

Stock Code: 2408



# **Nanya Technology Corporation**

## **2019 ANNUAL SHAREHOLDERS' MEETING MEETING HANDBOOK**

(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 version and this translation, the Chinese version shall prevail.)

**May 30, 2019**

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# **Nanya Technology Corporation**

## **2019 ANNUAL SHAREHOLDERS' MEETING PROCEDURE**

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

# **Nanya Technology Corporation**

## **2019 ANNUAL SHAREHOLDERS' MEETING AGENDA**

Time: 10:00 a.m., Friday, May 30, 2019

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 2018
- (2) Audit Committee's Review Report for FY2018
- (3) Report of Distribution of Employees' Compensation for 2018
- (4) Report of Repurchase the Company's Common Shares

### **2. Ratification Items**

- (1) To Ratify the Business Report and Financial Statements for 2018
- (2) To Ratify the Proposal for Distribution of 2018 Profits

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

- (1) To Approve Amendments to the "Procedure of Acquisition or Disposal of Assets of the Company"
- (2) To Approve Amendments to the "Handling Procedures to Engage in the Derivative Transaction of Products" of the Company
- (3) To Approve Amendments to "The Procedure of Loans of Funds to Others" of the Company
- (4) To Approve Amendments to "The Procedure of Making Endorsements or Guarantees" of the Company

#### 4. Election Items

The Company's Directors have their tenure nearly expired. Please elect the Board of Directors to conform to the applicable laws.

#### 5. Discussion Items (II)

To approve appropriateness of releasing the newly elected Directors and the juristic person shareholder which appointed their authorized representatives to be elected as directors, from non-competition restrictions.

## Reporting Items

1. Regarding the Company's business operation condition of FY2018, please refer to Business Report for further details (on Page 7 through Page 11 of the Handbook.)
2. The Company's Audit Committee had reviewed the 2018 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 12 of the Handbook.)
3. Report of Distribution of Employees' Compensation for FY2018

### **Explanation:**

The amount of the 2018 pre-tax profit prior to deducting employees' compensation was NT\$43,306,538,326. 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 4.0% as employees' compensation on February 27, 2019. The payment of employees' compensation will be in cash, i.e. a total amount of NT\$1,740,000,000.

4. Report of Repurchase the Company's Common Shares

### **Explanation:**

- (1) In accordance with Article 28-2 of the Securities and Exchange Act to report the implementation of repurchase the Company's common shares in the most recent shareholders meeting:

Items	1st 2018	2nd 2018
Date of the Board of Directors resolution	2018/11/12	
Purpose of the share repurchase	Transferring to Employees	Maintaining the company's credit and shareholders' rights and interests
Scheduled period for the repurchase	2018/11/13 ~ 2018/11/28	2018/11/29 ~ 2019/1/11
Repurchase price range	NT\$38 ~ 79	
Type and number of shares to be repurchased	Common Shares 20,000,000 shares	Common Shares 100,000,000 shares
Number of shares repurchased	Common Shares 20,000,000 shares	Common Shares 50,136,000 shares
Average repurchase price per share (including handling fee)	NT\$57.35	NT\$53.17
Total monetary amount of shares repurchased (including handling fee)	NT\$1,146,932,497	NT\$2,665,620,924
Shares cancelled/transferred	0 share	50,136,000 shares
Cumulative number of own shares held	20,000,000 shares	
Ratio of cumulative number of own shares to the total number of the Company's issued shares (%) (Note)	0.65%	
Reason for non-completion of the share repurchase at expiry of the repurchase period	—	Having considered the safeguard of shareholders' interests and market conditions, the Company did not fully complete the share buy-back before the expiry date.

Note: The total number of the Company's issued shares are calculated by 3,053,504,894 shares as of April 1, 2019. (including Employee Stock Options 89,000 shares have not been registered for change).

(2) To attach "Rules for the first repurchase of NTC's shares in 2018 and transfer to employees" (on Page 13 through Page 15 of the Handbook.)

# Nanya Technology Corporation

## Business Report for 2018

### 1. Business Performance for 2018

Our consolidated revenue amounted to NT\$84,720 million in 2018, an increase of about 54% over NT\$54,920 million in 2017 and representing a new record high since the Company was established. Net income was NT\$39,360 million and earnings per share was NT\$12.80 in 2018. Our excellent performance was mainly due to selling price increases and our migration to 20nm process technology, which increased our bit shipments.

The average sales prices in the market increased in the first two quarters of 2018 due to tight supply in the overall DRAM market. Supply remained stable in the third quarter, but end demand declined in the fourth quarter due to tariffs and supply chain adjustments resulting from the US-China trade dispute, as well as Intel's CPU shortage, causing the average sales price to decline. Overall, average sales prices for the year still grew about 15% compared with that in the previous year. As the yield of 20nm process technology has continued to be improved and production volume has increased, bit output has sequentially increased each quarter in 2018. Bit shipment in 2018 grew about 35% compared with that in the previous year, and overall revenues set a record high.

The significant growth of bit output in 2018 also caused average unit cost to become lower than that in the previous year. The increase in average sales prices and decrease in unit cost

drove gross margin up to 55% in 2018, an improvement over the 45% in the previous year. An operating profit of NT\$39,360 million in 2018 also set a record high since the Company was established.

With regard to product portfolio optimization, we significantly increased shipments of our high unit price mainstream product 8 Gb DDR4 in 2018, which accounted for about 23% of our annual bit shipment and increased the average sales prices of our product portfolio. Furthermore, we also promoted the product's application into data centers. We passed qualifications of a number of first-tier customers in the fourth quarter and began making small shipments.

To strengthen our partnership with Formosa Advanced Technologies Co., Ltd. and improve our overall business performance, in 2018, we acquired 19% of the company's total outstanding shares and a seat on its Board of Directors.

To retain outstanding talent and maintain our credibility and shareholders' equity, we implemented a two-stage share repurchasing plan starting in November 2018 in which we bought back a total of 70,136 outstanding shares, which was 2.26% of total outstanding shares.

We are dedicated to providing the highest quality products and services to our customers, so as to create economic value for our shareholders. We are also constantly improving different aspects of our business to achieve sustainability: implementation of corporate governance, regulatory compliance, active participation in social welfare, development of a happiness enterprise to care for employees, and development of green technologies. We received numerous

awards for corporate sustainability in 2018, including the entrance into the Dow Jones Sustainability Emerging Markets Index, FTSE4Good TIP Taiwan ESG Index, and Thomson Reuters Top 100 Global Technology Leaders; winning the Top 50 Taiwan Sustainable Corporates and the TCSA (Taiwan Corporate Sustainability Awards) Corporate Sustainability Report Gold Award for two consecutive years; ranking in the top 5% of the 4th Corporate Governance Evaluation by Taiwan Stock Exchange; and winning the TTQS Gold Medal from the Ministry of Labor.

## **2. Business Strategy for 2019**

The market's average sales prices began to decline in the fourth quarter of 2018, and visibility of short-term terminal demand growth has been low. We have stepped up efforts to monitor our capital expenditures and control the margin of our future bit production growth. Hence, we did not increase any production capacity. Our bit shipment in 2019 is expected to grow by about 15%.

We will continue to optimize our product portfolio and direct our efforts to increasing the added value of our products to diversify our operational risk. In 2019, we will continue to promote the application of 4Gb/8Gb DDR4 in consumer markets, as well as the application of 8Gb DDR4 in server markets in our effort to receive qualifications from, and then make shipments to, more major data center customers. Furthermore, we adopted our 20nm process technology for the trial production of multiple advanced low-power DRAM products in 2018. Starting in 2019, we will launch

2Gb/4Gb/8Gb LPDDR4X, 4Gb/8Gb LPDDR3, and other mainstream products to increase our market share in the smartphone, smart wearable devices, smart voice, low power laptops, and high performance SSD markets.

Besides having the option of licensing 1X/1Y process technology from Micron Technology Inc., the 10nm class process technology we are independently developing is currently on schedule, and we will continue to take strides towards the milestones we originally set for 2019. In the future, we will analyze the economic benefits of these two options to provide a basis for deciding between the process technologies.

### **3. Industry Outlook**

Among DRAM end applications, smartphones and servers/data centers are the most important market segments. Smartphones are currently going through a transition period to 5G, and shipment growth has slowed within the short-term. DRAM demand growth relies on the amount used in smartphones, and DRAM bit demand is expected to grow about 16% in 2019. Server bit demand growth has surpassed that of smartphone applications. Mobile computing, artificial intelligence, the Internet of Things, and cloud applications continue to drive significant growth of the data center industry. The segment DRAM bit demand is expected to growth about 30% in 2019. After considering the growth momentum of other market segments, overall DRAM bit demand of the global market is expected to grow by about 20% in 2019 compared with that in 2018.

With regard to DRAM supply, according to newspapers reports,

three major DRAM suppliers have implemented production capacity and output adjustment plans in response to the current slow market. The US-China trade dispute has hindered China's entry into DRAM manufacturing, and we will continue to observe subsequent developments, as well as the potential effect on overall supply. Summarizing the information available to us, we expect overall DRAM bit supply growth in 2019 to be about 21% since overall bit increase mainly occurs in the first quarter, and inventory adjustments take time, so we expect the DRAM industry to encounter headwind in the first half of 2019, which will create challenges for short-term operations. Once issues with growth in end demand for DRAM, the US-China trade dispute, supply chain adjustments, and CPU supply are resolved, the industry has a chance to see better market conditions starting in the second half of 2019.

Thanks to the collective efforts of our employees, we achieved excellent performance in terms of revenues, profits of our main business, and corporate sustainability in 2018. Looking to the future, we will continue to enhance our competitiveness in the development of advanced processes and new generation products, creating better performance for all employees and shareholders.

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 2018 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 27, 2019

# **Nanya Technology Corporation**

## **Rules for the first repurchase of NTC's shares in 2018 and transfer to employees**

### **Article 1:**

In order to motivate employees, Nanya Technology Corporation ("NTC" or the "Company") adopts these "Rules for the Repurchase of Shares and Transfer to Employees" (hereinafter called "Rules") in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the provisions of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" issued by the Financial Supervisory Commission. Any repurchase of shares and transfer to employees by the Company, in addition to complying with applicable laws and regulations, shall be processed in accordance with these Rules.

### **Article 2:**

The shares repurchased to be transferred to employees are the Company's common shares. The rights and obligations associated with those shares, unless otherwise regulated by applicable laws and regulations or these Rules, will be the same as other outstanding common shares of the Company.

### **Article 3:**

In accordance with these Rules, the repurchased shares may be transferred to employees in a single transfer or multiple transfers within three (3) years from the date of the shares repurchased. The shares not transferred within the said time limit shall be deemed as unissued by the Company, and an amendment registration of share cancellation shall be duly processed.

#### Article 4:

All regular employees who have joined NTC or NTC's subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by NTC directly or indirectly) on or before the record date of subscription are eligible to subscribe to shares in the amounts set out in Article 5 herein. Employees entitled to subscribe the shares resign during the record date of subscription and the payment period will lose their rights.

#### Article 5:

The number of shares to which employees may subscribe will be determined based on employees' rank, seniority, and performance evaluations, the total shares repurchased on the record date of subscription, and maximum number of shares subscribed of each employee, and approved by the Chairman of the Board. Employees who have not subscribed and accomplished payment at the conclusion of the designated subscription and payment period will be deemed to have waived their subscription rights. In the event of a remaining number of subscriptions, the Chairman of the Board is authorized to grant to other employees for subscription to the remaining shares.

#### Article 6:

The transfer procedures of this share repurchase program:

- (1) Subject to the resolution of the Board of Directors, the repurchase of NTC's shares will be publicly announced, reported, and then executed.
- (2) The Chairman of the Board is authorized under these Rules to establish and announce the record date of subscription, the standard for subscription amount, the payment period, and the rights contents and restrictions etc.

(3) Numbers of shares actually subscribed with payment received shall be calculated, and the registration of share transfers will be carried out accordingly.

Article 7:

The transfer price of the shares repurchased will be determined by the average price of the actual repurchase shares. (The calculation will be rounded off to dime in NT Dollar.) If there is either an increase or a decrease in the number of the issued shares of NTC's common stock prior to the transfer, the transfer price may be adjusted accordingly within a range proportional to the increase or decrease.

The formula of adjusted transfer price:

Adjusted transfer price = Average price of the actual repurchase shares × (Number of NTC's common shares issued as completion of the repurchase program / Number of NTC's common shares issued before the repurchase program)

Article 8:

After the repurchased shares are being transferred and registered under employees' names, unless otherwise specified, the rights and obligations of the shares are the same as the ordinary common shares.

Article 9:

These Rules will be adopted and take effect subject to a resolution of the Board of Directors, and may be amended by submission to be Board of Directors for a resolution.

Article 10:

These Rules shall be reported in the Shareholder's meeting. This shall apply to any amendments.

## **Ratification Items**

### **Item 1**

To Ratify the Business Report and Financial Statements for 2018  
Proposed by the Board of Directors

#### **Explanation:**

1. The preparation of the Company's 2018 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 27, 2019 and audited by independent auditors, Mr. Hui-Chih Ko and Ms. Delphi Chen, 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 7 through Page 11 of the Handbook. As for the Financial Statements, please refer to Page 64 through Page 71 of the Handbook. Please approve the Business Report and the Financial Statements.

#### **Resolution:**

## **Ratification Items**

### **Item 2**

To Ratify the Proposal for Distribution of 2018 Profits

Proposed by the Board of Directors

#### **Explanation:**

The Proposal for Distribution of 2018 Profits of the Company was reviewed by the Audit Committee and approved by the Board of Directors on February 27, 2019.

(Please refer to Page 72 of the Handbook for the Statement of Profits Distribution.)

#### **Resolution:**

## Discussion Items (I)

### Item 1

To Approve Amendments to the “Procedure of Acquisition or Disposal of Assets of the Company”  
Proposed by the Board of Directors

#### **Explanation:**

To refer to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, the “Procedure of Acquisition or Disposal of Assets of the Company” shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached.

Article	Before Amendment	Article	After Amendment	Amendment Description
Article 1	<p>When acquiring or disposing of the following assets, Nanya Technology Corp. (the “Company”) and its subsidiaries shall follow the Procedures of Acquisition or Disposal of Assets (the “Procedures”):</p> <ol style="list-style-type: none"> <li>1. Investments including stocks, government bonds, corporate bonds, bank indentures, securities representing funds, depository receipts, warrants, beneficiary securities, assets based securities, etc.;</li> <li>2. Real estate (including land, building, real estate of investment purpose, <u>land-use right</u>) and equipment;</li> </ol>	Article 1	<p>When acquiring or disposing of the following assets, Nanya Technology Corp. (the “Company”) and its subsidiaries shall follow the Procedures of Acquisition or Disposal of Assets (the “Procedures”):</p> <ol style="list-style-type: none"> <li>1. Investments including stocks, government bonds, corporate bonds, bank indentures, securities representing funds, depository receipts, warrants, beneficiary securities, assets based securities, etc.;</li> <li>2. Real estate (including land, building, real estate of investment purpose) and equipment;</li> <li>3. Memberships;</li> </ol>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>3. Memberships;</p> <p>4. Intangible assets, including patents, copyrights, trademarks, charter rights, etc.;</p> <p>5. Indebtedness due to financial institutions (including account receivables, bankers' acceptance, loans and receivables on demand);</p> <p>6. Derivative products;</p> <p>7. Assets that are acquired or disposed of through merger, spin-off, acquisition or share exchange;</p> <p>8. Other major assets.</p>		<p>4. Intangible assets, including patents, copyrights, trademarks, charter rights, etc.;</p> <p><b><u>5. Right-of-use assets.</u></b></p> <p><b><u>6.</u></b> Indebtedness due to financial institutions (including account receivables, bankers' acceptance, loans and receivables on demand);</p> <p><b><u>7.</u></b> Derivative products;</p> <p><b><u>8.</u></b> Assets that are acquired or disposed of through merger, spin-off, acquisition or share exchange;</p> <p><b><u>9.</u></b> Other major assets.</p>	
Article 2	<p>The limit amount of investments for non-operating real estates or securities shall mean the original investment, by the Company or the Company's subsidiaries, not exceeding 60% of the book value of total assets of the Company or the Company's subsidiaries; for a specific securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets of the Company.</p>	Article 2	<p>The limit amount of investments for non-operating real estates <b><u>and right-of-use assets</u></b> or securities shall mean the original investment, by the Company or the Company's subsidiaries, not exceeding 60% of the book value of total assets of the Company or the Company's subsidiaries; for a specific securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets of the Company.</p>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
Article 3	<p>Definition of the Procedures</p> <p>1. “Derivatives” used herein shall mean forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products,</u> whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements.</u></p> <p>2. “Assets acquired or disposed of through merger, spin-off, acquisition or share exchange in accordance with laws” Refers to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares [of another company] through issuance of new shares of its own as the consideration thereof (hereinafter</p>	Article 3	<p>Definition of the Procedures</p> <p>1. “Derivatives” used herein shall mean forward contracts, options contracts, futures contracts, leverage contracts, <b><u>or</u></b> swap contracts, whose value is derived from <b><u>a specified</u></b> interest rates, <b><u>financial instrument price, commodity price,</u></b> foreign exchange <b><u>rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u></b> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <b><u>contracts.</u></b></p> <p>2. “Assets acquired or disposed of through merger, spin-off, acquisition or share exchange in accordance with laws” Refers to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial</p>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>"assignment").</p> <p>3. "Related Party" and "Subsidiary Company" as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. "Professional Appraiser" Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real estate or equipment.</p> <p>5. "Date of the Event" used herein shall mean the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.</p> <p>6. "Investment in Mainland China" used herein shall mean investments in China approved by the Ministry of Economic Affairs Investment</p>		<p>Institution Merger Act and other acts, or to acquisitions of shares [of another company] through issuance of new shares of its own as the consideration thereof (hereinafter "assignment").</p> <p>3. "Related Party" and "Subsidiary Company" as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. "Professional Appraiser" Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real estate or equipment.</p> <p>5. "Date of the Event" used herein shall mean the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall</p>	

Article	Before Amendment	Article	After Amendment	Amendment Description
	Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.		apply. 6. “Investment in Mainland China” used herein shall mean investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.	
Article 4	Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters, from whom the Company obtains the appraisal reports and opinion letters for the acquisition or disposal of assets, shall <u>not be the Related Party of the Company or the counter party of the relevant transaction.</u>	Article 4	Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters, from whom the Company obtains the appraisal reports and opinion letters for the acquisition or disposal of assets, shall <b><u>meet the following requirements:</u></b> <b><u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.</u></b>	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.

