be appraised and decided by the high-level manager authorized by the Board of Directors. **The authorized level and amount are set as follows:** **The authorized Level** — **The authorized amount of each project or each transaction** **The Board of Directors** — **100M USD equivalence** **President** — **10M＜USD equivalence ≦100M** **Financial officer** — **≦10M USD equivalence** Major derivatives transactions of the Company **(i.e. the authorized amount of each project or each transaction is more than 100M USD equivalence)** shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all Audit Committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be	To accommodate the needs of the Company's practical operation, add The authorized level/amount and the standard of major derivatives transactions.

Article	Before Amendment	After Amendment	Amendment Description
		recorded in the minutes of the Board of Directors meeting.	
Article 6	The transaction personnel(s) of the Department, which is in charge of derivative transactions, shall follows the dealing strategy in accordance with the approved deal terms and conditions of derivative transactions <u>and</u> execute deals directly with counterparties. After the foresaid deals are done, the transaction personnel(s) shall deliver the relevant transaction receipts to the settlement person(s) to conduct the settlement procedures. Afterwards, the settlement personnel(s) shall proceed the signing of contracts, the opening of a bank account, settlement and the closing of accounts with transaction counterparties in accordance with the trading conditions.	The transaction personnel(s) of the Department, which is in charge of derivative transactions, shall follows the dealing strategy in accordance with the approved deal terms and conditions of derivative transactions<u>**. Also, the transaction personnel shall**</u> execute deals directly with counterparties. After the foresaid deals are done, the transaction personnel(s) shall deliver the relevant transaction receipts to the settlement person(s) to conduct the settlement procedures. Afterwards, the settlement personnel(s) shall proceed the signing of contracts, the opening of a bank account, settlement and the closing of accounts with transaction counterparties in accordance with the trading conditions.	Adjust the description slightly.
Article 7	For the derivative transactions of the Company, the <u>Department that is charge of establishing management regulations</u> shall establish a comprehensive management information system towards the balance position of the <u>Company</u>, profit/loss analysis and so on to ensure proper risk control and monitoring and to respond to abnormal situations in time.	For the derivative transactions of the Company, the <u>**Company**</u> shall establish a comprehensive management information system towards the balance position of the <u>**transactions**</u>, profit/loss analysis and so on to ensure proper risk control and monitoring and to respond to abnormal situations in time.	Adjust the description slightly.

Article	Before Amendment	After Amendment	Amendment Description
Article 8	The Company shall, on a monthly basis, report and make a public announcement of the derivative transactions (including purposes of hedging and purposes of trading) engaged by itself, up to the end of the previous month in accordance with the required form on the website designated by the competent securities authority before the tenth day of each month. If derivative transactions of which maximum loss for all or individual contract exceeds 10% of contract amount respectively, or any amendment, termination or cancellation of the original contract occurs, the Company shall report and make public announcements accordingly on the website appointed by SFB within two days from the date of the event.	The Company shall, on a monthly basis, report and make a public announcement of the derivative transactions engaged by itself, up to the end of the previous month in accordance with the required form on the website designated by the competent securities authority before the tenth day of each month. If derivative transactions of which maximum loss for all or individual contract exceeds 10% of contract amount respectively, or any amendment, termination or cancellation of the original contract occurs, the Company shall report and make public announcements accordingly on the website appointed by SFB within two days from the date of the event.	Adjust the description slightly.
Chapter 4	Accounting Handling Principles	(Deleted)	"Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has deleted
Article 13	The accounting handling towards the Company's derivative transactions will be conducted in accordance with the requirements of the General Acceptable Accounting Principles and the relevant Financial Accounting Principle Statement announced by the Accounting Research and Development Foundation.	(Deleted)	

Article	Before Amendment	After Amendment	Amendment Description
Article 14	When the Company prepares periodical financial reports (including annual reports, semi-annual reports, quarterly reports and consolidated reports), the Company shall disclose the general relevant items of derivative transactions by product purposes in the footnotes of the financial statements in accordance with the regulations of the Statements of Financial Accounting Standards No. 34 ‘Accounting for Financial Instruments’ and No. 36 ‘Disclosure and Presentation of Financial Instruments’ announced by the Accounting Research and Development Foundation in Taiwan.	(Deleted)	Accounting Handling Principles, and IFRS has been applied. Therefore, the Article14 to 16 shall be delect.
Article 15	Regarding the derivative products of trading purposes, in addition to the general disclosure items, the Company shall disclose the net income/loss arising from the current trading activities and its item location in the income statement by product types.	(Deleted)	
Article 16	Regarding the derivative products of hedging purposes, in addition to the general disclosure items, the Company shall disclose the following items: 1. Hedging for the exiting assets or liabilities: (1) The hedged assets or the liability amount and the type of derivative products for the foresaid hedged assets or liability amount.	(Deleted)	

Article	Before Amendment	After Amendment	Amendment Description
	<u>(2) The definite but deferred or realized profit/loss amount due to hedging.</u> <u>2. Hedging for the anticipated positions (including future positions from definite commitments and contingent commitments)：</u> <u>(1) Description of the content of the anticipated transactions.</u> <u>(2) Description of the content of the type of the adopted derivatives products.</u> <u>(3) The definite but deferred profit/loss amount due to hedging.</u>		
Article **<u>15</u>**	The Company shall establish and maintain a reference book to record all its derivative transaction information, including, but not limited to: kind of transaction, amount, and matters to be evaluated cautiously in accordance with Article <u>18</u> hereof. The auditing personnel shall be in charge of periodically assessing the appropriateness of the internal control regarding the derivative transactions, <u>and take the responsibility of auditing</u> the trading department<u>'s compliance with</u> the Procedures , <u>analyzing the transaction cycle,</u> preparing the auditing report on a monthly basis<u>, and submitting the auditing report to the high-level management personnel authorized by the Board of Directors of the</u>	The Company shall establish and maintain a reference book to record all its derivative transaction information, including, but not limited to: kind of transaction, amount, and matters to be evaluated cautiously in accordance with Article **<u>14</u>** hereof. The auditing personnel shall be in charge of periodically assessing the appropriateness of the internal control regarding the derivative transactions, **<u>shall conduct monthly audit to evaluate whether</u>** the trading department **<u>conform to</u>** the Procedures, **<u>and shall</u>** prepare the auditing report on a monthly basis **<u>accordingly</u>**. If the auditing personnel find any material fault of the operation procedures, he or she shall report such fault to the	To Amend in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of Article 21 and adjust the Article

Article	Before Amendment	After Amendment	Amendment Description
	Company. If the auditing personnel find any material fault of the operation procedures, he or she shall report such fault to the Audit Committee of the Company in writing and the Company should, depending on the status of such material fault, penalize the relevant personnel, who make such material fault, in accordance with the human resources management policies.	Audit Committee of the Company in writing and the Company should, depending on the status of such material fault, penalize the relevant personnel, who make such material fault, in accordance with the human resources management policies.	order.

Notes: The existing Chapter 5、6 and Article 17、18、20、21 will become Chapter 4、5 and Article 13、14、16、17.

Resolution:

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

Nanya Technology Corporation and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 33,768,677	21	9,101,632	7
1125	Current available-for-sale financial assets (Note 6(c))	-	-	2,000,360	2
1170	Notes and accounts receivable, net (Note 6(e))	8,525,608	6	5,768,718	4
1200	Other receivables (Notes 6(e)(i))	11,601,416	8	1,973,908	1
1310	Inventories (Note 6(f))	6,888,530	5	4,849,492	4
1470	Other current assets	1,622,096	1	1,517,576	1
	Total current assets	62,406,327	41	25,211,686	19
	Non-current assets:				
1523	Non-current available-for-sale financial assets (Note 6(c))	-	-	40,950,942	30
1600	Property, plant and equipment (Notes 6(h), 7 and 8))	86,241,880	57	67,917,337	50
1780	Intangible assets	136,550	-	272,185	-
1840	Deferred tax assets (Note 6(n))	922,559	1	876,312	-
1935	Long-term lease payments receivable (Note 6(i))	1,043,501	1	1,353,253	1
1990	Other non-current assets (Notes 8)	28,485	-	395,427	-
	Total non-current assets	88,372,975	59	111,765,456	81
	Total assets	$ 150,779,302	100	136,977,142	100

	Liabilities and Equity	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))	$ 2,238,441	1	-	-
2170	Notes and accounts payable	3,072,987	2	5,443,555	4
2180	Accounts payable to related parties (Note 7)	299,746	-	165,183	-
2200	Other payables (Note 6(l))	6,297,730	4	3,991,544	3
2220	Other payables to related parties (Note 7)	1,065,854	1	13,993,373	10
2230	Current tax liabilities	1,726,392	1	2,138,229	2
2322	Long-term borrowings, current portion (Notes 6(j) and 8)	-	-	7,786,000	6
2399	Other current liabilities	1,954	-	192,023	-
	Total current liabilities	14,703,104	9	33,709,907	25
	Non-Current liabilities:				
2530	Bonds payable (Note 6(k))	3,286,711	3	-	-
2540	Long-term borrowings (Notes 6(j) and 8)	-	-	15,174,000	11
2570	Deferred tax liabilities (Note 6(n))	63,699	-	1,631,924	1
2613	Non-current lease obligations payable (Note 6(l))	-	-	265,093	-
2640	Net defined benefit liability, non-current (Note 6(m))	525,797	-	453,513	-
2670	Other non-current liabilities	84,803	-	97,558	-
	Total non-current liabilities	3,961,010	3	17,622,088	12
	Total liabilities	18,664,114	12	51,331,995	37
	Equity (Notes 6(m)(n)(o)):				
3110	Ordinary share	29,639,382	20	27,485,658	20
3130	Certificate of entitlement to new shares from convertible bond	223,958	-	-	-
3200	Capital surplus	27,277,191	18	11,523,007	8
3310	Legal reserve	5,164,057	3	2,791,929	2
3320	Special reserve	-	-	4,570	-
3350	Unappropriated retained earnings	69,734,440	47	36,296,086	27
3400	Other equity interest	(39,163)	-	7,789,101	6
3500	Treasury shares	-	-	(347,533)	-
	Total equity attributable to owners of parent	131,999,865	88	85,542,818	63
36xx	Non-controlling interests	115,323	-	102,329	-
	Total equity	132,115,188	88	85,645,147	63
	Total liabilities and equity	$ 150,779,302	100	136,977,142	100