Article	Before Amendment	Article	After Amendment	Amendment Description
			<p><b><u>However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></b></p> <p><b><u>2. May not be a related party or de facto related party of the Company.</u></b></p> <p><b><u>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></b></p>	
Article 6	<p>If there is any dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of Board of Directors meeting.</p> <p>A material asset transaction or a derivatives transaction shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee and then be submitted to the Board of Directors for approval. If the aforesaid transaction has not been approved with the consent of one-half or</p>	Article 6	<p>If there is any dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of Board of Directors meeting.</p> <p>A material asset transaction or a <b><u>material</u></b> derivatives transaction shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee and then be submitted to the Board of Directors for approval. If the aforesaid transaction has not been approved with the consent of one-half or</p>	Adjust the description slightly.

Article	Before Amendment	Article	After Amendment	Amendment Description
	more than one-half of all members of the Audit Committee, the transaction may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.		more than one-half of all members of the Audit Committee, the transaction may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.	
Article 7	Except for transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery and equipment for operation purpose, for acquisition or disposal of real estate <u>or</u> equipment by the Company, whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with: 1. If for any special reason, a restricted price, specific price, or particular price must be used as a reference for the transaction price, the transaction shall be approved by the Board of Directors in advance. The above	Article 7	Except for transactions with <b><u>domestic</u></b> government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery, equipment, <b><u>or right-of-use assets thereof</u></b> for operation purpose, for acquisition or disposal of real estate, equipment, <b><u>or right-of-use assets thereof</u></b> by the Company, whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with: 1. If for any special reason, a restricted price, specific price, or particular price must be used as a reference for the transaction price,	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>procedures shall also be followed in case the transaction terms and conditions are changed subsequently.</p> <p>2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.</p> <p>3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 issued by the ROC Accounting Research and Development Foundation (hereinafter “ARDF”) and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser’s appraisal report:</p> <p>(1) The discrepancy between the result of the Professional Appraiser’s appraisal report and the transaction price exceeds 20%</p>		<p>the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.</p> <p>2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.</p> <p>3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 issued by the ROC Accounting Research and Development Foundation (hereinafter “ARDF”) and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser’s appraisal report:</p> <p>(1) The discrepancy between the result of the</p>	

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>(2) The discrepancy between the two appraisal reports is over 10% of the transaction price</p> <p>4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.</p>		<p>Professional Appraiser’s appraisal report and the transaction price exceeds 20%</p> <p>(2) The discrepancy between the two appraisal reports is over 10% of the transaction price</p> <p>4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.</p>	
Article 8-1	<p>In acquiring or disposing of <u>membership cards</u> or intangible assets where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, shall obtain a CPA’s opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards</p>	Article 9	<p>In acquiring or disposing of intangible assets <b><u>or right-of-use assets thereof or membership cards</u></b> where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <b><u>domestic</u></b> government institution, shall obtain a CPA’s opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the</p>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
	No. 20 published by the Accounting Research and Development Foundation.		provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.	and adjust the Article order.
Article <u>8-2</u>	The calculation of transaction price of the above-mentioned three articles hereof shall be implemented in accordance with the second Paragraph of Article <u>26</u> ; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already obtained an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant according to the Procedures, shall be excluded.	Article <u>10</u>	The calculation of transaction price of the above-mentioned three articles hereof shall be implemented in accordance with the second Paragraph of Article <u>28</u> ; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already obtained an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant according to the Procedures, shall be excluded.	Adjust the Article order and the reference Article order.
Article <u>11</u>	When the Company acquires assets from disposes assets to a Related Party, the related approval procedures and the assessment of reasonableness of transaction conditions shall be implemented in accordance with the regulations of Chapter 2 and this Chapter of the Procedures ; in addition, for transactions with a price reaching 10% or more of the Company’s total assets, an appraisal report issued by a Professional Appraiser or opinions given from	Article <u>13</u>	When the Company acquires assets from disposes assets to a Related Party, the related approval procedures and the assessment of reasonableness of transaction conditions shall be implemented in accordance with the regulations of Chapter 2 and this Chapter of the Procedures ; in addition, for transactions with a price reaching 10% or more of the Company’s total assets, an appraisal report issued by a Professional Appraiser or opinions given from	Adjust the Article order and the reference Article order.

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	<p>a certified public accountant shall be also obtained in accordance with the regulations of Chapter 2.</p> <p>The calculation of the above-mentioned transaction price shall be implemented in accordance with Article <u>8-1</u>.</p>		<p>a certified public accountant shall be also obtained in accordance with the regulations of Chapter 2.</p> <p>The calculation of the above-mentioned transaction price shall be implemented in accordance with Article <b>10</b>.</p>	
Article <u>12</u>	<p>Except for trading of government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real estates from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.</li> <li>2. Reason for choosing the Related Party as the transaction counterparty.</li> </ol>	Article <b>14</b>	<p>Except for trading of <b>domestic</b> government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real estates <b><u>or right-of-use assets thereof</u></b> from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets <b><u>or right-of-use assets thereof</u></b> from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.</li> </ol>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, adjust the Article order and the reference Article order.</p>

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	<p>3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article <u>13</u> to Article <u>15</u> while acquiring real estate from a Related Party.</p> <p>4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related Party.</p> <p>5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.</p> <p>6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to the above-mentioned Article.</p> <p>7. The constraint conditions and other material conventions of the transaction.</p>		<p>2. Reason for choosing the Related Party as the transaction counterparty.</p> <p>3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article <u>15</u> to Article <u>17</u> while acquiring real estate <b><u>or right-of-use assets thereof</u></b> from a Related Party.</p> <p>4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related Party.</p> <p>5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.</p> <p>6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to</p>	

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>The calculation of the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article <u>26</u>; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to the Board of Directors for approval according to the Procedures, shall be excluded.</p> <p>The <u>acquisition or disposal of operation-purpose machinery and equipment</u> between the Company and parent companies or subsidiaries could be approved by the Company’s Chairman in advance, who is authorized by the Board of Directors in accordance with Article <u>10</u>, and proposed for ratification by the very next Board meeting thereafter.</p> <p>The dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on</p>		<p>the above-mentioned Article.</p> <p>7. The constraint conditions and other material conventions of the transaction.</p> <p>The calculation of the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article <u>28</u>; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to the Board of Directors for approval according to the Procedures, shall be excluded.</p> <p><b><u>The types of transactions listed below, when to be conducted</u></b> between the Company and parent companies or subsidiaries, <b><u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u></b> could be approved by the Company’s Chairman in advance, who is authorized by the Board of Directors in accordance with Article <u>12</u>, and proposed for ratification by the very next Board meeting thereafter.</p>	

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	<p>record in the meeting minutes of the Board of Directors meeting.</p> <p>The matters for which Paragraph 1 of this Article requires submitted to the Board of Directors for a resolution shall first be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee. If the aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.</p>		<p>The dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the Board of Directors meeting:</p> <p><b><u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></b></p> <p><b><u>2. Acquisition or disposal of real property right-of-use assets held for business use.</u></b></p> <p>The matters for which Paragraph 1 of this Article requires submitted to the Board of Directors for a resolution shall first be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee. If the aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the</p>	

Article	Before Amendment	Article	After Amendment	Amendment Description
			audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.	
Article <u>13</u>	<p>The Company acquiring real estates from a Related Party shall assess the reasonableness of the transaction cost in accordance with the following methods:</p> <ol style="list-style-type: none"> <li>1. Transaction cost will be the amount of transaction price plus the necessary funding interest and the cost the buyer shall pay in accordance with the laws. The necessary funding interest cost can be the weighted-average interest rates of loans the Company obtained in the year that the asset is purchased by the Company and can not be higher than the current maximum lending rate of non-financial institutions announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70</li> </ol>	Article <u>15</u>	<p>The Company acquiring real estates <b><u>or right-of-use assets thereof</u></b> from a Related Party shall assess the reasonableness of the transaction cost in accordance with the following methods:</p> <ol style="list-style-type: none"> <li>1. Transaction cost will be the amount of transaction price plus the necessary funding interest and the cost the buyer shall pay in accordance with the laws. The necessary funding interest cost can be the weighted-average interest rates of loans the Company obtained in the year that the asset is purchased by the Company and can not be higher than the current maximum lending rate of non-financial institutions announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the</li> </ol>	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, adjust the Article order and the reference Article order.

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	<p>percent or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading partners.</p> <p>If the land and the building of the same targeted object are acquired together, the transaction cost of the land and the transaction cost of the building can be evaluated separately in accordance with either one of the evaluation methods of the first Paragraph of this Article. The transaction cost shall be determined in accordance with <u>the first Paragraph and the second Paragraph</u> of this Article, if the Company acquires any real estate from its Related Party. The Company also shall request its certified public accountant to review the transaction cost and express his/her concrete opinions on the transaction cost.</p>		<p>financial institution shall have been 70 percent or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading partners.</p> <p>If the land and the building of the same targeted object are acquired <b><u>or leased</u></b> together, the transaction cost of the land and the transaction cost of the building can be evaluated separately in accordance with either one of the evaluation methods of the first Paragraph of this Article. The transaction cost shall be determined in accordance with <b><u>the preceding two paragraphs</u></b> of this Article, if the Company acquires any real estate <b><u>or right-of-use assets thereof</u></b> from its Related Party. The Company also shall request its certified public accountant to review the transaction cost and express his/her concrete opinions on the transaction cost.</p>	

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Article <u>14</u>	<p>The Company acquiring real estate from its Related Party shall follow the related assessment and procedures of Article <u>12</u> hereof if any one of the following conditions occurs; and the regulation of Article <u>13</u> hereof regarding the reasonableness assessment of the transaction cost does not apply here:</p> <ol style="list-style-type: none"> <li>1. The real estate was acquired by the Related Party through inheritance or donation.</li> <li>2. The period between the contract execution date at which the Related Party acquired the real estate and the contract execution date of this transaction has exceeded five years.</li> <li>3. The real estate is acquired through signing of a joint development contract with a Related Party, or under an arrangement on engaging a Related Party to build on the Company's own land, or engaging a Related Party to build on rented land.</li> </ol>	Article <u>16</u>	<p>The Company acquiring real estate <b><u>or right-of-use assets thereof</u></b> from its Related Party shall follow the related assessment and procedures of Article <u>14</u> hereof if any one of the following conditions occurs; and the regulation of Article <u>15</u> hereof regarding the reasonableness assessment of the transaction cost does not apply here:</p> <ol style="list-style-type: none"> <li>1. The real estate <b><u>or right-of-use assets thereof</u></b> was acquired by the Related Party through inheritance or donation.</li> <li>2. The period between the contract execution date at which the Related Party acquired the real estate <b><u>or right-of-use assets thereof</u></b> and the contract execution date of this transaction has exceeded five years.</li> <li>3. The real estate is acquired through signing of a joint development contract with a Related Party, or under an arrangement on engaging a Related Party to build on the Company's own land, or engaging a Related Party to build on rented land.</li> <li><b><u>4. The real property right-of-use assets for business use are acquired by the Company</u></b></li> </ol>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, adjust the Article order and the reference Article order.</p>

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			<p><b><u>with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></b></p>	
Article <u>15</u>	<p>When the Company acquires real estate from its Related Party, if the transaction cost of the real estate, which are derived from the evaluation of the transaction cost in accordance with the first Paragraph and second Paragraph of Article <u>13</u>, is lower than the transaction price, the related matters of the transaction shall be processed in accordance with Article <u>16</u> hereof. The transaction will not be subject to the foresaid regulation if the following conditions are met and the Company can provide the objective evidence and get specific opinions of reasonableness from a Professional Appraiser in real estate and from its certified public accountant:</p> <p>1. If a Related Party acquires undeveloped land or rents the land to build real estate, one of the following conditions shall be met by giving evidence:</p> <p>(1) The evaluation of the undeveloped land is</p>	Article <u>17</u>	<p>When the Company acquires real estate from its Related Party, if the transaction cost of the real estate, which are derived from the evaluation of the transaction cost in accordance with the first Paragraph and second Paragraph of Article <u>15</u>, is lower than the transaction price, the related matters of the transaction shall be processed in accordance with Article <u>18</u> hereof. The transaction will not be subject to the foresaid regulation if the following conditions are met and the Company can provide the objective evidence and get specific opinions of reasonableness from a Professional Appraiser in real estate and from its certified public accountant:</p> <p>1. If a Related Party acquires undeveloped land or rents the land to build real estate, one of the following conditions shall be met by giving evidence:</p> <p>(1) The evaluation of the undeveloped land is</p>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, adjust the Article order and the reference Article order.</p>

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	<p>conducted in accordance with the above-mentioned two articles hereof and the evaluation value of the building, equal to the sum of the construction cost of the building and the reasonable construction profit, is exceeding the actual transaction price. The foresaid ‘reasonable construction profit’ shall be the average operating margin of the Related Party’s construction department over the latest three years or the operating margin of the construction industries of the latest year announced by the Ministry of Finance, whichever is lower.</p> <p>(2) The transaction conditions of other floors of the same targeted building or the <u>completed</u> transaction of other non-Related Party within one year nearby, the area of which is materially the same as that of the targeted building, after the evaluation in accordance with the usual customary practice regarding the reasonable floor or price difference in terms of location, are closely the same</p>		<p>conducted in accordance with the above-mentioned two articles hereof and the evaluation value of the building, equal to the sum of the construction cost of the building and the reasonable construction profit, is exceeding the actual transaction price. The foresaid ‘reasonable construction profit’ shall be the average operating margin of the Related Party’s construction department over the latest three years or the operating margin of the construction industries of the latest year announced by the Ministry of Finance, whichever is lower.</p> <p>(2) The transaction conditions of other floors of the same targeted building or the transaction of other non-Related Party within one year nearby, the area of which is materially the same as that of the targeted building, after the evaluation in accordance with the usual customary practice <b><u>of sale or lease</u></b> regarding the reasonable floor or price difference in terms of location, are closely the same</p>	

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	<p>with those of the transaction of the targeted building.</p> <p><u>(3) The transaction conditions of other floors of the same targeted building leased by other non-Related Party within one year, after the evaluation in accordance with the reasonable price difference in terms of floor of the usual customary practice, are materially the same with those of the transaction of the targeted building.</u></p> <p>2. The Company gives evidences that the transaction conditions for buying the real estate from its Related Party are materially the same of that of a <u>completed</u> transaction of another non-Related Party nearby within the past one year, of which the area amount of the real estate is materially the same with that of the foresaid real estate of the Company's Related Party.</p> <p>The mentioned 'nearby <u>completed</u> transaction case' in the above paragraph shall mean that the location of its real estate is in the same street or in the same street block within a 500-meter circle, or mean the public present value of its</p>		<p>with those of the transaction of the targeted building.</p> <p>2. The Company gives evidences that the transaction conditions for buying the real estate, <b><u>or obtaining real estate right-of-use assets through leasing,</u></b> from its Related Party are materially the same of that of a transaction of another non-Related Party nearby within the past one year, of which the area amount of the real estate is materially the same with that of the foresaid real estate of the Company's Related Party.</p> <p>The mentioned 'nearby transaction case' in the above paragraph shall mean that the location of its real estate is in the same street or in the same street block within a 500-meter circle, or mean the public present value of its real estate is materially the same with that of the real estate of the Company's Related Party; the mentioned 'materially the same area amount' shall mean the area amount of the completed transaction of the non-Related Party is not less than 50% of that of the targeted real estate; the mentioned 'within the past one year' shall</p>	

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	<p>real estate is materially the same with that of the real estate of the Company’s Related Party; the mentioned ‘materially the same area amount’ shall mean the area amount of the completed transaction of the non-Related Party is not less than 50% of that of the targeted real estate; the mentioned ‘within the past one year’ shall mean within one year backwards from the date at which the Company acquires the real estate.</p>		<p>mean within one year backwards from the date at which the Company acquires the real estate <b><u>or right-of-use assets thereof.</u></b></p>	
<p>Article <b><u>16</u></b></p>	<p>If the transaction cost of the real estate of the Company’s Related Party, after the evaluation in accordance with the method of <u>Article 13 to Article 15</u> hereof, is lower than the transaction price, the following matters shall be processed:</p> <p>1. The amount of the difference between the transaction price and the evaluated transaction cost of the real estate shall be booked as special reserves of the Company in accordance with the first paragraph of the Article 41 of the Securities and Exchange Law and shall not be distributed to shareholders in cash or in shares. If the Company is an investor of other companies,</p>	<p>Article <b><u>18</u></b></p>	<p>If the transaction cost of the real estate <b><u>or right-of-use assets thereof</u></b> of the Company’s Related Party, after the evaluation in accordance with the method of <b><u>the preceding three Articles</u></b>, is lower than the transaction price, the following matters shall be processed:</p> <p>1. The amount of the difference between the transaction price and the evaluated transaction cost of the real estate <b><u>or right-of-use assets thereof</u></b> shall be booked as special reserves of the Company in accordance with the first paragraph of the Article 41 of the Securities and Exchange Law and shall not be distributed to</p>	<p>Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072 and adjust the Article order.</p>

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	<p>which assesses the investment in equity method, the Company also shall book the foresaid difference amount as special reserves.</p> <p>2. The Audit Committee shall supervise the Company’s execution of the aforesaid matter.</p> <p>3. The processing status of <u>item one and item two of the first Paragraph</u> of this Article hereof shall be submitted and reported to the Shareholders’ Meeting of the Company (the “Shareholders Meeting”) and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The above-mentioned special reserves, which are booked in accordance with the first Paragraph of this Article, can be used after the valuation loss of the assets, which were bought in high prices had been realized, or the Company’s assets were properly compensated or recovered to the original status, or there was an evidence showing that the transaction was not unreasonable and the use of the special reserves had been approved by the competent</p>		<p>shareholders in cash or in shares. If the Company is an investor of other companies, which assesses the investment in equity method, the Company also shall book the foresaid difference amount as special reserves.</p> <p>2. The Audit Committee shall supervise the Company’s execution of the aforesaid matter.</p> <p>3. The processing status of <b><u>the preceding two subparagraphs</u></b> of this Article hereof shall be submitted and reported to the Shareholders’ Meeting of the Company (the “Shareholders Meeting”) and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>The above-mentioned special reserves, which are booked in accordance with the first Paragraph of this Article, can be used after the valuation loss of the assets, which were bought <b><u>or leased</u></b> in high prices had been realized, <b><u>or the leasing contract has been terminated</u></b>, or the Company’s assets were properly compensated or recovered to the original status,</p>	

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	<p>securities authority. When acquiring real estates from the Company's Related Party, if there is any evidence showing that the transaction does not comply with common business practices, the transaction shall be processed in accordance with Paragraph 1 and Paragraph 2 of this Article hereof.</p>		<p>or there was an evidence showing that the transaction was not unreasonable and the use of the special reserves had been approved by the competent securities authority. When acquiring real estates <b><u>or right-of-use assets thereof</u></b> from the Company's Related Party, if there is any evidence showing that the transaction does not comply with common business practices, the transaction shall be processed in accordance with Paragraph 1 and Paragraph 2 of this Article hereof.</p>	
Article <u>19</u>	<p>When the Company participate in a merger, spin-off or acquisition, the Company shall prepare a public document containing the material consent matters and related matters of the merger, spin-off, or acquisition. The foresaid document, the opinions of the specialists in Article <u>18</u> hereof and the Shareholders Meeting Notice shall be delivered together to the shareholders of the Company for their reference to approve or disapprove the merger, spin-off, or acquisition. A merger, spin-off, or acquisition, which does not need the approval of the Shareholders Meeting</p>	Article <u>21</u>	<p>When the Company participate in a merger, spin-off or acquisition, the Company shall prepare a public document containing the material consent matters and related matters of the merger, spin-off, or acquisition. The foresaid document, the opinions of the specialists in Article <u>20</u> hereof and the Shareholders Meeting Notice shall be delivered together to the shareholders of the Company for their reference to approve or disapprove the merger, spin-off, or acquisition. A merger, spin-off, or acquisition, which does not need the approval of the Shareholders Meeting</p>	Adjust the Article order and the reference Article order.

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	<p>according to the laws will not be subject to the constraint herein. If the shareholders meeting of the company, which participates in the merger, spin-off, or acquisition, can not be convened because the quorum or votes of the meeting do not reach the requirement, or if there are other constraints by laws, or the shareholders meeting vetoes the merger, spin-off, or acquisition, the Company shall immediately make a public statement to explain the reasons of this matter, the following related operations and the date of convening the next Shareholders Meeting.</p>		<p>according to the laws will not be subject to the constraint herein. If the shareholders meeting of the company, which participates in the merger, spin-off, or acquisition, can not be convened because the quorum or votes of the meeting do not reach the requirement, or if there are other constraints by laws, or the shareholders meeting vetoes the merger, spin-off, or acquisition, the Company shall immediately make a public statement to explain the reasons of this matter, the following related operations and the date of convening the next Shareholders Meeting.</p>	
Article <u>22</u>	<p>Except for the following conditions, when the Company participates in the merger, spin-off, acquisition or share exchange, the share exchange ratio or the acquisition price can not be altered arbitrarily and the conditions below shall be included in the contract of the merger, spin-off, acquisition or share exchange:</p> <ol style="list-style-type: none"> <li>1. Issuance of new shares after capital increase in cash, issuance of convertible bonds, issuance of bonus shares, issuance of bonds with options, issuance of preferred stocks</li> </ol>	Article <u>24</u>	<p>Except for the following conditions, when the Company participates in the merger, spin-off, acquisition or share exchange, the share exchange ratio or the acquisition price can not be altered arbitrarily and the conditions below shall be included in the contract of the merger, spin-off, acquisition or share exchange:</p> <ol style="list-style-type: none"> <li>1. Issuance of new shares after capital increase in cash, issuance of convertible bonds, issuance of bonus shares, issuance of bonds with options, issuance of preferred stocks</li> </ol>	Adjust the Article order and the description slightly.

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>with options, issuance of stock options or issuance of other equity-related securities.</p> <p>2. Activities, such as disposal of any of the Company’s material assets, that have impact on the Company’s financial operations.</p> <p>3. Matters, such as the occurrence of material disasters and significant change of technologies, that affects the shareholders’ rights or the share price.</p> <p>4. Adjustment of buying treasury stock by any one of the companies that participate in the merger, spin-off, acquisition or share exchange according to the laws.</p> <p>5. Increase or decrease of the number of companies that participate in the merger, spin-off, acquisition or share exchange.</p> <p>6. Other conditions that can be altered have been included in the contract and have been disclosed publicly.</p>		<p>with options, issuance of stock options or issuance of other equity-related securities.</p> <p>2. Activities, such as disposal of any of the Company’s material assets, that have impact on the Company’s financial operations.</p> <p>3. Matters, such as the occurrence of material disasters and significant change of technologies, that affects the shareholders’ rights or the share price.</p> <p>4. Adjustment of buying treasury stock by any one of the companies that participate in the merger, spin-off, acquisition or share exchange according to the laws.</p> <p>5. Increase or decrease of the number of companies that participate in the merger, spin-off, acquisition or share exchange.</p> <p>6. Other conditions that can be altered have been included in the contract and have been disclosed publicly.</p>	
Article <u>25</u>	If the any company, which participates in the merger, spin-off, acquisition or share exchange is not a public company, the Company shall enter into an agreement with this party and conduct related matters in accordance with	Article <u>27</u>	If the any company, which participates in the merger, spin-off, acquisition or share exchange is not a public company, the Company shall enter into an agreement with this party and conduct related matters in accordance with	Adjust the Article order and the reference Article order.

Article	Before Amendment	Article	After Amendment	Amendment Description
	Article <u>20</u> , Article <u>21</u> and Article <u>24</u> hereof.		Article <u>22</u> , Article <u>23</u> and Article <u>26</u> hereof.	
Article <u>26</u>	<p>If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:</p> <ol style="list-style-type: none"> <li>1. Acquisition of real estate from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets from a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</li> <li>2. Merger, spin-off, acquisition or share transfer.</li> </ol>	Article <u>28</u>	<p>If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:</p> <ol style="list-style-type: none"> <li>1. Acquisition of real estate <b><u>or right-of-use assets thereof</u></b> from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets <b><u>or right-of-use assets thereof</u></b> from a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading <b><u>domestic</u></b> government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</li> </ol>	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072 and adjust the Article order.

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.</p> <p>4. Acquisition or disposal of operation-purpose machinery and equipment with non-related parties in an amount exceeding NT\$ 1 billion.</p> <p>5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, and the amount the Company plans to contribute exceeding NT\$ 500 million.</p> <p>6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above</p>		<p>2. Merger, spin-off, acquisition or share transfer.</p> <p>3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.</p> <p>4. Acquisition or disposal of operation-purpose machinery and equipment <b><u>or right-of-use assets thereof</u></b> with non-related parties in an amount exceeding NT\$ 1 billion.</p> <p>5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, <b><u>and furthermore the trading counterparty is not a related party,</u></b> and the amount the Company plans to contribute exceeding NT\$ 500 million.</p> <p>6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the</p>	

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>filing/publishing requirements:            (1) Trading government bonds;            (2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>The ways to calculate amounts in the foresaid Paragraph of this Article hereof will be according to the following:</p> <ol style="list-style-type: none"> <li>1. The amount of each single transaction for acquisition or disposal of assets;</li> <li>2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;</li> <li>3. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of real estate under the same development project within one year;</li> <li>4. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of the same security</li> </ol>		<p>amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:            (1) Trading <b>domestic</b> government bonds;            (2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>The ways to calculate amounts in the foresaid Paragraph of this Article hereof will be according to the following:</p> <ol style="list-style-type: none"> <li>1. The amount of each single transaction for acquisition or disposal of assets;</li> <li>2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;</li> <li>3. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of real estate <b>or right-of-use assets thereof</b> under the same</li> </ol>	

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>within one year.</p> <p>The “within the past one year” used in the second Paragraph of this Article hereof shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already been published, shall be excluded.</p>		<p>development project within one year;</p> <p>4. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of the same security within one year.</p> <p>The “within the past one year” used in the second Paragraph of this Article hereof shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already been published, shall be excluded.</p>	
Article <u>29</u>	<p>Should any of the following conditions occur after the reporting and public announcements of transactions based on <u>Article 26 to Article 28</u>, the Company needs to report and make public announcements accordingly on the website appointed by the competent securities authority within two days from the date of the event:</p> <ol style="list-style-type: none"> <li>1. Amendment, termination or cancellation of the original agreement;</li> <li>2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.</li> </ol>	Article <u>31</u>	<p>Should any of the following conditions occur after the reporting and public announcements of transactions based on <b><u>the preceding three Articles</u></b>, the Company needs to report and make public announcements accordingly on the website appointed by the competent securities authority within two days from the date of the event:</p> <ol style="list-style-type: none"> <li>1. Amendment, termination or cancellation of the original agreement;</li> <li>2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.</li> </ol>	Adjust the Article order and the description slightly.

Article	Before Amendment	Article	After Amendment	Amendment Description
	3. Changes of the original reporting and public announcements.		3. Changes of the original reporting and public announcements.	
Article <u>30</u>	If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public company, reaches the reporting criteria specified in Chapter <u>6</u> of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary. The <u>20% of paid-in capital or 10% of total assets specified in item 5 of the first Paragraph of Article <u>26</u></u> , in connection with the criteria of reporting and public announcements shall be the paid-in capital or total assets of the Company.	Article <u>32</u>	If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public company, reaches the reporting criteria specified in <b><u>the preceding</u></b> Chapter of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary. The paid-in capital or total assets specified in the first Paragraph of Article <u>28</u> , in connection with the criteria of reporting and public announcements shall be the paid-in capital or total assets of the Company.	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, adjust the Article order and the reference Article order.
Article <u>33</u>	(Deleted)			Delete the Article order.

Notes: The existing Article 9, 10, 17, 18, 20, 21, 23, 24, 27, 28, 31, 32, 34, 35 will become Article 11, 12, 19, 20, 22, 23, 25, 26, 29, 30, 33, 34, 35, 36.

**Resolution:**

## Discussion Items (I)

### Item 2

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 refer to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072, 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 1	The “Handling Procedures to Engage in the Derivative Transaction of Products” (the “Procedures”) of Nanya Technology Corporation (the “Company”) was established in accordance with Article <u>17</u> of the “Procedures for Acquisition or Disposal of Assets” of the Company.	The “Handling Procedures to Engage in the Derivative Transaction of Products” (the “Procedures”) of Nanya Technology Corporation (the “Company”) was established in accordance with Article <u>19</u> of the “Procedures for Acquisition or Disposal of Assets” of the Company.	Adjust the reference Article order.

Article	Before Amendment	After Amendment	Amendment Description
Article 2	The derivative products referred to herein shall mean any contracts with worth derived from <u>assets, interest or currency exchange rates, indices or other subjects</u> . Such instruments include forwards, options, futures, leverage <u>contract, interest rate or exchange rate swaps and compound contracts combining the above products</u> .	The derivative products referred to herein shall mean any contracts with worth derived from <b><u>a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u></b> . Such instruments include forward, options, futures, leverage, or swap contracts.	Amend in accordance to Financial Supervisory Commission on November 26, 2018 with the document number 1070341072.
Article 3	Forwards referred to herein do not include insurance, performance, post-sale service, long-term sales/procurement contracts.	Forwards referred to herein do not include insurance, performance, post-sale service, long-term sales/procurement contracts.	
Article 14	The positions from the trading of derivative products shall be evaluated at least once a week by the in-charge department, but the hedging transactions made for business purposes shall be evaluated at least twice a month. The manager of the in-charge department shall pay attention to the risk control and monitoring of derivative transactions from time to time, and periodically supervise and evaluate the derivative transactions to check whether they are conducted in accordance	The positions from the trading of derivative products shall be evaluated at least once a week by the in-charge department, but the hedging transactions made for business purposes shall be evaluated at least twice a month. The manager of the in-charge department shall pay attention to the risk control and monitoring of derivative transactions from time to time, and periodically supervise and evaluate the derivative transactions to check whether they are conducted in accordance	

Article	Before Amendment	After Amendment	Amendment Description
	<p>with the related procedures formulated by the Company hereof and whether the attendant risk of these transactions is within the capability of the Company. The foresaid evaluation reports shall be given to a high-level manager(s) authorized by the Board of Directors of the Company <u>for review</u>. If there is any abnormal situation highlighted in the market evaluation reports (e.g. the holding position has reached the upper loss limit), the Company shall immediately take necessary measures to deal with the situation and report to the Board of Directors of the Company. There shall be independent directors attending the Board meeting and express their opinions.</p>	<p>with the related procedures formulated by the Company hereof and whether the attendant risk of these transactions is within the capability of the Company. The foresaid evaluation reports shall be given to a high-level manager(s) authorized by the Board of Directors of the Company. If there is any abnormal situation highlighted in the market evaluation reports (e.g. the holding position has reached the upper loss limit), the Company shall immediately take necessary measures to deal with the situation and report to the Board of Directors of the Company. There shall be independent directors attending the Board meeting and express their opinions.</p>	

**Resolution:**

**Discussion Items (I)**

**Item 3**

To Approve Amendments to the “The Procedure of Loans of Funds to Others” of the Company  
 Proposed by the Board of Directors

**Explanation:**

To refer to Financial Supervisory Commission on March 7, 2019 with the document number 1080304826 and accommodate the needs of the Company’s practical operation, the “The Procedure of Loans of Funds to Others” of the Company shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached.

Article	Before Amendment	Article	After Amendment	Amendment Description
Article 6	The duration of the funding <u>for non-business related but for short-term financing needed companies or parties</u> shall not be longer than one year. The interest rates of the loans shall not be lower than the current lowest lending interest rate disclosed by the general financial institutions.	Article 6	The duration of the funding shall not be longer than one year. The interest rates of the loans shall not be lower than the current lowest lending interest rate disclosed by the general financial institutions.	Regulate the maximum duration of the funding is one year.
Article 8	<u>A loan to the borrower can be extended for a certain period, provided the extension of the loan is approved by the board of directors. The total duration of the loan after the above-mentioned extension shall meet the</u>	Article 8	(Deleted)	Delete the Article in accordance with Article 3 of

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p><u>requirement of the first part of Article 6 hereof. If the extension of the loan is not approved by the board of directors, the borrower shall repay the loan in full and the accrued interest in full on the due date. If the borrower fails, the Company shall recover the loan via legal proceedings.</u></p>			<p>“Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”.</p>
Article 13	<p>The public announcement and reporting of the related information of loaning funds shall be in compliance with the following requirements:</p> <ol style="list-style-type: none"> <li>1. The Company <u>shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month in the information website designated by the competent securities authority.</u></li> <li>2. The Company whose fund-loaning balance reaches one of the following criteria shall <u>announce and report such event within two days from its occurrence:</u> <ol style="list-style-type: none"> <li>(1) <u>The aggregate loan balance of the Company and its subsidiaries reaches 20</u></li> </ol> </li> </ol>	Article <b>12</b>	<p>The public announcement and reporting of the related information of loaning funds shall be in compliance with the following requirements:</p> <ol style="list-style-type: none"> <li>1. The Company and subsidiaries <b><u>shall publicly announce and report the information of endorsements/guarantees in accordance with the relevant laws, rules and regulations.</u></b></li> <li>2. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report. The percentage of the balance of loans over the Company's net</li> </ol>	<ol style="list-style-type: none"> <li>1. To publicly announce and report the information in accordance with the relevant laws, rules and regulations.</li> <li>2. Adjust the Article order and the</li> </ol>

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p><u>percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate loan balance increases by more than 2 percent of the company's net worth as stated in its latest financial statement.</u></p> <p><u>(2) The balance of loans of the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where balance of loans to a single enterprise increases by more than 2 percent of a company's net worth as stated in its latest financial statement.</u></p> <p><u>(3) Each additional fund-lending provided by the Company or its subsidiaries to a company/firm is more than ten million (10,000,000) New Taiwan Dollars and reaches 2 percent or more of the</u></p>		<p>worth for a subsidiary shall be calculated by the ratio of the subsidiary's balance of loans to the Company's net worth.</p> <p><u>3.</u> The Company shall evaluate the status of its lending funds and reserve appropriate allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide its certified public accountants with relevant information for implementation of necessary auditing procedures.</p>	<p>description slightly.</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p><u>Company's net worth in its latest financial statement.</u></p> <p>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report <u>pursuant to subparagraphs of the preceding paragraph.</u> The percentage of the balance of loans over the Company's net worth for a subsidiary <u>under the preceding paragraph</u> shall be calculated by the ratio of the subsidiary's balance of loans to the Company's net worth.</p> <p>4. The Company shall evaluate the status of its lending funds and reserve appropriate allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide its certified public accountants with relevant information for implementation of necessary auditing procedures.</p>			

Notes: The existing Article 9~12, 14 will become Article 8~11, 13.

**Resolution:**

**Discussion Items (I)**

**Item 4**

To Approve Amendments to the “The Procedure of Making Endorsements or Guarantees” of the Company

Proposed by the Board of Directors

**Explanation:**

To refer to Financial Supervisory Commission on March 7, 2019 with the document number 1080304826 and accommodate the needs of the Company’s practical operation, the “The Procedure of Making Endorsements or Guarantees” of the Company shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached.

Article	Before Amendment	Article	After Amendment	Amendment Description
Article 10	The Company <u>shall announce and report the previous month's balance of endorsements or guarantees of itself and its subsidiaries by the 10th day of each month on the website designated by the competent securities authority.</u>	Article 10	The Company and its subsidiaries <b><u>shall publicly announce and report the information of endorsements/guarantees in accordance with the relevant laws, rules and regulations.</u></b>	To publicly announce and report the information in accordance with the relevant laws, rules and regulations.

Article	Before Amendment	Article	After Amendment	Amendment Description
Article 11	<p><u>Except Article 10, the Company whose balance of endorsements or guarantees reaches one of the following levels shall announce and report such event within two days from its occurrence:</u></p> <ol style="list-style-type: none"> <li>1. <u>The aggregate balance of the Company and its subsidiaries of endorsements or guarantees reaches 50 percent or more of the Company's net value as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate balance increases by more than 5 percent of the Company's net value as stated in its latest financial statement.</u></li> <li>2. <u>The balance of endorsements or guarantees of the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net value as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the balance for an enterprise increases by more than 5</u></li> </ol>		(Deleted)	<p>In order to cooperate with the amended Article 10 to publicly announce and report the information in accordance with the relevant laws, rules and regulations, the provisions of this article are deleted.</p>

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p><u>percent of the Company's net value as stated in its latest financial statement.</u></p> <p>3. <u>The balance of endorsements or guarantees of the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements or guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net value as stated in its latest financial statement.</u></p> <p>4. <u>Each additional endorsement/guarantee provided by the Company or its subsidiaries to a company/firm is more than thirty million (30,000,000) New Taiwan Dollars and reaches 5 percent or more of the Company's net worth in its latest financial statement.</u></p>			
Article <u>12</u>	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any	Article <u>11</u>	The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report. The percentage of the	Adjust the Article order and the description slightly.