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2017 and 2016

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

		2017		2016	
		Amount	%	Amount	%
4000	Operating revenue (Note 7)	$ 54,918,224	100	41,632,505	100
5000	Operating costs (Notes 6(f)(m)(p)(r) and 7)	30,274,077	55	28,781,412	69
	Gross profit from operations	24,644,147	45	12,851,093	31
	Operating expenses (Notes 6(m)(p)(r) and 7):				
6100	Selling expenses	782,434	1	753,417	2
6200	Administrative expenses	1,397,357	3	1,067,372	3
6300	Research and development expenses	3,673,056	7	2,478,069	6
	Total operating expenses	5,852,847	11	4,298,858	11
	Net operating income	18,791,300	34	8,552,235	20
	Non-operating income and expenses (Notes 6(d)(g)(h)(k)(l)(s)):				
7010	Other income	393,071	1	252,405	1
7020	Other gains and losses, net	23,105,821	42	17,786,474	43
7050	Finance costs	(459,661)	(1)	(705,321)	(2)
7060	Share of profit (loss) of associates accounted for using equity method, net	-	-	(160,063)	-
	Total non-operating income and expenses	23,039,231	42	17,173,495	42
7900	**Profit before tax**	41,830,531	76	25,725,730	62
7950	Tax expense (Note 6(n))	1,535,907	3	1,997,145	5
	Profit	40,294,624	73	23,728,585	57
8300	**Other comprehensive income (Notes 6(m)(n)(t)):**				
8310	**Items that may not be reclassified to profit or loss:**				
8311	Remeasurements of the net defined benefit	(83,545)	-	130,091	-
8320	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(29,776)	-
8349	Income (loss) tax related to items that may not be reclassified to profit or loss	14,203	-	(22,115)	-
	Total amount of items that may not be reclassified subsequently to profit or loss	(69,342)	-	78,200	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(22,317)	-	(5,258)	-
8362	Unrealized (losses) gains on valuation of available-for-sale financial assets	(9,408,293)	(17)	9,401,275	23
8399	Income (loss) tax related to items that may be reclassified to profit or loss	1,602,346	3	(1,602,346)	(4)
	Total amount of items that may be reclassified subsequently to profit or loss	(7,828,264)	(14)	7,793,671	19
8300	**Other comprehensive (loss) income, net**	(7,897,606)	(14)	7,871,871	19
8500	**Comprehensive income**	**$ 32,397,018**	**59**	**31,600,456**	**76**
	Profit, attributable to:				
8610	Profit (loss), attributable to owners of parent	$ 40,281,927	73	23,721,277	57
8620	Profit (loss), attributable to non-controlling interests	12,697	-	7,308	
		$ 40,294,624	**73**	**23,728,585**	**57**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 32,384,321	59	31,593,148	76
8720	Comprehensive income, attributable to non-controlling interests	12,697	-	7,308	-
		$ 32,397,018	**59**	**31,600,456**	**76**
	Earnings per share (Note 6(q))				
9750	Basic earnings per share	**$ 14.36**		**8.67**	
9850	Diluted earnings per share	**$ 13.92**		**8.64**	

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation And Its Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital			Retained earnings			Other equity interest					
	Ordinary share	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 24,285,658	-	7,812,701	1,077,812	-	21,913,621	(11,588)	7,018	(347,533)	54,737,689	116,686	54,854,375
Profit for the year ended December 31, 2016	-	-	-	-	-	23,721,277	-	-	-	23,721,277	7,308	23,728,585
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	78,200	(5,258)	7,798,929	-	7,871,871	-	7,871,871
Comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	23,799,477	(5,258)	7,798,929	-	31,593,148	7,308	31,600,456
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	1,714,117	-	(1,714,117)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	4,570	(4,570)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(7,695,984)	-	-	-	(7,695,984)	-	(7,695,984)
Issue of shares	3,200,000	-	8,475,000	-	-	-	-	-	-	11,675,000	-	11,675,000
Other changes in capital surplus:												
Changes in ownership interests in subsidiaries	-	-	(865)	-	-	-	-	-	-	(865)	865	-
Changes in equity of subsidiaries and associates accounted for using equity method	-	-	(5,060,764)	-	-	(2,341)	-	-	-	(5,063,105)	-	(5,063,105)
Adjustments of capital surplus for cash dividends distributed to subsidiaries	-	-	1,926	-	-	-	-	-	-	1,926	-	1,926
Recognized compensation costs on employee stock options by subsidiaries	-	-	24	-	-	-	-	-	-	24	20	44
Recognized compensation costs on employee stock options by the Comapny	-	-	294,985	-	-	-	-	-	-	294,985	-	294,985
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(22,550)	(22,550)
Balance at December 31, 2016	27,485,658	-	11,523,007	2,791,929	4,570	36,296,086	(16,846)	7,805,947	(347,533)	85,542,818	102,329	85,645,147
Profit for the year ended December 31, 2017	-	-	-	-	-	40,281,927	-	-	-	40,281,927	12,697	40,294,624
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(69,342)	(22,317)	(7,805,947)	-	(7,897,606)	-	(7,897,606)
Comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	40,212,585	(22,317)	(7,805,947)	-	32,384,321	12,697	32,397,018
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	2,372,128	-	(2,372,128)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,122,848)	-	-	-	(4,122,848)	-	(4,122,848)
Reversal of special reserve	-	-	-	-	(4,570)	4,570	-	-	-	-	-	-
Other changes in capital surplus:												
Adjustments of capital surplus for cash dividends distributed to subsidiaries	-	-	1,031	-	-	-	-	-	-	1,031	-	1,031
Conversion of convertible bonds	2,153,724	223,958	15,297,911	-	-	-	-	-	-	17,675,593	-	17,675,593
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	-	(4,331)	-	-	(283,808)	-	-	347,533	59,394	-	59,394
Changes in ownership interests in subsidiaries	-	-	-	-	-	(17)	-	-	-	(17)	17	-
Recognized compensation costs on employee stock options	-	-	459,573	-	-	-	-	-	-	459,573	-	459,573
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	280	280
Balance at December 31, 2017	**$ 29,639,382**	**223,958**	**27,277,191**	**5,164,057**	**-**	**69,734,440**	**(39,163)**	**-**	**-**	**131,999,865**	**115,323**	**132,115,188**

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	$ 41,830,531	25,725,730
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	8,429,032	5,900,734
Amortization expense	141,094	134,008
Provision for bad debt expense	-	16,012
Net loss on financial liabilities at fair value through profit or loss	7,981,043	-
Interest expense	459,661	705,321
Interest income	(390,855)	(246,635)
Dividend income	(2,216)	(2,770)
Share-based payments	459,573	295,029
Share of loss (profit) of associates accounted for using equity method	-	160,063
(Gain) loss on disposal of property, plant and equipment	(3,089)	7,809
Gain on disposal of lease payable	(63,542)	-
Gain on disposal of financial assets in available-for-sale	(32,093,172)	-
Gain on disposal of investments accounted for using equity method	-	(20,069,979)
Impairment loss on financial assets	-	190,620
Impairment loss on non-financial assets	488,988	1,158,201
Unrealized foreign exchange gain	(371,365)	(170,079)
Discount amortization of financial liabilities	-	6,000
Amortization costs of issuing bonds	5,739	-
Total adjustments to reconcile loss	(14,959,109)	(11,915,666)
Changes in operating assets and liabilities:		
Notes and accounts receivable	(2,805,016)	(310,623)
Other receivable	1,044,604	(348,002)
Inventories	(2,039,038)	1,096,227
Other current assets	(63,313)	78,882
Notes and accounts payable (including related parties)	(2,212,483)	838,437
Other payable (including related parties)	4,119,274	-
Other current liabilities	(231,289)	1,822,056
Net defined benefit liability	(11,261)	(194,278)
Other liabilities	34,135	(2,860)
Total changes in operating assets and liabilities	(2,164,387)	2,979,839
Cash inflow generated from operations	24,707,035	16,789,903
Interest received	215,739	242,952
Dividends received	2,216	2,770
Interest paid	(327,035)	(699,628)
Income taxes paid	(1,906,101)	(389,988)
Net cash flows from operating activities	22,691,854	15,946,009
Cash flows used in investing activities:		
Acquisition of available-for-sale financial assets	(1,900,000)	(41,562,001)
Proceeds from disposal of available-for-sale financial assets	56,919,607	8,114,519
Proceeds from disposal of investments accounted for using equity method	-	47,751,373
Acquisition of property, plant and equipment	(29,394,879)	(22,335,748)
Proceeds from disposal of property, plant and equipment	3,130	653
Decrease (increase) in refundable deposits	(92)	(733)
Acquisition of intangible assets	(117)	-
Decrease in long-term lease and installment receivables	429,330	429,330
Decrease (increase) in other non-current assets	361,688	(7,280)
Net cash flows from (used in) in investing activities	26,418,667	(7,609,887)
Cash flows used in financing activities:		
Increase in short-term loans	-	24,148,900
Decrease in short-term loans	-	(27,454,900)
Proceeds from issuing convertible bonds	15,604,577	-
Proceeds from long-term debt	-	11,000,000
Repayments of long-term debt	(23,000,000)	(1,261,000)
Increase in guarantee deposits received	12,976	-
Decrease in other payables to related parties	(12,733,856)	(12,785,669)
Decrease in lease payable	(4,138)	(8,327)
Proceeds from issuing shares	-	11,675,000
Change in non-controlling interests	280	(22,550)
Cash dividends paid	(4,121,817)	(7,695,984)
Net cash flows used in financing activities	(24,241,978)	(2,404,530)
Effect of exchange rate changes on cash and cash equivalents	(201,498)	66,335
Net increase in cash and cash equivalents	24,667,045	5,997,927
Cash and cash equivalents at beginning of period	9,101,632	3,103,705
Cash and cash equivalents at end of period	$ 33,768,677	9,101,632