Article	Before Amendment	Article	After Amendment	Amendment Description
	<p>subparagraph of Article 11. The percentage of the balance of endorsements or guarantees over the Company's net worth for a subsidiary <u>under the preceding paragraph</u> shall be calculated by the ratio of the subsidiary's balance of endorsements or guarantees to the Company's net worth.</p>		<p>balance of endorsements or guarantees over the Company's net worth for a subsidiary shall be calculated by the ratio of the subsidiary's balance of endorsements or guarantees to the Company's net worth.</p>	

Notes: The existing Article 13, 14 will become Article 12, 13.

**Resolution:**

## **Election Items**

The Company's Directors have their tenure nearly expired. Please elect the Board of Directors to conform to the applicable laws.

Proposed by the Board of Directors

### **Explanation:**

1. The Company's current directors were elected in the Annual Shareholders' Meeting on June 22, 2016 and have their tenure expired on June 21, 2019. To conform to the applicable Rule, the Company shall elect 12 directors (including 3 independent directors) using the cumulative voting system. The tenure of new session of Directors (including independent directors) shall be three years, starting May 30, 2019 until May 29, 2022.
2. In accordance with Article 192-1 of the Company Act and Article 13 of the Articles of the Company's Articles of Incorporation, the nomination system for candidates for the election of directors (including independent directors) of the Company shall be selected by the shareholders on the list of candidates and shall be held by the Company. The directors (including independent directors) jointly nominated by the shareholders who have issued more than 1% of the total number of shares on April 3, 2019 have 12 candidates. 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	907,303,775

Name	Education	Major Experience	Shareholding (Share)
Wen Yuan, Wong	Master in Industrial Engineering, University of Houston	Current Appointment: President of National federation of industries 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
Joseph Wu Representative of NPC	Master in Material Engineering, National Taiwan University	Current Appointment: Vice President of Nanya Technology Corp. Experiences: Assistant Vice President of Nanya Technology Corp.	907,303,775
Rex Chuang Representative of NPC	Master in Materials Engineering, San Jose State University	Current Appointment: Vice President of Nanya Technology Corp. Experiences: Assistant Vice President of Nanya Technology Corp.	907,303,775
Shih-Ming Hsie Representative of Formosa Taffeta Corp.	National Taipei University of Technology	Current Appointment: Vice Chairman of Formosa Taffeta Corp. Vice Chairman and President of Formosa Advanced Technologies Corp. Experiences: Chairman of Yu Yuang Textile Corp.	7,711,010

Name	Education	Major Experience	Shareholding (Share)
Ming Jen, Tzou	Associate Degree in Department of Chemical Engineering, Provincial Taipei Institute of Technology	Current Appointment: President of NPC Experiences: Executive Vice President of NPC	0
Pei-Ing Lee	Ph.D. in Chemical Engineering, Syracuse University	Current Appointment: President of Nanya Technology Corp. Experiences: Senior Vice President of Nanya Technology Corp.	683,098
Lin-Chin Su	Ph.D. in Materials Science and Engineering, the University of Utah	Current Appointment: Executive Vice President of Nanya Technology Corp. Experiences: Senior Vice President of Nanya Technology Corp.	269,601

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: Chairman of Chunghwa Post 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 Experiences: Chairman of The Life Insurance Association of the Republic of China	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 Nanya Technology Corp. Experiences: President of Ta Chong Securities Corp.	0

**Resolution:**

## Discussion Items (II)

### Item 1

To approve appropriateness of releasing the newly elected Directors and the juristic person shareholder which appointed their authorized representatives to be elected as directors, from non-competition restrictions.

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, announced by the Ministry of Economic Affairs dated April 24, 2000, when the juristic person shareholder appoints its authorized representatives to be elected as directors according to Article 27-2 of the Company Act, both the juristic person shareholder and the authorized representatives shall be governed by the non-competition restrictions of Article 209 of the Company Act.
3. If the newly-elected Directors and the juristic person shareholder which appoints its authorized representatives to be elected as directors in present year Annual Shareholders' Meeting violate the non-competition restrictions of 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 which appoints its authorized representatives to be elected as directors after having assumed office from non-competition restrictions for approval.  
(Proclaim the information of engaging in competitive businesses conducted by the Directors and the juristic person shareholders)

Resolution:

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (Note 6(a))	\$ 57,384,006	31	33,768,677	21	2120	-	2,238,441	1
1170 Notes and accounts receivable, net (Notes 6(c)(i))	9,763,741	5	8,525,608	6	2170	4,247,638	3,072,987	2
1200 Other receivables (Notes 6(d)(i))	1,313,111	1	11,601,416	8	2180	332,064	299,746	-
1310 Inventories (Note 6(c))	12,167,737	7	6,888,530	5	2200	8,786,790	6,297,730	4
1410 Prepayments	1,758,316	1	1,622,096	1	2220	938,944	1,065,854	1
<b>Total current assets</b>	<b>82,386,911</b>	<b>45</b>	<b>62,406,327</b>	<b>41</b>	2230	<b>2,456,338</b>	<b>1,726,392</b>	<b>1</b>
<b>Non-current assets:</b>					2399	<b>1,568</b>	<b>1,954</b>	<b>1</b>
1550 Investments accounted for using equity method (Notes 6(f) and 7)	3,006,603	2	-	-				
1600 Property, plant and equipment (Notes 6(h) and 7)	95,558,992	52	86,241,880	57				
1780 Intangible assets	45,881	-	136,550	-	2530	-	3,286,711	3
1840 Deferred tax assets (Note 6(m))	867,311	-	922,559	1	2570	625	63,699	-
1935 Long-term lease payments receivable (Note 6(i))	875,900	1	1,043,501	1	2640	537,303	525,797	-
1990 Other non-current assets (Note 8)	44,215	-	28,485	-	2670	377,245	84,803	-
<b>Total non-current assets</b>	<b>100,198,902</b>	<b>55</b>	<b>88,372,975</b>	<b>59</b>		<b>915,173</b>	<b>3,961,010</b>	<b>3</b>
						<b>17,678,515</b>	<b>18,664,114</b>	<b>12</b>
<b>Total assets</b>	<b>\$ 182,585,813</b>	<b>100</b>	<b>150,779,302</b>	<b>100</b>				
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))								
Accounts payable								
Accounts payable to related parties (Note 7)								
Other payables								
Other payables to related parties (Note 7)								
Current tax liabilities								
Other current liabilities								
<b>Total current liabilities</b>								
<b>Non-current liabilities:</b>								
Bonds payable (Note 6(k))								
Deferred tax liabilities (Note 6(m))								
Net defined benefit liability, non-current (Note 6(m))								
Other non-current liabilities								
<b>Total non-current liabilities</b>								
<b>Total liabilities</b>								
<b>Equity (Note 6(o)):</b>								
Ordinary share	3110				3110	31,032,389	29,639,382	20
Certificate of entitlement to new shares from convertible bond	3130				3130	-	223,958	-
Advance receipts for share capital	3140				3140	6,488	-	-
Capital surplus	3200				3200	33,557,005	27,277,191	18
Legal reserve	3310				3310	9,192,249	5,164,057	3
Special reserve	3320				3320	39,163	-	-
Unappropriated retained earnings	3350				3350	94,136,513	69,734,440	47
Other equity interest	3400				3400	(273,834)	(39,163)	-
Treasury shares	3500				3500	(2,782,675)	-	-
<b>Total equity attributable to owners of parent</b>						<b>164,907,298</b>	<b>131,999,865</b>	<b>88</b>
Non-controlling interests	36xx				36xx	-	115,323	-
<b>Total equity</b>						<b>164,907,298</b>	<b>132,115,188</b>	<b>88</b>
<b>Total liabilities and equity</b>						<b>\$ 182,585,813</b>	<b>150,779,302</b>	<b>100</b>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		<u>2018</u>		<u>2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Notes 6(r)(s) and 7)	\$ 84,721,804	100	54,918,224	100
5000	Operating costs (Notes 6(e)(m)(p)(t) and 7)	<u>38,105,801</u>	<u>45</u>	<u>30,274,077</u>	<u>55</u>
	Gross profit from operations	<u>46,616,003</u>	<u>55</u>	<u>24,644,147</u>	<u>45</u>
	Operating expenses (Notes 6(m)(p)(t) and 7):				
6100	Selling expenses	849,649	1	782,434	1
6200	Administrative expenses	1,523,573	2	1,397,357	3
6300	Research and development expenses	<u>4,887,311</u>	<u>6</u>	<u>3,673,056</u>	<u>7</u>
	Total operating expenses	<u>7,260,533</u>	<u>9</u>	<u>5,852,847</u>	<u>11</u>
	Net operating income	<u>39,355,470</u>	<u>46</u>	<u>18,791,300</u>	<u>34</u>
	Non-operating income and expenses (Notes 6(g)(i)(k)(l)(u) and 7):				
7010	Other income	1,030,384	1	393,071	1
7020	Other gains and losses, net	1,152,527	2	23,105,821	42
7050	Finance costs	(5,744)	-	(459,661)	(1)
7060	Share of profit of associates accounted for using equity method, net	<u>51,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total non-operating income and expenses	<u>2,228,867</u>	<u>3</u>	<u>23,039,231</u>	<u>42</u>
7900	Profit before tax	41,584,337	49	41,830,531	76
7950	Tax expense (Note 6(n))	<u>2,223,487</u>	<u>3</u>	<u>1,535,907</u>	<u>3</u>
	Profit	<u>39,360,850</u>	<u>46</u>	<u>40,294,624</u>	<u>73</u>
8300	Other comprehensive income (Notes 6(m)(n)(o)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit	(18,096)	-	(83,545)	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(95,101)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>6,190</u>	<u>-</u>	<u>14,203</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(107,007)</u>	<u>-</u>	<u>(69,342)</u>	<u>-</u>
8360	Other components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(140,573)	-	(22,317)	-
8362	Unrealized losses on valuation of available-for-sale financial assets	-	-	(9,408,293)	(17)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>1,602,346</u>	<u>3</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(140,573)</u>	<u>-</u>	<u>(7,828,264)</u>	<u>(14)</u>
8300	Other comprehensive income, net	<u>(247,580)</u>	<u>-</u>	<u>(7,897,606)</u>	<u>(14)</u>
8500	Comprehensive income	<u>\$ 39,113,270</u>	<u>46</u>	<u>32,397,018</u>	<u>59</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 39,361,625	46	40,281,927	73
8620	(Loss) profit, attributable to non-controlling interests	<u>(775)</u>	<u>-</u>	<u>12,697</u>	<u>-</u>
	Comprehensive income attributable to:	<u>\$ 39,360,850</u>	<u>46</u>	<u>40,294,624</u>	<u>73</u>
8710	Comprehensive income, attributable to owners of parent	\$ 39,114,045	46	32,384,321	59
8720	Comprehensive (loss) income, attributable to non-controlling interests	<u>(775)</u>	<u>-</u>	<u>12,697</u>	<u>-</u>
		<u>\$ 39,113,270</u>	<u>46</u>	<u>32,397,018</u>	<u>59</u>
	Earnings per share (Note 6(q))				
9750	Basic earnings per share	<u>\$ 12.80</u>		<u>14.36</u>	
9850	Diluted earnings per share	<u>\$ 12.38</u>		<u>13.92</u>	

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent														
	Share capital			Retained earnings			Other equity interest								
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2017</b>	\$ 27,485,658	-	-	11,523,007	2,791,929	-	36,296,086	(16,846)	-	7,805,947	7,789,101	(347,533)	85,542,818	102,329	85,645,147
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	40,281,927	-	-	-	-	-	40,281,927	12,697	40,294,624
Other comprehensive (loss) income for the year ended December 31, 2017	-	-	-	-	-	-	(69,342)	(22,317)	(7,805,947)	(7,805,947)	(7,828,264)	-	(7,897,606)	-	(7,897,606)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	40,212,585	(22,317)	(7,805,947)	(7,805,947)	(7,828,264)	-	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)	-	(4,122,848)
Reversal of special reserve	-	-	-	-	(4,570)	(4,570)	4,570	-	-	-	-	-	-	-	-
Other changes in capital surplus:															
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	-	1,031	-	-	-	-	-	-	-	-	1,031	-	1,031
Recognized compensation costs on employee stock options	-	-	-	459,573	-	-	-	-	-	-	-	-	459,573	-	459,573
Conversion of convertible bonds	-	-	-	15,297,911	-	-	-	-	-	-	-	-	17,675,593	-	17,675,593
Disposal of company's share by subsidiaries recognized as treasury share transactions	2,153,724	223,958	-	(4,331)	-	-	(283,808)	-	-	-	-	347,533	59,394	59,394	
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(17)	-	-	-	-	-	(17)	17	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	280	280	280
Balance at December 31, 2017	29,639,382	223,958	-	27,277,191	5,164,057	-	69,734,440	(39,163)	-	(7,805,947)	(39,163)	-	131,999,865	115,323	132,115,188
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	-	-	39,361,625	-	-	-	-	-	39,361,625	(775)	39,360,850
Other comprehensive (loss) income for the year ended December 31, 2018	-	-	-	-	-	-	(12,909)	(140,573)	(94,098)	-	(234,671)	-	(247,580)	-	(247,580)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	39,348,716	(140,573)	(94,098)	-	(234,671)	-	39,114,045	(775)	39,113,270
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	-	-	4,028,192	-	(4,028,192)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	39,163	(39,163)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(10,879,288)	-	-	-	-	-	(10,879,288)	-	(10,879,288)
Other changes in capital surplus:															
Changes in equity of associates accounted for using equity method	-	-	-	5	-	-	-	-	-	-	-	-	5	-	5
Recognized compensation costs on employee stock options	-	-	-	717,656	-	-	-	-	-	-	-	-	717,656	-	717,656
Conversion of convertible bonds	752,839	-	-	4,504,323	-	-	-	-	-	-	-	-	5,237,162	-	5,237,162
Conversion of certificates of bonds to share	223,958	(223,958)	-	-	-	-	-	-	-	-	-	-	-	-	
Repurchase of treasury share	436,210	-	-	1,057,830	-	-	-	-	-	-	(2,782,675)	-	(2,782,675)	-	(2,782,675)
Exercise of employee share options	-	-	-	-	-	-	-	-	-	-	-	-	1,500,528	-	1,500,528
Disposal of subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	(114,548)	-	(114,548)
Balance at December 31, 2018	\$ 31,032,389	-	-	33,557,005	9,192,249	39,163	94,136,513	(179,756)	(94,098)	-	(273,834)	(2,782,675)	164,907,298	-	164,907,298

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 41,584,337	41,830,531
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,983,266	8,429,032
Amortization expense	97,298	141,094
Net loss on financial liabilities at fair value through profit or loss	281,107	7,981,043
Interest expense	5,744	459,661
Interest income	(1,030,384)	(390,855)
Dividend income	-	(2,216)
Share-based payments	717,656	459,573
Amortization costs of issuing bonds	-	5,739
Share of profit of associates accounted for using equity method	(51,700)	-
Gain on disposal of property, plant and equipment	(16,859)	(3,089)
Gain on disposal of financial assets in available-for-sale	-	(32,093,172)
Gain on disposal of lease payable	-	(63,542)
Gain on disposal of a subsidiary	(497)	-
(Reversal of impairment loss) impairment loss on non-financial assets	(109,745)	488,988
Unrealized foreign exchange loss (gain)	79,509	(371,365)
<b>Total adjustments to reconcile profit (loss)</b>	<u>11,955,395</u>	<u>(14,959,109)</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable	(1,294,628)	(2,805,016)
Other receivables	(348,559)	1,044,604
Inventories	(5,416,113)	(2,039,038)
Other current assets	(139,380)	(63,313)
Financial liabilities held for trading	(523,136)	-
Accounts payable (including related parties)	728,155	(2,212,483)
Other payables (including related parties)	2,432,313	4,119,274
Other current liabilities	(386)	(231,289)
Net defined benefit liability	(6,590)	(11,261)
Other non-current liabilities	(22,226)	34,135
<b>Total changes in operating assets and liabilities</b>	<u>(4,590,550)</u>	<u>(2,164,387)</u>
Cash inflow generated from operations	48,949,182	24,707,035
Interest received	782,134	215,739
Dividends received	-	2,216
Interest paid	(691)	(327,035)
Income taxes paid	(1,486,623)	(1,906,101)
<b>Net cash flows from operating activities</b>	<u>48,244,002</u>	<u>22,691,854</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of available-for-sale financial assets	-	(1,900,000)
Proceeds from disposal of available-for-sale financial assets	-	56,919,607
Acquisition of investments accounted for using equity method	(3,049,999)	-
Proceeds from disposal of a subsidiary	(85,937)	-
Acquisition of property, plant and equipment	(20,425,865)	(29,394,879)
Proceeds from disposal of property, plant and equipment	25,743	3,130
Increase in refundable deposits	(13,073)	(92)
Decrease in other receivables	10,616,574	-
Acquisition of intangible assets	-	(117)
Decrease in lease and installment receivables	429,330	429,330
(Increase) decrease in other non-current assets	(10,060)	361,688
<b>Net cash flows (used in) from investing activities</b>	<u>(12,513,287)</u>	<u>26,418,667</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from issuing convertible bonds	-	15,604,577
Repayments of long-term debt	-	(23,000,000)
Increase in guarantee deposits received	314,765	12,976
Decrease in other payables to related parties	(791)	(12,733,856)
Decrease in lease payable	-	(4,138)
Cash dividends paid	(10,879,288)	(4,121,817)
Exercise of employee share options	1,500,528	-
Payments to acquire treasury shares	(2,782,675)	-
Change in non-controlling interests	-	280
<b>Net cash flows used in financing activities</b>	<u>(11,847,461)</u>	<u>(24,241,978)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(267,925)</u>	<u>(201,498)</u>
<b>Net increase in cash and cash equivalents</b>	23,615,329	24,667,045
<b>Cash and cash equivalents at beginning of period</b>	<u>33,768,677</u>	<u>9,101,632</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 57,384,006</u>	<u>33,768,677</u>