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation

Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 32,626,041	22	8,427,379	6
1125	Current available-for-sale financial assets (Note 6(c))	-	-	2,000,360	2
1170	Notes and accounts receivable (Note 6(e))	6,640,926	4	4,545,875	4
1180	Accounts receivable due from related parties (Notes 6(e) and 7)	2,409,673	2	1,452,879	1
1200	Other receivables (Notes 6(e)(i))	11,589,575	8	1,969,250	1
1310	Inventories (Note 6(f))	6,748,226	4	4,659,652	3
1410	Prepayments	1,617,626	1	1,507,857	1
	Total current assets	61,632,067	41	24,563,252	18
	Non-current assets:				
1523	Non-current available-for-sale financial assets (Note 6(c))	-	-	40,882,664	30
1550	Investments accounted for using equity method (Note 6(g))	543,137	-	506,210	-
1600	Property, plant and equipment (Notes 6(h), 7 and 8)	86,218,545	57	67,886,857	50
1780	Intangible assets	136,442	-	272,185	-
1840	Deferred tax assets (Note 6(n))	917,703	1	869,282	1
1935	Long-term lease payments receivable (Note 6(i))	1,043,501	1	1,353,253	1
1990	Other non-current assets (Note 8)	24,984	-	375,632	-
	Total non-current assets	88,884,312	59	112,146,083	82
	Total assets	**$ 150,516,379**	**100**	**136,709,335**	**100**

	Liabilities and Equity	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))	$ 2,238,441	1	-	-
2170	Accounts payable	3,025,200	2	5,414,556	4
2180	Accounts payable to related parties (Note 7)	299,746	-	165,183	-
2200	Other payables (Note 6(l))	6,205,337	4	3,938,739	3
2220	Other payables to related parties (Note 7)	1,096,433	1	13,794,916	10
2230	Current tax liabilities	1,713,751	1	2,087,247	2
2322	Long-term borrowings, current portion (Notes 6(j) and 8)	-	-	7,786,000	6
2399	Other current liabilities	1,954	-	191,928	-
	Total current liabilities	14,580,862	9	33,378,569	25
	Non-Current liabilities:				
2530	Bonds payable (Notes 6(k))	3,286,711	2	-	-
2540	Long-term borrowings (Notes 6(j) and 8)	-	-	15,174,000	11
2570	Deferred tax liabilities (Note 6(n))	63,132	-	1,631,260	1
2613	Non-current lease obligations payable (Note 6(l))	-	-	265,093	-
2640	Net defined benefit liability, non-current (Note 6(m))	525,797	-	453,513	-
2670	Other non-current liabilities	60,012	1	264,082	-
	Total non-current liabilities	3,935,652	3	17,787,948	12
	Total liabilities	18,516,514	12	51,166,517	37
	Equity (Notes (n)(o):				
3110	Ordinary share	29,639,382	20	27,485,658	20
3130	Certificate of entitlement to new shares from convertible bond	223,958	-	-	-
3200	Capital surplus	27,277,191	19	11,523,007	8
3310	Legal reserve	5,164,057	3	2,791,929	2
3320	Special reserve	-	-	4,570	-
3350	Unappropriated retained earnings	69,734,440	46	36,296,086	27
3400	Other equity interest	(39,163)	-	7,789,101	6
3500	Treasury shares	-	-	(347,533)	-
	Total equity	131,999,865	88	85,542,818	63
	Total liabilities and equity	**$ 150,516,379**	**100**	**136,709,335**	**100**

See accompanying notes to financial statements.

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

Nanya Technology Corporation

Statements of Comprehensive Income

For the years ended December 31, 2017 and 2016

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

		2017		2016	
		Amount	%	Amount	%
4000	Operating revenue (Note7)	$ 54,086,251	100	41,023,122	100
5000	Operating costs (Notes 6(f)(m)(p)(r) and 7)	29,788,306	55	28,541,666	70
	Gross profit from operations	24,297,945	45	12,481,456	30
5910	Add: Unrealized loss from sales	(97,212)	-	(56,527)	-
5920	Realized profit on from sales	56,527	-	78,605	-
	Gross profit from operations	24,257,260	45	12,503,534	30
	Operating expenses (Notes 6(m)(p)(r) and 7):				
6100	Selling expenses	602,575	1	565,652	1
6200	Administrative expenses	1,383,184	3	1,054,840	3
6300	Research and development expenses	3,565,465	7	2,362,246	6
	Total operating expenses	5,551,224	11	3,982,738	10
	Net operating income	18,706,036	34	8,520,796	20
	Non-operating income and expenses (Notes 6(d)(g)(h)(k)(l)(s)):				
7010	Other income	385,964	1	247,725	1
7020	Other gains and losses, net	23,114,236	43	17,680,248	43
7050	Finance costs	(456,872)	(1)	(697,636)	(2)
7060	Share of profit (loss) of subsidiaries and associates accounted for using equity method	43,719	-	(56,259)	-
	Total non-operating income and expenses	23,087,047	43	17,174,078	42
7900	**Profit before tax**	41,793,083	77	25,694,874	62
7950	Tax expense (Note 6(n))	1,511,156	3	1,973,597	5
	Profit	40,281,927	74	23,721,277	57
8300	**Other comprehensive income (Notes 6(m)(n)(t)):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Remeasurement of the net defined benefit	(83,545)	-	130,091	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(29,776)	-
8349	Income (loss) tax related to items that may not be reclassified to profit or loss	14,203	-	(22,115)	-
	Total amount of items that may not be reclassified to profit or loss	(69,342)	-	78,200	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	(22,317)	-	(5,258)	-
8362	Unrealized (losses) gains on valuation of available-for-sale financial assets	(9,408,293)	(17)	9,401,275	23
8399	Incom (loss) tax related to items that may be reclassified to profit or loss	1,602,346	3	(1,602,346)	(4)
	Total amount of items that may be reclassified profit or loss	(7,828,264)	(14)	7,793,671	19
8300	**Other comprehensive (loss) income, net**	(7,897,606)	(14)	7,871,871	19
	Comprehensive income	**$ 32,384,321**	**60**	**31,593,148**	**76**
	Earnings per share (Note 6(q))				
9750	Basic earnings per share	**$ 14.36**		**8.67**	
9850	Diluted earnings per share	**$ 13.92**		**8.64**	

See accompanying notes to financial statements.

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

Nanya Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Retained earnings			Other equity interest				
	Ordinary share	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2016	$ 24,285,658	-	7,812,701	1,077,812	-	21,913,621	(11,588)	7,018	(4,570)	(347,533)	54,737,689
Profit for the year ended December 31, 2016	-	-	-	-	-	23,721,277	-	-	-	-	23,721,277
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	78,200	(5,258)	7,798,929	7,793,671	-	7,871,871
Comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	23,799,477	(5,258)	7,798,929	7,793,671	-	31,593,148
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	1,714,117	-	(1,714,117)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	4,570	(4,570)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(7,695,984)	-	-	-	-	(7,695,984)
Issue of shares	3,200,000	-	8,475,000	-	-	-	-	-	-	-	11,675,000
Other changes in capital surplus:											
Changes in ownership interests in subsidiaries	-	-	(865)	-	-	-	-	-	-	-	(865)
Changes in equity of subsidiaries and associates accounted for using equity method	-	-	(5,060,764)	-	-	(2,341)	-	-	-	-	(5,063,105)
Adjustments of capital surplus for cash dividends distributed to subsidiaries	-	-	1,926	-	-	-	-	-	-	-	1,926
Recognized compensation costs on employee stock options by the Company	-	-	294,985	-	-	-	-	-	-	-	294,985
Recognized compensation costs on employee stock options by subsidiaries	-	-	24	-	-	-	-	-	-	-	24
Balance at December 31, 2016	27,485,658	-	11,523,007	2,791,929	4,570	36,296,086	(16,846)	7,805,947	7,789,101	(347,533)	85,542,818
Profit for the year ended December 31, 2017	-	-	-	-	-	40,281,927	-	-	-	-	40,281,927
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(69,342)	(22,317)	(7,805,947)	(7,828,264)	-	(7,897,606)
Comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	40,212,585	(22,317)	(7,805,947)	(7,828,264)	-	32,384,321
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	2,372,128	-	(2,372,128)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(4,570)	4,570	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,122,848)	-	-	-	-	(4,122,848)
Other changes in capital surplus:											
Adjustments of capital surplus for cash dividends distributed to subsidiaries	-	-	1,031	-	-	-	-	-	-	-	1,031
Conversion of convertible bonds	2,153,724	223,958	15,297,911	-	-	-	-	-	-	-	17,675,593
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	-	(4,331)	-	-	(283,808)	-	-	-	347,533	59,394
Changes in ownership interests in subsidiaries	-	-	-	-	-	(17)	-	-	-	-	(17)
Recognized compensation costs on employee stock options	-	-	459,573	-	-	-	-	-	-	-	459,573
Balance at December 31, 2017	**$ 29,639,382**	**223,958**	**27,277,191**	**5,164,057**	**-**	**69,734,440**	**(39,163)**	**-**	**(39,163)**	**-**	**131,999,865**