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, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (Note 6(a))	\$ 46,338,574	23	32,626,041	22	2120			
1170 Notes and accounts receivable (Notes 6(c)(r))	6,405,098	3	6,640,926	4				
1180 Accounts receivable due from related parties (Notes 6(c)(r) and 7)	3,812,440	2	2,409,673	2	2170			
1200 Other receivables (Notes 6(d)(i))	1,303,960	-	11,589,575	8	2180			
1310 Inventories (Note 6(e))	12,148,352	6	6,748,226	4	2200			
1410 Prepayments	1,757,547	1	1,617,626	1	2220			
<b>Total current assets</b>	<u>71,765,971</u>	<u>35</u>	<u>61,632,067</u>	<u>41</u>	2230			
<b>Non-current assets:</b>					2399			
1550 Investments accounted for using equity method (Notes 6(f) and 7)	34,242,508	18	543,137	-				
1600 Property, plant and equipment (Notes 6(h) and 7)	95,339,823	47	86,218,545	57				
1780 Intangible assets	45,881	-	136,442	-	2530			
1840 Deferred tax assets (Note 6(h))	860,761	-	917,703	1	2570			
1935 Long-term lease payments receivable (Note 6(i))	875,900	-	1,043,501	1	2640			
1990 Other non-current assets (Note 8)	35,194	-	24,984	-	2670			
<b>Total non-current assets</b>	<u>131,400,067</u>	<u>65</u>	<u>88,884,312</u>	<u>59</u>				
<b>Total assets</b>	<u>\$ 203,166,038</u>	<u>100</u>	<u>150,516,379</u>	<u>100</u>				
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))								
Accounts payable	4,247,638	2	3,025,200	2				
Accounts payable to related parties (Note 7)	332,064	-	299,746	-				
Other payables	8,741,863	4	6,205,337	4				
Other payables to related parties (Note 7)	21,567,689	11	1,096,433	1				
Current tax liabilities	2,455,253	2	1,713,751	1				
Other current liabilities	1,568	-	1,954	-				
<b>Total current liabilities</b>	<u>37,346,075</u>	<u>19</u>	<u>14,580,862</u>	<u>9</u>				
<b>Non-current liabilities:</b>								
Bonds payable (Note 6(k))	-	-	3,286,711	2				
Deferred tax liabilities (Note 6(n))	-	-	63,132	-				
Net defined benefit liability, non-current (Note 6(m))	537,303	-	525,797	-				
Other non-current liabilities	375,362	-	60,012	1				
<b>Total non-current liabilities</b>	<u>912,665</u>	<u>-</u>	<u>3,935,652</u>	<u>3</u>				
<b>Total liabilities</b>	<u>38,258,740</u>	<u>19</u>	<u>18,516,514</u>	<u>12</u>				
<b>Equity (Note 6(o)):</b>								
Ordinary share	31,032,389	15	29,639,382	20				
Certificate of entitlement to new shares from convertible bond	-	-	223,958	-				
Advance receipts for share capital	6,488	-	-	-				
Capital surplus	33,557,005	16	27,277,191	19				
Legal reserve	9,192,249	5	5,164,057	3				
Special reserve	39,163	-	-	-				
Unappropriated retained earnings	94,136,513	46	69,734,440	46				
Other equity interest	(273,834)	-	(39,163)	-				
Treasury shares	(2,782,675)	(1)	-	-				
<b>Total equity</b>	<u>164,907,298</u>	<u>81</u>	<u>131,999,865</u>	<u>88</u>				
<b>Total liabilities and equity</b>	<u>\$ 203,166,038</u>	<u>100</u>	<u>150,516,379</u>	<u>100</u>				

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

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(r)(s) and 7)	\$ 84,269,952	100	54,086,251	100
5000 Operating costs (Notes 6(e)(m)(p)(t) and 7)	<u>38,049,640</u>	<u>45</u>	<u>29,788,306</u>	<u>55</u>
<b>Gross profit from operations</b>	46,220,312	55	24,297,945	45
5910 Add: Unrealized profit (loss) from sales	(25,381)	-	(97,212)	-
5920 Realized profit (loss) on from sales	<u>97,212</u>	<u>-</u>	<u>56,527</u>	<u>-</u>
<b>Gross profit from operations</b>	<u>46,292,143</u>	<u>55</u>	<u>24,257,260</u>	<u>45</u>
<b>Operating expenses (Notes 6(m)(p)(t) and 7):</b>				
6100 Selling expenses	643,649	-	602,575	1
6200 Administrative expenses	1,525,170	2	1,383,184	3
6300 Research and development expenses	<u>4,875,217</u>	<u>6</u>	<u>3,565,465</u>	<u>7</u>
<b>Total operating expenses</b>	<u>7,044,036</u>	<u>8</u>	<u>5,551,224</u>	<u>11</u>
<b>Net operating income</b>	<u>39,248,107</u>	<u>47</u>	<u>18,706,036</u>	<u>34</u>
<b>Non-operating income and expenses (Notes 6(g)(h)(k)(l)(u) and 7):</b>				
7010 Other income	1,018,622	1	385,964	1
7020 Other gains and losses, net	1,203,540	1	23,114,236	43
7050 Finance costs	(5,325)	-	(456,872)	(1)
7060 Share of profit of associates accounted for using equity method	<u>101,594</u>	<u>-</u>	<u>43,719</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>2,318,431</u>	<u>2</u>	<u>23,087,047</u>	<u>43</u>
7900 <b>Profit before tax</b>	41,566,538	49	41,793,083	77
7950 Tax expense (Note 6(n))	<u>2,204,913</u>	<u>2</u>	<u>1,511,156</u>	<u>3</u>
<b>Profit</b>	<u>39,361,625</u>	<u>47</u>	<u>40,281,927</u>	<u>74</u>
8300 <b>Other comprehensive income (Notes 6(m)(n)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Remeasurement of the net defined benefit	(18,096)	-	(83,545)	-
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	(95,101)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>6,190</u>	<u>-</u>	<u>14,203</u>	<u>-</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(107,007)</u>	<u>-</u>	<u>(69,342)</u>	<u>-</u>
8360 <b>Other components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(140,573)	-	(22,317)	-
8362 Unrealized losses on valuation of available-for-sale financial assets	-	-	(9,408,293)	(17)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>1,602,346</u>	<u>3</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(140,573)</u>	<u>-</u>	<u>(7,828,264)</u>	<u>(14)</u>
8300 <b>Other comprehensive loss, net</b>	<u>(247,580)</u>	<u>-</u>	<u>(7,897,606)</u>	<u>(14)</u>
<b>Comprehensive income</b>	<u>\$ 39,114,045</u>	<u>47</u>	<u>32,384,321</u>	<u>60</u>
<b>Earnings per share (Note 6(q))</b>				
9750 Basic earnings per share	<u>\$ 12.80</u>		<u>14.36</u>	
9850 Diluted earnings per share	<u>\$ 12.38</u>		<u>13.92</u>	

(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, 2018 and 2017  
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest				Total equity
									Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	
Balance at January 1, 2017	\$ 27,485,658	-	-	11,523,007	2,191,929	4,570	36,296,086	(16,846)	-	7,805,947	-	(347,533)	85,542,818
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	40,281,927	-	-	(7,805,947)	-	-	40,281,927
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	-	(69,342)	(22,317)	-	(7,805,947)	-	-	(7,897,606)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	40,212,585	(22,317)	-	(7,805,947)	-	-	32,384,321
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
Recognized compensation costs on employee stock options	-	-	-	459,573	-	-	-	-	-	-	-	-	459,573
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)	-	-	-	-	-	(17)
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
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	39,361,625	-	-	-	-	-	39,361,625
Other comprehensive loss for the year ended December 31, 2018	-	-	-	-	-	-	(12,909)	(140,573)	(94,098)	(234,671)	-	-	(247,580)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	39,348,716	(140,573)	(94,098)	(234,671)	-	-	39,114,045
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	4,028,192	-	(4,028,192)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	39,163	-	(39,163)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(10,879,288)	-	-	-	-	-	(10,879,288)
Other changes in capital surplus:													
Changes in equity of associates accounted for using equity method	-	-	-	5	-	-	-	-	-	-	-	-	5
Recognized compensation costs on employee stock options	-	-	-	717,656	-	-	-	-	-	-	-	-	717,656
Conversion of convertible bonds	732,839	-	-	4,504,323	-	-	-	-	-	-	-	-	5,237,162
Conversion of certificates of bonds-to-share	223,958	(223,958)	-	-	-	-	-	-	-	-	-	-	-
Repurchase of treasury share	-	-	-	-	-	-	-	-	-	-	-	(2,782,675)	(2,782,675)
Exercise of employee share options	436,210	-	6,488	1,057,830	-	-	-	-	-	-	-	-	1,500,528
Balance at December 31, 2018	\$ 31,032,389	-	6,488	33,557,005	9,192,249	39,163	94,136,513	(179,736)	(94,098)	(273,834)	-	(2,782,675)	164,907,298

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, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 41,566,538	41,793,083
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,975,216	8,418,398
Amortization expense	97,298	141,088
Net loss on financial liabilities at fair value through profit or loss	281,107	7,981,043
Interest expense	5,325	456,872
Interest income	(1,018,622)	(385,964)
Share-based payments	717,656	459,573
Share of profit of subsidiaries and associates accounted for using equity method	(101,594)	(43,719)
Gain on disposal of property, plant and equipment	(16,859)	(3,230)
Amortization costs of issuing bonds	-	5,739
Gain on disposal of financial assets in available-for-sale	-	(32,106,247)
Gain on disposal of lease payable	-	(63,542)
Gain on disposal of a subsidiary	(497)	-
(Reversal of impairment loss) impairment loss on non financial assets	(109,745)	488,988
Unrealized loss on sales	25,382	97,212
Realized profit from sales	(97,212)	(56,527)
Unrealized foreign exchange gain	(46,121)	(371,365)
<b>Total adjustments to reconcile profit (loss)</b>	<u>11,711,334</u>	<u>(14,981,681)</u>
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(1,173,832)	(3,100,396)
Other receivable	(348,165)	1,051,537
Inventories	(5,400,126)	(2,088,574)
Other current assets	(139,921)	(69,768)
Financial liabilities held for trading	(523,136)	-
Accounts payable (including related parties)	677,569	(2,231,271)
Other payable (including related parties)	2,420,267	4,074,523
Other current liabilities	(386)	(189,974)
Net defined benefit liability	(6,590)	(11,261)
Other non-current liabilities	(1,935)	(45,033)
<b>Total changes in operating assets and liabilities</b>	<u>(4,496,255)</u>	<u>(2,610,217)</u>
Cash inflow generated from operations	48,781,617	24,201,185
Interest received	774,111	211,098
Interest paid	(220)	(323,903)
Income taxes paid	(1,463,411)	(1,884,652)
<b>Net cash flows from operating activities</b>	<u>48,092,097</u>	<u>22,203,728</u>
<b>Cash flows (used in) from investing activities:</b>		
Acquisition of available-for-sale financial assets	-	(1,900,000)
Proceeds from disposal of available-for-sale financial assets	-	56,846,770
Acquisition of investments accounted for using equity method	(13,221,259)	(150,000)
Proceeds from disposal of a subsidiary	176,868	-
Acquisition of property, plant and equipment	(20,418,433)	(29,390,484)
Proceeds from disposal of property, plant and equipment	25,743	3,130
(Increase) decrease in refundable deposits	(11,378)	4
Decrease in other receivables	10,616,574	-
Decrease in lease and installment receivables	429,330	429,330
(Increase) decrease in other non-current assets	(5,569)	345,298
<b>Net cash flows (used in) from investing activities</b>	<u>(22,408,124)</u>	<u>26,184,048</u>
<b>Cash flows used in financing activities:</b>		
Proceeds from issuing convertible bonds	-	15,604,577
Repayments of long-term debt	-	(23,000,000)
Increase in guarantee deposits received	317,376	13,267
Decrease in other payables to related parties	-	(12,500,000)
Decrease in lease payable	-	(4,138)
Cash dividends paid	(10,879,288)	(4,122,848)
Exercise of employee share options	1,500,528	-
Payments to acquire treasury shares	(2,782,675)	-
<b>Net cash flows used in financing activities</b>	<u>(11,844,059)</u>	<u>(24,009,142)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(127,381)	(179,972)
<b>Net increase in cash and cash equivalents</b>	13,712,533	24,198,662
<b>Cash and cash equivalents at beginning of period</b>	32,626,041	8,427,379
<b>Cash and cash equivalents at end of period</b>	<u>\$ 46,338,574</u>	<u>32,626,041</u>

**Nanya Technology Corporation**  
**Statement of Profits Distribution**  
**For the year of 2018**

Unit: NTD

Items	Amount
<b>Available for Distribution:</b>	
1. Unappropriated retained earnings of previous years	54,787,796,362
2. Other comprehensive income reclassified to unappropriated retained earnings of current year	(12,909,303)
3. Net profit after tax of current year	39,361,625,598
Total	94,136,512,657
<b>Distribution Items:</b>	
1. Appropriation of legal reserve (10% of the after-tax profit)	3,936,162,560
2. Appropriation of special reserve	234,670,279
3. Distribution of cash dividends	21,700,000,000
4. Unappropriated retained earnings carried forward to next year	68,265,679,818
Total	94,136,512,657
Explanation	<p>1. The Company plans to distribute cash dividends for a total of NT\$21,700,000,000. The cash dividends per share is NT\$ 7.15365144 based on total outstanding shares of 3,033,415,894 shares on January 31, 2019. The total outstanding shares may increase as 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.</p> <p>2. The Company distributes dividends for a total of NT\$21,700,000,000, all of which are from net profit after tax of 2018.</p> <p>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.</p> <p>4. Other comprehensive income reclassified to unappropriated retained earnings of current year are the adjustment of the actuarial pension valuation.</p> <p>5. Special reserve is appropriated from the net amount of exchange differences losses on translation of foreign financial statements and unrealized losses on financial assets measured at fair value through other comprehensive income.</p>



安侯建業聯合會計師事務所  
KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

### Opinion

We have audited the consolidated financial statements of Nanya Technology Corporation (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, 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 developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits 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. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of Formosa Advanced Technologies Co., Ltd., an investment in other accounted for using the equity method of the Group. The financial statements were audited by another auditor, whose audit report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Formosa Advanced Technologies Co., Ltd., is based solely on the audit report of another auditor. The aforementioned investment accounted for using the equity method constituted 1.65% of the consolidated total assets as of December 31, 2018, and the share of profit of associates accounted for using the equity method constituted 0.12% of the consolidated total profit before tax for the period from July 25 to December 31, 2018.

Nanya Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified 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

Please refer to Notes 4(o) and 6(r) of the consolidated financial statements for the details of on accounting policy of revenue recognition and related disclosures, respectively.

Revenue recognition is one of the key audit matters for the user of financial statements and the competent authority. The Group provides a number of different sales terms to customers. Since 2018, the Group initially adopted IFRS 15 to determine its new accounting judgments and details for disclosures based on the accounting applications and policies of the new standards. Therefore, revenue recognition and the proper cut-off of revenue under the new standards have been identified as two of the key audit matters in the consolidated financial statements.

The principal audit procedures performed to address the aforementioned key audit matters include analyzing the business operation and industry peculiarities, evaluating the appropriateness of accounting policies, 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 the original documents during a selected period of time before and after the balance sheet date to evaluate the completeness and accuracy of the information used for revenue recognition and disclosures of the consolidated financial statements, as well as determining whether the revenue is recorded in the appropriate period.

### 2. Valuation of inventories

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

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

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

## Responsibilities of Management and Those Charged with Governance for the 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, IFRIC, SIC endorsed and issued into effect 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 and 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. Furthermore, we remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Hui-Chih Ko and Hsiu-Lan Chen.

KPMG

Taipei, Taiwan (Republic of China)  
February 27, 2019

#### **Notes to Readers**

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

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



安侯建業聯合會計師事務所  
KPMG

台北市11049信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)

Telephone 電話 + 886 (2) 8101 6666  
Fax 傳真 + 886 (2) 8101 6667  
Internet 網址 kpmg.com/tw

## 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, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

We did not audit the financial statements of Formosa Advanced Technologies Co., Ltd., an investment in other accounted for using the equity method of the Company. The financial statements were audited by another auditor, whose audit report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Formosa Advanced Technologies Co., Ltd., is based solely on the audit report of another auditor. The aforementioned investment accounted for using the equity method constituted 1.48% of the total assets as of December 31, 2018, and the share of profit of associates accounted for using the equity method constituted 0.12% of the total profit before tax for the period from July 25 to December 31, 2018.

## Key Audit Matters

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

### 1. Revenue recognition

Please refer to Notes 4(o) and 6(r) of the financial statements for details on accounting policy on revenue recognition and related disclosures, respectively.

Revenue recognition is one of the key audit matter for the user of financial statements and the competent authority. The Company provides a number of different sales terms to customers. Since 2018, the Company initially adopted IFRS 15 to determine its new accounting judgments and details for disclosures based on the accounting applications and policies of the new standards. Therefore, revenue recognition and the proper cut-off of revenue under the new standards have been identified as two of the key audit matters in the consolidated financial statements.

The principal audit procedures performed to address the aforementioned key audit matters included analyzing the business operation and industry peculiarities, evaluating the appropriateness of accounting policies, 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 the original documents during a selected period of time before and after the balance sheet date to evaluate the completeness and accuracy of the information used for revenue recognition and disclosures of financial statements, as well as determining whether the revenue is recorded in the appropriate period.

### 2. Valuation of inventories

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

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 our audit. Furthermore, we remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 27, 2019

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

**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\$ 1,740,000,000
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 2019 Annual Shareholders' Meeting:**

Not applicable since the Company does not propose the stock dividend distribution at the 2019 Annual Shareholders' Meeting and does not required to prepare financial forecast information.

# ARTICLES OF INCORPORATION OF NANYA TECHNOLOGY CORPORATION

Amended by the Annual Shareholders' Meeting on May 26, 2017

## CHAPTER I GENERAL PRINCIPLES

### **Article 1**

The Company is incorporated in accordance with the Company Law, by the name of Nanya Technology Corporation.

### **Article 2**

The Company is engaged in the following businesses:

- (1) CC01080 Electronic Parts and Components Manufacturing;
- (2) F401010 International Trade;
- (3) I199990 Other Consultancy; and
- (4) ZZ99999 Businesses not prohibited and restricted by regulations except permitted businesses.

### **Article 3**

The Company's principal office is located in New Taipei City, and, if necessary, may set up local or foreign offices or branches in accordance with the resolution of the Board of Directors.

### **Article 4**

Any public notice of the Company shall be made in accordance with Article 28 of the Company Law.

### **Article 5**

The Company may provide guaranty in favor of its business related entities.

The total amount of the investments in other companies shall exceed forty percent of the Company's paid-in capital.

## CHAPTER II      SHARES

### **Article 6**

The total capital of the Company is NT\$300,000,000,000, divided into 30,000,000,000 shares, at NT\$10 per share. The unissued shares of the capital are issued in installments. NT\$4,000,000,000, divided into 400,000,000 shares at NT\$10 per share out of the total capital as mentioned above shall be reserved for the issuance of certificates of subscription rights.

### **Article 7**

The company may be exempted from printing any share certificate for the issued shares and the company shall appoint a centralized securities custody institution to make recordation of the issue of such shares.

### **Article 8**

Registration for share transfer shall be suspended within sixty days prior to each ordinary shareholders' meeting, thirty days prior to each extraordinary shareholders' meeting, or five days prior to any record date for distribution of dividends or other interests as determined by the Company.

## CHAPTER III    SHAREHOLDERS MEETING

### **Article 9**

Shareholders' meetings of the Company may be classified into ordinary regular meetings and extraordinary meetings. Ordinary meetings shall be held within 6 months after the end of each fiscal year and shall be convened by the Board of Directors.

Extraordinary meetings will be held according to the law when necessary.

A written notice to convene the Regular Shareholders Meeting shall be given to each Shareholder at least 30 days in advance

including the agenda. For Special Shareholders Meeting, a written notice including the agenda shall be given to each shareholder 15 days in advance. Causes and subjects of convening a Shareholders Meeting shall be explicitly described in the notice and public announcement. Notice may be made in electronic form upon the consent of the counter party.

### **Article 10**

In case a shareholder is unable to attend a shareholders' meeting, he/she may sign and chop a proxy in the form printed and provided by the Company, stating the scope of authorization, to appoint a proxy to attend the meeting on his/her behalf. After the proxy is being served to the Company, if the shareholder would like to attend the Shareholders Meeting in person or exercise the voting power in writing or by way of electronic transmission, such shareholder shall notify the Company in writing no later than two(2) day prior to the meeting date of the Shareholders Meeting. If the shareholder fails to revoke his/her proxy by the aforesaid deadline, the voting right exercised by the proxy shall prevail.

### **Article 11**

Each shareholder shall have one vote right for each share he/she holds, except for limited shares or circumstances without voting rights as itemized in paragraph 2, Article 179 of the R.O.C. Company Law.

### **Article 12**

Unless otherwise required by the Company Law, any resolution of shareholders' meeting shall be adopted by the Shareholders of a majority of the votes presented at a shareholders' meeting attended by the shareholders who aggregately hold a majority of all issued and outstanding shares of the Company.

Resolutions adopted at the Shareholders Meeting shall be recorded in the minutes of the proceedings. The minutes of proceedings

shall also include the time and place of the meeting, name of the chairman, the manner in which resolutions had been adopted, as well as other essentials of the proceedings, and shall be signed or sealed by the chairman of the meeting. Preparation and distribution of the minutes may be made in electronic method. The Company may issue a public announcement on the Market Observation Post System to distribute the aforesaid meeting minutes to shareholders.

## CHAPTER IV DIRECTORS

### **Article 13**

The Company shall have 12 directors, each with a term of three years. The candidates nomination system is adopted by the elections of the directors. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates. A director can be re-elected. The total shareholding owned by the directors of the Company shall not be less than a certain percentage of the total issued shares of the Company. The calculation of such percentage shall be in compliance with the regulations promulgated by the competent government authorities. The directors mentioned in the previous paragraph shall be the three (3) independent directors. The method of nomination, election of independent directors and other related matters shall be conducted in accordance with the Company Law and the regulations of the competent authority for securities matters. In accordance with the Article 14-4 of the “Securities and Exchange Act”, the Company shall establish an Audit Committee. The Audit Committee shall consist of all of the independent directors. The exercise of competence and related matters of the Audit Committee and its members shall be in accordance with “Securities and Exchange Act” and other related regulations.

## **Article 14**

The Board of Directors is constituted by directors. A Chairman and a Vice-Chairman of the Company is elected by a majority of the directors at a board meeting at which more than two-thirds of all of the directors are present. The Chairman shall be the representative of the Company.

## **Article 15**

In case the Chairman is on leave or is not able to exercise its power and authority for any cause, such situation shall be handled in accordance with Article 208 of the Company Law.

The meeting notice of the Board of Director may be given by means of written notice, email, or fax. Each director shall attend the meeting of the board of directors in person. If directors can not attend in person except those residing in a foreign country and regulated by Company Law, he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting and appoints another director to attend a meeting of the board of directors in his/her behalf, but a director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

With the exception of items that regulated by law or relevant article or regulation, such as the major advantages of the Company or Related-party Transactions, should still be resolved by The Board of Directors, The Board of Directors can authorize the Chairman to preside the following scope during the off-session,

- (1) Ratify the important agreements.
- (2) Ratify the secured or pledged loan by real estate and other types of loan.
- (3) Ratify the purchase and disposal on assets and real estates of

the Company.

- (4) Appoint the Directors of the Board and Supervisors of the invested companies.
- (5) Ratify the record date of capital increase or decrease and cash or stock dividend.

### **Article 16**

The Board of Directors is authorized to determine the compensation for the Directors, according to their extent and value of the contribution provided for the Company and the common compensation standards of the same industry.

The Company shall buy D&O insurance for the directors during the term.

## CHAPTER V            MANAGERS

### **Article 17**

The Company shall have certain managers. The appointment, discharge and remuneration of such managers shall be made in accordance with Article 29 of Company Law.

## CHAPTER VI    ACCOUNTING

### **Article 18**

After the end of each fiscal year, the Board of Directors shall prepare the following statements and reports and submit them to the ordinary shareholders' meeting for ratification:

- (1) Business report;
- (2) Financial report; and
- (3) Proposals for allocation of profits or compensating losses.

### **Article 19**

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. 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, 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.

### **Article 20**

Whenever there are profits of the Company, it shall be used to pay all outstanding taxes, recover the Company's accumulated losses, 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 submitted by the Board of Directors for approval at a shareholders' meeting.

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.

## **CHAPTER VII MISCELLANEOUS**

### **Article 21**

Any matter not provided in these Articles of Incorporation shall be handled in accordance with the Company Law and

other relevant regulations.

## **Article 22**

These Articles of Incorporation were enacted on February 17, 1995.

The first amendment was made on July 4, 1995.

The second amendment was made on October 20, 1995.

The third amendment was made on May 31, 1997.

The fourth amendment was made on May 29, 1998.

The fifth amendment was made on April 28, 2000.

The sixth amendment was made on March 30, 2001.

The seventh amendment was made on March 30, 2001.

The eighth amendment was made on August 31, 2001.

The ninth amendment was made on May 17, 2002.

The tenth amendment was made on May 14, 2003.

The eleventh amendment was made on May 14, 2003.

The twelfth amendment was made on May 14, 2004.

The thirteenth amendment was made on May 14, 2004.

The fourteenth amendment was made on May 18, 2005.

The fifth amendment was made on May 19, 2006.

The sixteenth amendment was made on May 25, 2007.

The seventeenth amendment was made on June 25, 2008.

The eighteenth amendment was made on June 24, 2010.

The 19th amendment was made on November 17, 2011.

The 20th amendment was made on June 12, 2012.

The 21th amendment was made on December 14, 2012.

The 22th amendment was made on June 10, 2015. The

Company shall establish an Audit Committee at the expiration of the term of office of the Company's incumbent Supervisors elected on June 21, 2013.

The 23th amendment was made on June 22, 2016.

The 24th amendment was made on May 26, 2017.

# Nanya Technology Corporation

## Convention Rules and Procedures for Shareholders' Meeting

Amended by the Shareholders' Meetings on May 26, 2017

- Article 1: For the purposes of establishing a good governance system for a shareholders' meeting (the "Meeting"), strengthening the supervision function and enhancing management mechanism, the Company hereby promulgates the "Procedures and Rules of Shareholders Meeting" (the "Procedures") in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies".
- Article 2: Unless otherwise provided in laws, regulations or the Articles of Incorporation ("AOI") of the Company, a Meeting of the Company shall be conducted in compliance with the Procedures.
- Article 3: Unless otherwise prescribed by the laws or regulations, a Meeting of the Company shall be convened by the Board of the Directors of the Company.
- A notice to convene a regular Meeting shall be given to each shareholder no later than thirty (30) days prior to the scheduled Meeting date; while a public notice may be given to the registered stock shareholders whose shareholding is less than one thousand shares no later than thirty (30) days prior to the scheduled meeting date by a public announcement on the Market Observation Post System of the Taiwan Stock Exchange Corp. ("TSE"). A notice to convene a special Meeting shall be sent to each shareholders no later than fifteen (15) days prior to the scheduled Meeting date; while a public

notice may be given to the registered stock shareholders whose shareholding is less than one thousand shares no later than fifteen (15) days prior to the scheduled meeting date by a public announcement on the Market Observation Post System of the TSE.

To convene a Meeting, a Meeting agenda shall be prepared. The softcopy of meeting notice, proxy form, subject matters and explanations for topics related to ratification items, discussion item, and election or discharge of Directors(s), shall be prepared and uploaded to the Market Observation Post System of TSE at least thirty (30) days prior to the scheduled regular Meeting date or at least fifteen (15) days prior to the scheduled special Meeting date. Also, the softcopy of Meeting Agenda and supplemental materials shall be prepared and uploaded to the Market Observation Post System of TSE at least twenty-one (21) days prior to the scheduled regular Meeting date or at least fifteen (15) days prior to the scheduled special Meeting date. The hardcopy of Meeting Agenda and supplemental materials shall be available for shareholders to obtain and review at any time fifteen (15) days prior to the scheduled Meeting date and be displayed at the Company and professional stock agency engaged by the Company, and be distributed in the venue of a Meeting. Causes and subjects of a Meeting to be convened shall be explicitly described in the notice and public announcement. The notice may be made in electronic form upon the consent of the counter party.

Matters regarding re-election or discharge of directors, amendments to the AOI, and dissolution, merger, splitting of the Company, or any matters stipulated in Paragraph 1 of Article 185 of the R.O.C. Company Law,

Articles 26-1 and 43-6 of the Securities and Exchange Law, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized by causes and subjects in the notice of convening a Meeting, rather than being brought up by special motions.

Shareholder(s) who has (have) held more than one percent (1%) of the total amount of the issued and outstanding shares of the Company may make a written motion for a regular Meeting to the Company.

However, each of such shareholders can only make one (1) motion. Otherwise, all of his/her motions shall not be included in the agenda. In the event that any motion made by a shareholder falls under one of the situations set forth in Paragraph 4 of Article 172-1 of the R.O.C. Company Law, the Board of Directors of the Company may not list such motion in the agenda.

The Company shall, before the date on which transfer of shares is suspended for the regular Meeting, make a public announcement regarding the period and places for shareholders to make motions. This period shall not be less than ten (10) days.

A shareholder's motion shall be limited to three hundred (300) words. A motion with a text length that exceeds three hundred (300) words shall not be included in the agenda. The shareholder who makes a motion shall attend the regular Meeting in person or by his/her proxy to participate in the discussion of the motion made by him/her.

The Company shall, before the notification date of the regular Meeting, notify the proposing shareholders whether the motions such shareholders make are able to be included in the agenda and list the motions which

have complied with this Article in the meeting notice. The Board of Directors shall explain the reasons for those rejected motions in the regular Meeting.

Article 4: A shareholder may appoint a proxy on his/her behalf to attend the Meeting by executing a power of attorney printed by the Company stating therein the scope of the authority authorized to the proxy.

Each shareholder may only execute one (1) power of attorney and appoint one (1) proxy only, and shall serve the written proxy to the Company no later than five (5) days prior to the meeting date of the Meeting. In case two (2) or more written proxies are received by the Company from one shareholder, the first one received by this Company shall prevail, unless an explicit statement to supersede the previous written proxy is made in the proxy which comes later.

After the written proxy is being served to the Company, if the shareholder would like to attend the Meeting in person or exercise the voting power in writing or by way of electronic transmission, the shareholder shall notify the Company in writing no later than two (2) day prior to the meeting date of a Meeting to revoke his/her proxy. If the shareholder fails to revoke his/her proxy on time, the voting right exercised by the proxy shall prevail.

Article 5: The place for convening the Meeting shall be the location of the Company, or any other appropriate place that is convenient for the shareholders to attend, and suitable for holding the Meeting. The time to start the Meeting shall not be earlier than 9 a.m. or later than 3 p.m.

Article 6: The meeting notice shall clearly state the registration time, the venue and other matters needing attention for

shareholders. Shareholders' registration time which mentioned in preceding paragraph shall start 30 minutes ahead of the meeting, and the venue shall be with visible sign. The Company should designate the sufficient and suitable personnel to assist the registration.

The Company shall deliver the Meeting agenda, annual report, attendance certificate, speaker's slips, ballots and other Meeting related documents to shareholders who attend a Meeting. Election ballots shall be delivered as well in case that Director(s) will be elected in that Meeting.

A shareholder or his/her proxy ("Shareholder") shall attend a Meeting upon the attendance certificate, attendance card, or other certificates of attendance. The Company shall not impose arbitrary requirements on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. If the one who attends the Meeting is a solicitor of solicited proxies, the solicitor shall bring personal identification for verification. A shareholder present shall submit the attendance card to substitute signing in. Government or a legal entity, as a shareholder, may designate one (1) or more representatives to attend the Meeting. A legal entity that is appointed as a proxy to attend the Meeting can only assign one (1) representative to attend the Meeting.

Article 7: If the Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding over the Meeting. In case that the Chairman of the Board of Directors is on leave, or cannot execute his or her authority of office for any reason, the Vice Chairman of the Board of Directors

shall preside over the Meeting. If there is no Vice Chairman of the Board of Directors, or the Vice Chairman of the Board of Directors is also on leave, or cannot execute his or her authority of office for any reason, the Chairman of the Board of Directors shall designate one of the Managing Directors to act on behalf of him/her; if there is no Managing Director, the Chairman of the Board of Directors shall designate one of the Directors to preside over the Meeting. If the Chairman of the Board of Directors does not designate any proxy to preside over the Meeting on his/her behalf, the Managing Directors or Directors of the Board shall elect one from among themselves to preside over the Meeting.

The Chairman who assumes the acting chair of the meeting by Managing Directors or Directors in preceding paragraph shall hold an office at least 6 months above and fully understand the situation of finance and business of the Company. The same applies in case of the Chairman as representative of legal person shareholder.

If the Meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding over the meeting, and majority of the Board of Directors ought to attend the Meeting, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the Shareholders Meeting minutes.

If the Meeting is convened by any other person entitled to convene the Meeting, not by the Board of Directors, such person shall preside over the Meeting. If there are two (2) or more persons entitled to convene the

Meeting, they shall elect one from among themselves to preside over the Meeting.

The Company may designate its lawyers, certified public accounts or relevant persons to attend the Meeting.

Article 8: The whole proceedings of the meeting which shall include the process of shareholders' registration, voting and recording of ballots shall be videotaped and taperecorded uninterruptedly. Those tapes set forth in preceding paragraph shall be preserved for at least one year. However, if a shareholder files a lawsuit according to Article 189 of the R.O.C. Company Law, such tapes shall be kept until the conclusion of such litigation.

Article 9: The calculation of the attendance of the Meeting shall be based on the shares represented. The number of shares represented by shareholders present in the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders present plus the voting rights exercised in writing or by electronic method.

The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet reached more than fifty percent (50%) of the total amount of the issued and outstanding shares of the Company, the chairman may postpone the time of the Meeting. The postponements shall be limited to two (2) times at most and the Meeting may not be postponed longer than one (1) hour totally. The chairman shall abort the convention of the Meeting if the shares of the shareholders present at the Meeting are less than one third (1/3) of the total issued and outstanding shares

after the Meeting being postponed by two (2) times. If after two postponements the number of shares represented by the shareholders present at the Meeting still can not constitute the quorum for the Meeting, but the shares of the shareholders present at the Meeting represents one-third (1/3) of the total issued and outstanding shares or more, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the R.O.C. Company Law, and sent to all shareholders to convene the Meeting again within one (1) month.

Before the adjournment of the Meeting if the number of shares represented by the shareholders present at the Meeting reaches more than fifty percent (50%) of the total amount of the issued and outstanding shares, the chairman may submit the adopted tentative resolution(s) to the Meeting for approval in accordance with Article 174 of the R.O.C. Company Law.

Article 10: If the Meeting is convened by the Board of Directors, the agenda of the Meeting shall be set by the Board of Directors. The Meeting shall proceed in accordance with the agenda, unless otherwise resolved by the Meeting.

The preceding paragraph shall apply mutatis mutandis to cases where the Meeting is convened by a person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved by the Meeting, the chairman shall not adjourn the Meeting before all of discussion items (including special motions) in the agenda of the Meeting have been resolved. In case that the chairman violates the Procedures and announces the adjournment of the Meeting, other members of the Board of Directors

shall promptly assist the shareholders present at the Meeting, pursuant to the laws and regulations, to elect one person among themselves by a majority of at least fifty percent (50%) or more votes represented by the shareholders present at the Meeting to act as the chairman to preside over the Meeting and continue the Meeting.

To, the chairman shall provide opportunities to the shareholders for their sufficient explanation and discussion on the discussion items in the agenda of the Meeting, the amendment to the discussion items and special motions made by shareholders. The Chairman may announce to end the discussion of the foresaid matters and submit them to be resolved when the chairman deems appropriate.

Article 11: A shareholder who intends to speak in the Meeting shall first fill out a speech note, specifying therein the summary of the speech, the shareholder's number (or the number of his/her attendance certificate) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. A shareholder who only submits his/her speech note for a speech but does not actually speak in the Meeting shall be considered as not having given such a speech. If the contents of the speech of the shareholder are different from the contents of the speech note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman, each shareholder shall not speak more than two times for each discussion item. Each speech shall not take more than 5 minutes. In case the speech of any shareholder violates the foresaid provisions or exceeds the scope of the discussion item, the chairman may stop the speech

of such shareholder.

When a shareholder is giving a speech, the other shareholders shall not interrupt the speech of the shareholder unless they have obtained the consent from the chairman and the said shareholder. For any such violations, the chairman shall stop the interruption immediately.

If a legal entity shareholder who designates two (2) or more representatives to represent it at the Meeting, only one of the representatives so designated can speak for each discussion item.

After the speech of a shareholder, the chairman may respond by himself/herself or appoint an appropriate person to respond.

Article 12: A resolution of a Meeting shall be calculated by the numbers of shares.

Shares held by a shareholder without voting right shall not be counted in the numbers of the total issued and outstanding shares while adopting a resolution at a Meeting.

A shareholder, who has a conflict of interest with the Company in the matter discussed at a Meeting and such conflict may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of other shareholders.

A director of the Company has created a pledge on the company's shares more than half of the company's shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of shares shall not be exercised and the excessive portion of shares shall not be counted in the number of votes of shareholders present at the meeting.

Shares for which voting right cannot be exercised as

mentioned in those two preceding paragraphs shall not be counted in the number of votes of shareholders present at the Meeting.

In the event the same proxy acts for two (2) or more shareholders, except for a securities trust enterprise or stock agency approved by the competent authority, his/her delegated voting right cannot exceed three percent (3%) of the total voting rights of the issued and outstanding shares of the Company. Otherwise the excessive voting rights shall not be counted.

Article 13: Shareholders of the Company shall be entitled to one vote for each share they hold, except for the limited shares or the shares without voting rights as set forth under Paragraph 2 of Article 179 of the R.O.C.