Note：For the years ended December 31, 2017 and 2016, the employee remuneration amounting to $1,364,013 and $418,481 were deducted from the statement of comprehensive income, respectively.

See accompanying notes to financial statements.

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

Nanya Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	$ 41,793,083	25,694,874
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	8,418,398	5,889,235
Amortization expense	141,088	134,008
Provision for bad debt expense	-	16,012
Net loss on financial liabilities at fair value through profit or loss	7,981,043	-
Interest expense	456,872	697,636
Interest income	(385,964)	(247,725)
Share-based payments	459,573	294,985
Share of (profit) loss of subsidiaries and associates accounted for using equity method	(43,719)	56,259
(Gain) Loss on disposal of property, plant and equipment	(3,230)	7,852
Amortization costs of issuing bonds	5,739	-
Gain on disposal of lease payable	(63,542)	-
Gain on disposal of financial assets in available-for-sale	(32,106,247)	-
Gain on disposal of investments accounted for using equity method	-	(19,942,974)
Impairment loss on financial assets	-	190,620
impairment loss on non-financial assets	488,988	1,158,201
Unrealized loss from sales	97,212	56,527
Realized profit on from sales	(56,527)	(78,605)
Unrealized foreign exchange gain	(371,365)	(169,838)
Discount amortization of financial liabilities	-	6,000
Total adjustments to reconcile loss	(14,981,681)	(11,931,807)
Changes in operating assets and liabilities:		
Accounts receivable	(3,100,396)	(185,985)
Other receivable	1,051,537	(779,647)
Inventories	(2,088,574)	1,155,638
Prepayments	(69,768)	56,959
Notes and accounts payable (including related parties)	(2,231,271)	1,116,699
Other payable (including related parties)	4,074,523	106,992
Other current liabilities	(189,974)	1,238,884
Net defined benefit liability	(11,261)	(194,278)
Other non-current liabilities	(45,033)	(79,537)
Total changes in operating assets and liabilities	(2,610,217)	2,435,725
Cash inflow generated from operations	24,201,185	16,198,792
Interest received	211,098	244,263
Interest paid	(323,903)	(730,637)
Income taxes (paid) refund	(1,884,652)	368,337
Net cash flows from operating activities	22,203,728	16,080,755
Cash flows used in investing activities:		
Acquisition of available-for-sale financial assets	(1,900,000)	(41,562,001)
Proceeds from disposal of available-for-sale financial assets	56,846,770	8,114,519
Acquisition of investments accounted for using equity method	(150,000)	-
Proceeds from disposal of investments accounted for using equity method	-	47,481,638
Acquisition of property, plant and equipment	(29,390,484)	(22,332,681)
Proceeds from disposal of property, plant and equipment	3,130	613
Decrease (increase) in refundable deposits	4	(733)
Decrease in long-term lease and installment receivables	429,330	429,330
Increase (decrease) in other non-current assets	345,298	(7,258)
Net cash flows from (used in) investing activities	26,184,048	(7,876,573)
Cash flows used in financing activities:		
Increase in short-term loans	-	24,130,900
Decrease in short-term loans	-	(27,430,900)
Proceeds from issuing convertible bonds	15,604,577	-
Proceeds from long-term debt	-	11,000,000
Repayments of long-term debt	(23,000,000)	(1,261,000)
Increase in guarantee deposits received	13,267	-
Decrease in other payables to related parties	(12,500,000)	(12,500,000)
Decrease in lease payable	(4,138)	(8,327)
Cash dividends paid	(4,122,848)	(7,695,984)
Proceeds from issuing shares	-	11,675,000
Net cash flows used in financing activities	(24,009,142)	(2,090,311)
Effect of exchange rate changes on cash and cash equivalents	(179,972)	70,755
Net increase in cash and cash equivalents	24,198,662	6,184,626
Cash and cash equivalents at beginning of period	8,427,379	2,242,753
Cash and cash equivalents at end of period	**$ 32,626,041**	**8,427,379**

See accompanying notes to financial statements.

Nanya Technology Corporation

Statement of Profits Distribution
For the year of 2017

Unit: NTD

Items	Amount	Items	Amount	Explanation
Available for Distribution:		**Distribution Items:**		1. The Company plans to distribute cash dividends for a total of NT$10,879,287,662. The cash dividends per share is NT$ 3.6229488 based on total outstanding shares of 3,002,881,979 shares on January 31, 2018. The total outstanding shares may increase as bondholders have converted their bonds into common shares or the Company's employees may elect to exercise their stock option rights. It is proposed that the Board of Directors be authorized to adjust the final cash dividend per share accordingly. 2. The Company distributes dividends for a total of NT$10,879,287,662, all of which are from net profit after tax of 2017. 3. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar. 4. Other comprehensive income reclassified to unappropriated retained earnings of current year are the adjustment of the actuarial pension valuation and the loss of NTC's subsidiary sold treasury stocks. 5. Special reserve is appropriated from the net amount of exchange differences losses on translation of foreign financial statements.
1. Unappropriated retained earnings of previous years	29,805,680,015	1. Appropriation of legal reserve (10% of the after-tax profit)	4,028,192,758	
2. Other comprehensive income reclassified to unappropriated retained earnings of current year	(353,167,434)	2. Appropriation of special reserve	39,163,379	
3. Net profit after tax of current year	40,281,927,580	3. Distribution of cash dividends	10,879,287,662	
		4. Unappropriated retained earnings carried forward to next year	54,787,796,362	
Total	69,734,440,161	Total	69,734,440,161	

KPMG

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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the consolidated financial statements of Nanya Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Revenue recognition is a key audit matter as the Group provides a number of different sales terms to customers, that there is a risk that rights of the ownership of the products may not have been transferred to customers at the appropriate timing. In the consideration of the proper cut-off of revenue recognition, it has been identified as a key audit matter in consolidated financial statements. Please refer to Note 4(o) to the consolidated financial statements for the details of the accounting policy of revenue recognition.

The principal audit procedures performed to address the aforementioned key audit matter included testing the related manual controls in the sales and payment collection cycle, checking and reconciling the information from the sales system to the general ledger, and vouching to original documents during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded in the appropriate period.

2. Valuation of inventories

The Group recognizes a loss from the devaluation of inventories based on the lower of cost or net realizable value method on a quarterly basis. The international market price of DRAM has significantly affected the net realizable value of inventories. Therefore, the evaluation of inventory has been identified as a key audit matter in the consolidated financial statements. Please refer to Notes 4(h), 5(a) and 6(f) to the consolidated financial statements for the details of the accounting policy, judgments, and major sources of estimation uncertainty and disclosure information about inventory valuation, respectively.

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

Other Matter

Nanya Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Lan Chen and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of 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.

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

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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the financial statements of Nanya Technology Corporation ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Revenue recognition is a key audit matter as the Company provides a number of different sales terms to customers, that there is a risk that rights of the ownership of the products may not have been transferred to customers at the appropriate timing. In the consideration of the proper cut-off of revenue recognition, it has been identified as a key audit matter in financial statements. Please refer to Note 4(o) to the financial statements for the details of the accounting policy of revenue recognition.

   The principal audit procedures performed to address the aforementioned key audit matter included testing the related manual controls in the sales and payment collection cycle, checking and reconciling the information from the sales system to the general ledger, and vouching to original documents during a selected period of time before and after the balance sheet date to evaluate whether the revenue is recorded in the appropriate period.

2. Valuation of inventories

The Company recognizes a loss from the devaluation of inventories based on the lower of cost or net realizable value method on a quarterly basis. The international market price of DRAM has significantly affected the net realizable value of inventories. Therefore, the evaluation of inventory has been identified as a key audit matter in the financial statements. Please refer to Notes 4(g), 5(a) and 6(f) to the financial statements for the details of the accounting policy, judgments, and major sources of estimation uncertainty and disclosure information about inventory valuation respectively.

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

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of the investments in other entities accounted for using the equity method. We are responsible for the direction, supervision and performance of the audit. Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Lan Chen and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2018

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China.

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

Information regarding the Proposed Employees' Compensation and Compensation to Directors 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$ 1,364,013,000
Employees' stock compensation	NT$ 0
Cash Compensation to Directors	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%

The above-listed amount of employees'cash compensation is consistent with the proposed amount adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2018 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2018 Annual Shareholders' Meeting and does not required to prepare financial forecast information.