Company Law.

Shareholders of the Company may exercise their voting rights in writing or by electronic method. The way how to exercise voting rights in writing or by electronic method shall be described in the Meeting notice.

Shareholders who exercise their voting rights in writing or by electronic method shall be deemed as attending the Meeting in person provided however that their voting rights to the special motions and amendments to the discussion items at the Meeting shall be deemed to be abandoned.

The shareholder who intends to exercise his/her voting rights in writing or by electronic method as stated in the preceding paragraph shall serve the Company his/her voting rights exercising result in writing (the "Voting Exercising") no later than two (2) days prior to the Meeting. If two or more Voting Exercising is received by the Company from one shareholder, the first one received by the Company shall prevail, unless the later

one is sent to revoke the previous one.

The shareholder who has exercised his/her voting rights in writing or by electronic method and thereafter wants to attend the Meeting in person shall revoke his/her Voting Exercising via the same method he/she took previously to serve his/her Voting Exercising to the Company by at least two (2) day before the Meeting.

In case the shareholder fails to revoke his/her Voting Exercising on time, the Voting Exercising shall prevail.

If a shareholder has exercised his/her voting right in writing or by electronic method but also appoints a proxy by power of attorney to attend the Meeting, the voting rights exercised by the proxy shall prevail.

Unless a majority of more than fifty percent (50%) is required by the R.O.C. Company Law or the AOI of the Company, a resolution of the Meeting shall be adopted by at least a fifty percent (50%) majority of votes represented by the shareholders present at the Meeting.

In the proceedings of voting, the chairman or the person designated by the chairman shall announce the total voting shares of the shareholders present at the Meeting by each discussion item, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If there is an amendment or alternative for a discussion item, the chairman may combine the amendment or alternative into the original discussion item, and determine the sequence of voting for such discussion item. If any one of the above has been resolved, the others shall be deemed vetoed and no further voting is necessary.

The person(s) to supervise and the person(s) to record the ballots during a vote by casting ballots shall be designated by the chairman. However the persons supervising the recording of the ballots shall be shareholders of the Company. The whole process of resolutions, election of Directors and the ballots recording shall be conducted in publicly venue of the meeting. The result of voting which shall include the total number of the voting rights shall be announced at the Meeting, and recorded in the meeting minutes.

Article 14: Election of Directors shall be conducted according to the relevant election rules of the Company. Election results which shall include the roster of Directors and the total number of the voting rights shall be announced extemporarily at the Meeting.

The ballots for the elections set forth in the preceding paragraph shall be sealed and signed by the persons supervising the recording of the ballots and properly kept for at least one (1) year. However, if a shareholder files a lawsuit pursuant to Article 189 of the R.O.C. Company Law, such ballots shall be kept until the conclusion of such litigation.

Article 15: Resolutions adopted at the Meeting shall be recorded in the meeting minutes, which shall be signed or sealed by the chairman of the Meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the Meeting. Preparation and distribution of the meeting minutes may be made by electronic form and method.

This Company may issue a public announcement on the Market Observation Post System to distribute the aforesaid meeting minutes to shareholders.

Information including the time (year, month and date)

and place of the Meeting, name of the chairman, the manner in which resolutions had been adopted, as well as the summary of the essentials of the proceedings and result of the Meeting shall be clearly stated in the meeting minutes. The Company shall keep the meeting minutes persistently during the existence of the Company.

Article 16: The Company shall prepare a statistical statement in accordance with the prescribed format and explicitly disclose the number of the shares solicited by the solicitors and the number of the shares of the proxies in the venue of a Meeting on the date of the Meeting. The Company shall make public announcements regarding the content of the Meeting resolutions on the Market Observation Post System within the required time limit if such resolutions are qualified as the material events as set forth in the laws and regulations or regulated by the Taiwan Stock Exchange Corporation.

Article 17: Persons handling the business of the Meeting shall wear an identification card or a badge.

The chairman may engage disciplinary officers or security personnel to assist to keep the order of the Meeting. Such disciplinary officers or security personnel shall wear a badge or identification card marked "Disciplinary Officers".

The chairman may stop the speech of a shareholder if such shareholder makes the speech by a megaphone not provided by the Company at the Meeting.

The chairman may request disciplinary officers or security personnel to have the shareholder leave the Meeting if such shareholder violates the Procedures and disobeys the correction order of the chairman, or

interrupts the proceedings of the Meeting after being requested to stop by the chairman.

Article 18: During the Meeting, the chairman may set time for intermission at his/her discretion. In the event of any force majeure, the chairman may adjourn the Meeting temporarily and announce reopening time subject to the actual situation.

If a Meeting cannot be finished with the agenda (including special motions) while the arranged venue of the Meeting can no longer be used, a resolution to find another place to continue the Meeting may be adopted. A resolution may be adopted to postpone or continue the Meeting within five (5) days according to Article 182 of the R.O.C. Company Law.

Article 19: The Procedures shall become effective from the date it is approved by the Meeting. The same applies in case of revision.

# **Nanya Technology Corporation**

## **Procedure of Acquisition or Disposal of Assets of the Company**

Amended by the Annual Shareholders' Meeting on May 26, 2017

### **Chapter 1 General Provisions**

#### **Article 1:**

When acquiring or disposing of the following assets, Nanya Technology Corp. (the "Company") and its subsidiaries shall follow the Procedures of Acquisition or Disposal of Assets (the "Procedures"):

1. Investments including stocks, government bonds, corporate bonds, bank indentures, securities representing funds, depository receipts, warrants, beneficiary securities, assets based securities, etc.;
2. Real estate (including land, building, real estate of investment purpose, land-use right) and equipment;
3. Memberships;
4. Intangible assets, including patents, copyrights, trademarks, charter rights, etc.;
5. Indebtedness due to financial institutions (including account receivables, bankers' acceptance, loans and receivables on demand);
6. Derivative products;
7. Assets that are acquired or disposed of through merger, spin-off, acquisition or share exchange;
8. Other major assets.

#### **Article 2:**

The limit amount of investments for non-operating real estates or securities shall mean the original investment, by the Company or the Company's subsidiaries, not exceeding 60% of the book value

of total assets of the Company or the Company's subsidiaries; for a specific securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets of the Company.

### Article 3:

#### Definition of the Procedures

1. "Derivatives" used herein shall mean forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. "Assets acquired or disposed of through merger, spin-off, acquisition or share exchange in accordance with laws" Refers to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares [of another company] through issuance of new shares of its own as the consideration thereof (hereinafter "assignment").
3. "Related Party" and "Subsidiary Company" as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional Appraiser" Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real estate or equipment.
5. "Date of the Event" used herein shall mean the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the

transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.

6. “Investment in Mainland China” used herein shall mean investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

#### Article 4:

Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters, from whom the Company obtains the appraisal reports and opinion letters for the acquisition or disposal of assets, shall not be the Related Party of the Company or the counter party of the relevant transaction.

#### Article 5:

The procedures for the assessment, determination of transaction terms and conditions, and price of acquiring or disposing of assets by the Company shall be in accordance with the following requirements:

1. Transactions relating to short term security investments, which are mentioned in Article , should be evaluated and executed by the financial department ; long term security investment should be assessed by the Company’s President Office (“President Office”) and executed by the financial department after the approval of the Board of Directors of the Company (the “Board of Directors”); except for the foresaid assets, the other asset transactions should be conducted by related departments in accordance with the relevant authorization limits of the Company.

2. The price of the above-mentioned transactions, except which are traded in the stock exchange or securities brokerage firms, shall be determined in via public bidding, price bidding, or price negotiation based on reference to the market conditions.

Article 6:

If there is any dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of Board of Directors meeting.

A material asset transaction or a derivatives transaction shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee and then be submitted to the Board of Directors for approval. If the aforesaid transaction has not been approved with the consent of one-half or more than one-half of all members of the Audit Committee, the transaction may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.

## **Chapter 2 Acquisition or Disposal of Assets**

Article 7:

Except for transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery and equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company, whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with:

1. If for any special reason, a restricted price, specific price, or particular price must be used as a reference for the transaction

price, the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.

2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.
3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 issued by the ROC Accounting Research and Development Foundation (hereinafter “ARDF”) and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser’s appraisal report:
  - (1) The discrepancy between the result of the Professional Appraiser’s appraisal report and the transaction price exceeds 20%
  - (2) The discrepancy between the two appraisal reports is over 10% of the transaction price
4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.

#### Article 8:

Before the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained prior to the date of

the event for assessment and as a reference for the transaction price; in addition, for the transaction with price reaching 20% or more of this Company's paid-in capital or NT\$300 million or more, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the date of the event; if the work of an expert is required, the certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 issued by Accounting Research and Development Foundation.

The aforesaid provisions hereof shall not be applicable to the case in which such securities with the open bid price obtained in the active market or otherwise provided by the competent securities authority.

#### Article 8-1:

In acquiring or disposing of membership cards or intangible assets where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

#### Article 8-2:

The calculation of transaction price of the above-mentioned three articles hereof shall be implemented in accordance with the second Paragraph of Article 26; the mentioned 'within the past one year' shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already obtained an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant according to the

Procedures, shall be excluded.

Article 9:

For the Company's acquisition or disposal of assets through auction procedures of courts, the appraisal reports or the certified public accountant's opinion for the foresaid acquisition or disposal of assets can be replaced by documents issued by the courts.

Article 10:

The Company's acquisition or disposal of assets shall be conducted by the authorization to the Chairman of the Board of Directors of the Company (the "Chairman") by the Board of Directors in accordance with the authorization limits of the Company.

### **Chapter 3 Transactions with Related Parties**

Article 11:

When the Company acquires assets from disposes assets to a Related Party, the related approval procedures and the assessment of reasonableness of transaction conditions shall be implemented in accordance with the regulations of Chapter 2 and this Chapter of the Procedures ; in addition, for transactions with a price reaching 10% or more of the Company's total assets, an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant shall be also obtained in accordance with the regulations of Chapter 2.

The calculation of the above-mentioned transaction price shall be implemented in accordance with Article 8-1.

Article 12:

Except for trading of government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of

domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real estates from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:

1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.
2. Reason for choosing the Related Party as the transaction counterparty.
3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article 13 to Article 15 while acquiring real estate from a Related Party.
4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related Party.
5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.
6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to the above-mentioned Article.
7. The constraint conditions and other material conventions of the transaction.

The calculation of the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article 26; the mentioned 'within the past one year' shall mean within one year

backwards from the date of the subject transactions whereas transactions, which have already submitted to the Board of Directors for approval according to the Procedures, shall be excluded.

The acquisition or disposal of operation-purpose machinery and equipment between the Company and parent companies or subsidiaries could be approved by the Company's Chairman in advance, who is authorized by the Board of Directors in accordance with Article 10, and proposed for ratification by the very next Board meeting thereafter.

The dissenting or qualified opinions from the Independent Director(s) of the Company on the matters submitted to the Board of Directors for discussion in accordance with the previous paragraph of this Article shall be placed on record in the meeting minutes of the Board of Directors meeting.

The matters for which Paragraph 1 of this Article requires submitted to the Board of Directors for a resolution shall first be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee. If the aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.

#### Article 13:

The Company acquiring real estates from a Related Party shall assess the reasonableness of the transaction cost in accordance with the following methods:

1. Transaction cost will be the amount of transaction price plus the necessary funding interest and the cost the buyer shall pay in accordance with the laws. The necessary funding interest cost

can be the weighted-average interest rates of loans the Company obtained in the year that the asset is purchased by the Company and can not be higher than the current maximum lending rate of non-financial institutions announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading partners.

If the land and the building of the same targeted object are acquired together, the transaction cost of the land and the transaction cost of the building can be evaluated separately in accordance with either one of the evaluation methods of the first Paragraph of this Article.

The transaction cost shall be determined in accordance with the first Paragraph and the second Paragraph of this Article, if the Company acquires any real estate from its Related Party. The Company also shall request its certified public accountant to review the transaction cost and express his/her concrete opinions on the transaction cost.

#### Article 14:

The Company acquiring real estate from its Related Party shall follow the related assessment and procedures of Article 12 hereof if any one of the following conditions occurs; and the regulation of Article 13 hereof regarding the reasonableness assessment of the transaction cost does not apply here:

1. The real estate was acquired by the Related Party through inheritance or donation.

2. The period between the contract execution date at which the Related Party acquired the real estate and the contract execution date of this transaction has exceeded five years.
3. The real estate is acquired through signing of a joint development contract with a Related Party, or under an arrangement on engaging a Related Party to build on the Company's own land, or engaging a Related Party to build on rented land.

#### Article 15:

When the Company acquires real estate from its Related Party, if the transaction cost of the real estate, which are derived from the evaluation of the transaction cost in accordance with the first Paragraph and second Paragraph of Article 13, is lower than the transaction price, the related matters of the transaction shall be processed in accordance with Article 16 hereof. The transaction will not be subject to the foresaid regulation if the following conditions are met and the Company can provide the objective evidence and get specific opinions of reasonableness from a Professional Appraiser in real estate and from its certified public accountant:

1. If a Related Party acquires undeveloped land or rents the land to build real estate, one of the following conditions shall be met by giving evidence:
  - (1) The evaluation of the undeveloped land is conducted in accordance with the above-mentioned two articles hereof and the evaluation value of the building, equal to the sum of the construction cost of the building and the reasonable construction profit, is exceeding the actual transaction price. The foresaid 'reasonable construction profit' shall be the average operating margin of the Related Party's construction department over the latest three years or the operating margin of the construction industries of the latest year

announced by the Ministry of Finance, whichever is lower.

(2) The transaction conditions of other floors of the same targeted building or the completed transaction of other non-Related Party within one year nearby, the area of which is materially the same as that of the targeted building, after the evaluation in accordance with the usual customary practice regarding the reasonable floor or price difference in terms of location, are closely the same with those of the transaction of the targeted building.

(3) The transaction conditions of other floors of the same targeted building leased by other non-Related Party within one year, after the evaluation in accordance with the reasonable price difference in terms of floor of the usual customary practice, are materially the same with those of the transaction of the targeted building.

2. The Company gives evidences that the transaction conditions for buying the real estate from its Related Party are materially the same of that of a completed transaction of another non-Related Party nearby within the past one year, of which the area amount of the real estate is materially the same with that of the foresaid real estate of the Company's Related Party.

The mentioned 'nearby completed transaction case' in the above paragraph shall mean that the location of its real estate is in the same street or in the same street block within a 500-meter circle, or mean the public present value of its real estate is materially the same with that of the real estate of the Company's Related Party; the mentioned 'materially the same area amount' shall mean the area amount of the completed transaction of the non-Related Party is not less than 50% of that of the targeted real estate; the mentioned 'within the past one year' shall mean within one year backwards from the date at which the Company acquires the real estate.

## Article 16:

If the transaction cost of the real estate of the Company's Related Party, after the evaluation in accordance with the method of Article 13 to Article 15 hereof, is lower than the transaction price, the following matters shall be processed:

1. The amount of the difference between the transaction price and the evaluated transaction cost of the real estate shall be booked as special reserves of the Company in accordance with the first paragraph of the Article 41 of the Securities and Exchange Law and shall not be distributed to shareholders in cash or in shares. If the Company is an investor of other companies, which assesses the investment in equity method, the Company also shall book the foresaid difference amount as special reserves.
2. The Audit Committee shall supervise the Company's execution of the aforesaid matter.
3. The processing status of item one and item two of the first Paragraph of this Article hereof shall be submitted and reported to the Shareholders' Meeting of the Company (the "Shareholders Meeting") and the details of the transaction shall be disclosed in the annual report and the prospectus.

The above-mentioned special reserves, which are booked in accordance with the first Paragraph of this Article, can be used after the valuation loss of the assets, which were bought in high prices had been realized, or the Company's assets were properly compensated or recovered to the original status, or there was an evidence showing that the transaction was not unreasonable and the use of the special reserves had been approved by the competent securities authority.

When acquiring real estates from the Company's Related Party, if there is any evidence showing that the transaction does not comply with common business practices, the transaction shall be processed in accordance with Paragraph 1 and Paragraph 2 of this Article hereof.

## **Chapter 4 Engage in the Transaction of Derivatives Products**

### Article 17:

Any derivatives trading of the Company shall be conducted in accordance with the “Handling Procedures to Engage in the Transaction of Derivatives Products” of the Company, and when doing so, the Company shall pay attention to issues of risk management and auditing to fulfill the Internal Control System of the Company.

## **Chapter 5 Merger, Spin-off, Acquisition or Share Exchange**

### Article 18:

Before the resolution of the Board of Directors regarding a merger, spin-off, acquisition or share exchange that the Company is planning to conduct, opinions regarding the reasonableness of the share exchange ratio, acquisition price or cash distribution to shareholders shall be obtained from the certified public accountants, lawyers or securities underwriters and submitted to the Board of Directors for their approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries’ issued shares or authorized capital.

### Article 19:

When the Company participate in a merger, spin-off or acquisition, the Company shall prepare a public document containing the material consent matters and related matters of the merger, spin-off, or acquisition. The foresaid document, the opinions of

the specialists in Article 18 hereof and the Shareholders Meeting Notice shall be delivered together to the shareholders of the Company for their reference to approve or disapprove the merger, spin-off, or acquisition. A merger, spin-off, or acquisition, which does not need the approval of the Shareholders Meeting according to the laws will not be subject to the constraint herein. If the shareholders meeting of the company, which participates in the merger, spin-off, or acquisition, can not be convened because the quorum or votes of the meeting do not reach the requirement, or if there are other constraints by laws, or the shareholders meeting vetoes the merger, spin-off, or acquisition, the Company shall immediately make a public statement to explain the reasons of this matter, the following related operations and the date of convening the next Shareholders Meeting.

#### Article 20:

The Company shall convene the Meeting of the Board of Directors and the Shareholders Meeting on the same date on which the other companies participating in the merger, spin-off, or acquisition convene their board of directors and the shareholders meeting, except for the case, regulated by the laws or having specific causes with prior approval from the competent securities authority. The Company shall convene the Meeting of Board of Directors on the same date on which the other companies participating in the shares exchange convene their meeting of board of directors, except for the case, regulated by the laws or having specific reasons with the prior approval from competent securities authority.

In the case that the Company participates in the merger, spin-off, acquisition or shares exchange, the information set forth as below shall be completely prepared in writing and kept safely for five years. In addition, the information set forth under Item 1 and Item 2 of this paragraph, as shown below, shall be reported in compliance with the required forms within two days from this date

on which the Board of Directors approves such matter in the website designated by the competent securities authority.

1. Personnel information: including title, name and identification number (or passport number for a foreigner) of persons who participate in or execute the merger, spin-off, acquisition or shares exchange before such matter is publicly announced.
2. Date of a material event: including the date on which an intention letter or a memorandum is signed, a financial or legal consultant is mandated, a contract is signed or the Board of Directors meeting is convened.
3. Material documents and the meeting minutes of the Board of Directors meeting: including the plan of merger, spin-off, acquisition or shares exchange, the intention letter or memorandum, the material contracts, the meeting minutes of the Board of Directors meeting and so forth.

If the opposite party of the transaction of merger, spin-off, acquisition or shares exchange in which the Company participates is not a listed company or an over-the-counter-listed company, the Company shall enter into an agreement with such party and shall comply with the preceding paragraph of this Article.

#### Article 21:

All the persons, who participate in or know of the merger, spin-off, acquisition or share exchange of the Company, shall submit a written confidentiality covenants. Before the public announcement of the related information, those persons shall not disclose the contents of the plan of the merger, spin-off, acquisition or share exchange and shall not buy or sell shares or other equity-related securities of the related companies of the merger, spin-off, acquisition or share exchange in their own names or in the names of other persons.

## Article 22:

Except for the following conditions, when the Company participates in the merger, spin-off, acquisition or share exchange, the share exchange ratio or the acquisition price can not be altered arbitrarily and the conditions below shall be included in the contract of the merger, spin-off, acquisition or share exchange:

1. Issuance of new shares after capital increase in cash, issuance of convertible bonds, issuance of bonus shares, issuance of bonds with options, issuance of preferred stocks with options, issuance of stock options or issuance of other equity-related securities.
2. Activities, such as disposal of any of the Company's material assets, that have impact on the Company's financial operations.
3. Matters, such as the occurrence of material disasters and significant change of technologies, that affects the shareholders' rights or the share price.
4. Adjustment of buying treasury stock by any one of the companies that participate in the merger, spin-off, acquisition or share exchange according to the laws.
5. Increase or decrease of the number of companies that participate in the merger, spin-off, acquisition or share exchange.
6. Other conditions that can be altered have been included in the contract and have been disclosed publicly.

## Article 23:

When the Company participates in the merger, spin-off, acquisition or share exchange, the contract of such merger, spin-off, acquisition or share exchange shall specify the obligations and rights of the companies, which participate in the merger, spin-off, acquisition or share exchange. In addition, the contract shall specify the following items:

1. Default clause.
2. Handling principles of the equity-related securities or the

treasury stocks bought by the companies, which will disappear due to the merger or which will be split due to the spin-off, before the events happen.

3. The amount of treasury stock that the participating companies can buy back on the date the ratio of the exchange of shares has been determined as well as the handling procedures thereof.
4. Handling methods of the increase or decrease of the number of the participating companies.
5. The projected execution progress and the projected completion date of the plan.
6. Handling procedures of convening the expected shareholders meeting, which shall be convened in compliance with the laws if the plan can not be completed on schedule, such as the determination of the date of the shareholders meeting.

#### Article 24:

If the Company participating in the merger, spin-off, acquisition or share exchange, after the disclosure of the related information, intends to participate in a merger, spin-off, acquisition or share exchange of another company, the completed procedures or legal activities of the original merger, spin-off, acquisition or share exchange shall be conducted again by all of the participating companies, except for the condition that the number of the participating companies decreases and the shareholders meeting of the companies, participating in the original merger, spin-off, acquisition or share exchange, have resolved to authorize the Board of Directors to alter.

#### Article 25:

If the any company, which participates in the merger, spin-off, acquisition or share exchange is not a public company, the Company shall enter into an agreement with this party and conduct related matters in accordance with Article 20, Article 21

and Article 24 hereof.

## **Chapter 6 Public Disclosure**

### Article 26:

If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:

1. Acquisition of real estate from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets from a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.
2. Merger, spin-off, acquisition or share transfer.
3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.
4. Acquisition or disposal of operation-purpose machinery and equipment with non-related parties in an amount exceeding NT\$ 1 billion.
5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, and the amount the Company plans to contribute exceeding NT\$ 500

million.

6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:

(1) Trading government bonds;

(2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.

The ways to calculate amounts in the foresaid Paragraph of this Article hereof will be according to the following:

1. The amount of each single transaction for acquisition or disposal of assets;

2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;

3. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of real estate under the same development project within one year;

4. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of the same security within one year.

The "within the past one year" used in the second Paragraph of this Article hereof shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already been published, shall be excluded.

Article 27:

Should there be any mistake or omission in the Company's required public announcement, the Company needs to repeat its public announcement of all items when the Company conduct the acquisition or disposal of assets within two days from the date

when is the Company becomes aware of the error or omission.

Article 28:

The contracts, meeting minutes, memoranda, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company's records for at least five years.

Article 29:

Should any of the following conditions occur after the reporting and public announcements of transactions based on Article 26 to Article 28, the Company needs to report and make public announcements accordingly on the website appointed by the competent securities authority within two days from the date of the event:

1. Amendment, termination or cancellation of the original agreement;
2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.
3. Changes of the original reporting and public announcements.

## **Chapter 7 Supplemental Provisions**

Article 30:

If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public company, reaches the reporting criteria specified in Chapter 6 of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary.

The 20% of paid-in capital or 10% of total assets specified in item 5 of the first Paragraph of Article 26, in connection with the criteria of reporting and public announcements shall be the paid-in

capital or total assets of the Company.

Article 31:

The Company's controlling and monitoring procedures towards the acquisition or disposal of assets by its subsidiaries are as follows:

1. The Company shall urge its subsidiaries to establish and execute their own "Procedures for Acquisition of Disposal of Assets".
2. If any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall deliver a written notice to the Company of this kind of violation.

The Company shall know the condition of dealing with the violation(s) and of the resulting improvements.

Article 32:

Should there be any violation of the procedures when the persons-in-charge of the Company deal with acquisition or disposal of assets, subsequent penalization is subject to the relevant HR policies of the Company.

Article 33: (Deleted)

Article 34:

The relevant definition regarding 10% of the Company's total assets in the Procedures is calculated based on the total asset amount in the Company's most recent annual parent company only or individual financial reporting which is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 35:

After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for

approval. Any amendment is subject to the same procedure. The dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of the Board of Directors meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall be approved with the consent of one-half or more than one-half of all members of the Audit Committee. If the aforesaid establishment or revision of this Procedures has not been approved by the Audit Committee with the consent of one-half or more than one-half of all members of the Audit Committee, the establishment or revision of this Procedures may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the Audit Committee shall be recorded in the meeting minutes of the Board of Directors meeting.

# **Nanya Technology Corporation**

## **Handling Procedures to Engage in the Derivative Transaction of Products**

Amended by the Annual Shareholders' Meeting on May 24, 2018

### **Chapter 1 General Provisions**

#### Article 1:

The “Handling Procedures to Engage in the Derivative Transaction of Products” (the “Procedures”) of Nanya Technology Corporation (the “Company”) was established in accordance with Article 17 of the “Procedures for Acquisition or Disposal of Assets” of the Company.

#### Article 2:

The derivative products referred to herein shall mean any contracts with worth derived from assets, interest or currency exchange rates, indices or other subjects. Such instruments include forwards, options, futures, Leverage Contract, interest rate or exchange rate swaps and compound contracts combining the above products.

#### Article 3:

Forwards referred to herein do not include insurance, performance, post-sale service, long-term sales/procurement contracts.

#### 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 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.

## Chapter 2 Operation Procedures

### 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. The authorized level and amount are set as follows:

<u>The authorized Level</u>	<u>The authorized amount of each project or each transaction</u>
The Board of Directors	> 100M USD equivalence
President	10M < USD equivalence $\leq$ 100M
Financial officer	$\leq$ 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 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 follow the dealing strategy in accordance with the approved deal terms and conditions of derivative transactions. Also, the transaction personnel shall execute deals directly with counterparties. After the aforesaid 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.

Article 7:

For the derivative transactions of the Company, the Company shall establish a comprehensive management information system towards the balance position of the transactions, profit/loss analysis and so on to ensure proper risk control and monitoring and to respond to abnormal situations in time.

### **Chapter 3 Information Disclosure Procedures**

Article 8:

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.

Article 9:

When the Company's subsidiaries are not domestic public companies and are participating in derivative transactions, the Company shall follow the requirements of Article 8 hereof to report and make public announcements on behalf of its subsidiaries.

Article 10:

Should there be any mistake or omission in the Company's required public announcement and so needs to be corrected, the Company shall repeat its public announcement of all items.

Article 11:

The Company shall upload the auditing report regarding the derivative transactions and the implementation status of annual auditing plans of internal audits in the regulated form to the website designated by the competent securities authority before the end of February of every year.

Article 12:

The Company shall upload the improvement situation for any abnormal affairs regarding the Procedures to the website designated by the competent securities authority before the end of May of every year.

#### **Chapter 4 Internal Control and Internal Audit**

Article 13:

The Company engaging in derivative transactions shall adopt appropriate risk management practices with regards to credit risk, market risk, liquidity risk, cash flow risk, operation risk and legal risk. The personnel that deal the transaction of derivative products, and make confirmation of these transactions and make settlements of these transactions shall not be the same. Regarding the appropriateness assessment towards the risk measurement, monitoring and control, and risk management procedures, the President Office of the Company should periodically report to the high-level manager(s), who is authorized by the Board of Directors of the Company.

Article 14:

The positions from the trading of derivative products shall be evaluated at least once a week by the in-charge department, but the hedging transactions made for business purposes shall be evaluated at least twice a month. The manager of the in-charge department shall pay attention to the risk control and monitoring of derivative transactions from time to time, and periodically supervise and evaluate the derivative transactions to check whether they are conducted in

accordance with the related procedures formulated by the Company hereof and whether the attendant risk of these transactions is within the capability of the Company. The foresaid evaluation reports shall be given to a high-level manager(s) authorized by the Board of Directors of the Company for review. If there is any abnormal situation highlighted in the market evaluation reports (e.g. the holding position has reached the upper loss limit), the Company shall immediately take necessary measures to deal with the situation and report to the Board of Directors of the Company. There shall be independent directors attending the Board meeting and express their opinions.

#### Article 15:

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 14 hereof.

The auditing personnel shall be in charge of periodically assessing the appropriateness of the internal control regarding the derivative transactions, shall conduct monthly audit to evaluate whether the trading department conform to the Procedures, and shall prepare the auditing report on a monthly basis accordingly. 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.

#### Article 16:

The Company's control and monitoring procedures towards the derivative transactions by the Company's subsidiaries are as follows:

1. If the Company's subsidiaries intend to conduct derivative transactions, the Company shall urge that its subsidiaries establish their own "Handling Procedures to Engage in the Transaction of Derivative Products".

2. The Company's subsidiaries shall submit the reference content of the derivative transactions of the previous month to the Company for review by the fifth date of every month.
3. If any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall submit a written notice to the Company of such violations. The Company shall closely monitor the violation(s) and the resulting improvements.

## **Chapter 5 Supplemental Provision**

### Article 17:

After the Procedures are approved by the Board of Directors of the Company, the Procedures shall be submitted to the Shareholders Meeting of the Company for approval. Any amendment is subject to the same procedure. The opinions of objection or reservations from the independent Director(s) of the Company shall be placed on record in the meeting minutes of the Company's Board of Directors meeting. The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all Audit Committee members. 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.

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### Note :

“Regulations Governing the Acquisition and Disposal of Assets by Public Companies” has deleted Accounting Handling Principles, and IFRS has been applied. Therefore, Chapter 4 Accounting Handling Principles from the Article 14 to 16 shall be deleted.

# **Nanya Technology Corporation**

## **The Procedure of Loans of Funds to Others**

Amended by the Shareholders' Meetings on May 26, 2017

### Article 1

Loaning funds to others by the Company shall be handled in compliance with the procedure.

### Article 2

Any counterparty to be loaned funds by the Company shall be a business-related company or party or other non-business related company or party that has short term financing needs.

### Article 3

Loaning funds to business related companies or parties by the Company shall be conducted in compliance with subparagraph 2 of Article 4 hereof. As to loaning funds for non-business related but short-term financing needs, the following companies or parties are qualified:

1. Affiliated enterprises, which are in need of short term financing to meet their business requirements.
2. Other companies or parties, which need short-term or business financing for purchase of materials or business operation.

### Article 4

Limitation on the total outstanding amount of loans to all borrowers and to each borrower:

1. The aggregate amount of loaning funds to other companies or parties shall not exceed 50% of net value of the Company. Moreover, the aggregate amount of loaning funds to other non-business related companies or parties, which need short-term

- financing shall not exceed 40% of net value of the Company.
2. The total outstanding amount of loans to each company/firm, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount over the latest year, whichever is higher and shall not exceed 10% of the net worth of the Company.
  3. The total outstanding amount of loans to each company/firm in need of short term financing, which is an affiliate of the Company, shall not exceed 10% of the net worth of the Company; as to the other borrowers, the total outstanding amount of loans to each of them shall not exceed 5% of the net worth of the Company.
  4. The authorized amount of loaning funds to a single enterprise, conducted in compliance with Article 7, shall not exceed 10% of net value of the Company.

## Article 5

When the Company intends to loan funds to a borrower who applies to borrow funds from the Company, the Company shall do an investigation and assessment of the following aspects: the purposes and terms of the guarantee for the borrowing, and the impact towards the Company’s business operations, financial condition, and shareholders' equity. Based on these findings the amount of loaning or the limitation on the amount of loaning, duration and interest payment terms shall be determined and submitted to the Board of Directors of the Company for approval. The loan shall be advanced according to the approval of the Board of Directors of the Company.

The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

When the Company making major loans to others, it 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.

#### Article 6

The duration of the funding for non-business related but for short-term financing needed companies or parties shall not be longer than one year. The interest rates of the loans shall not be lower than the current lowest lending interest rate disclosed by the general financial institutions.

#### Article 7

Loaning funds to parent or subsidiaries companies or parties, or loaning in-between subsidiaries, should be conducted in compliance with Article 5, submitted to the Board of Directors of the Company for approval, and should be authorized to the chairman for loaning in installments or revolving drawing to the same counterparty within the certain amount and the duration not longer than one year approved by the Board of Directors of the Company.

#### Article 8

A loan to the borrower can be extended for a certain period, provided the extension of the loan is approved by the board of directors. The total duration of the loan after the above-mentioned extension shall meet the requirement of the first part of Article 6 hereof. If the extension of the loan is not approved by the board of directors, the borrower shall repay the loan in full and the accrued interest in full on the due date. If the borrower fails, the Company shall recover the loan via legal proceedings.

#### Article 9

The Company shall establish and maintain a reference book to record

all its fund-loaning information, including counterparty of loaning, amount, the date on which the loaning was approved by the Board of Directors, dates to advance the amount of the loan and related information regarding the assessment in accordance with the relevant regulations of the Procedures.

#### Article 10

The internal auditors shall audit the execution of the fund loaning operation no less frequently than quarterly and prepare written records accordingly. During the auditing, any violation(s), if applicable, shall be corrected. If any serious violation is found, the responsible personnel shall be penalized in accordance with the related rules of the Company. They shall promptly notify the Audit Committee in writing of any material violation found.

#### Article 11

If the borrower no longer meets the requirements of the Procedures, or the aggregate loaning amount exceeds the loaning limit approved by the board of directors due to changes of situation, the Company shall submit the improvement plan to the Audit Committee of the Company for its approval. In addition, the improvement plan needs to be submitted to the Board of Directors of the Company for a resolution. The aforesaid improvement plan shall be accomplished according to the planned schedule thereof.

#### Article 12

The controlling procedures of the Company for loaning funds by the subsidiaries of the Company:

1. When the subsidiaries of the Company intend to lend funds to other parties, the Company shall require its subsidiaries to promulgate the Procedures of Loans of Funds to Others when the subsidiaries intend to loaning funds to other companies or parties in accordance with the requirements of “Regulations Governing Loaning of Funds

and Making of Endorsements/Guarantees by Public Company” and to comply with such procedures.

2. The subsidiaries shall submit the list for loaning funds of the previous month to the Company for review by the fifth day of the current month.
3. If the internal auditors of the subsidiaries find any violation, they shall notice the Company by written statement and the Company shall follow the conditions of the handling and improvement.

### Article 13

The public announcement and reporting of the related information of loaning funds shall be in compliance with the following requirements:

1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month in the information website designated by the competent securities authority.
2. The Company whose fund-loaning balance reaches one of the following criteria shall announce and report such event within two days from its occurrence:
  - (1) The aggregate loan balance of the Company and its subsidiaries reaches 20 percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where time the aggregate loan balance increases by more than 2 percent of the company's net worth as stated in its latest financial statement.
  - (2) The balance of loans of the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where balance of loans to a single enterprise increases by more than 2 percent of a company's net worth as stated in its latest financial statement.

- (3) Each additional fund-lending provided by the Company or its subsidiaries to a company/firm is more than ten million (10,000,000) New Taiwan Dollars and reaches 2 percent or more of the Company's net worth in its latest financial statement.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraphs of the preceding paragraph. The percentage of the balance of loans over the Company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of loans to the Company's net worth.
4. The Company shall evaluate the status of its lending funds and reserve appropriate allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide its certified public accountants with relevant information for implementation of necessary auditing procedures.

#### Article 14

The procedure approved by the Board of Directors shall be submitted them for approval by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures. The independent Directors' opinions specifically expressing dissent or reservations shall be included in the minutes of the Board of Directors' meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all Audit Committee members. 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.

# **Nanya Technology Corporation**

## **The Procedure of Making Endorsements or Guarantees**

Amended by the Shareholders' Meetings on May 26, 2017

### **Chapter I General Principle**

#### Article 1

Making endorsements or guarantees of the Company shall be handled in compliance with the procedure.

#### Article 2

The term "endorsements or guarantees" as used in these Regulations refers to the following:

1. Financing endorsements or guarantees, including:
  - (1) Bill discount financing.
  - (2) Endorsement or guarantee made to meet the financing needs of another company including a pledge or mortgage on its chattel or real property as security for the loans.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

#### Article 3

The Company may make endorsements or guarantees for the following companies:

1. Companies with which it does business.
2. Companies in which the Company directly or indirectly holds more than fifty percent (50%) of their total outstanding shares with voting rights.
3. Companies which directly or indirectly hold more than fifty percent (50%) of the Company's total outstanding shares with voting rights.
4. The companies which participating business contracting projects, in which the Company and the foresaid companies having the same business scope of the Company fulfill their contractual obligations by providing mutual guarantees/endorsements for each other; or the companies which participating business contracting projects, in which the Company and the foresaid companies are co-initiative builders of the construction project and fulfill their contractual obligations by providing mutual guarantees/endorsements for each other.
5. The companies in which their shareholders, including the Company, jointly make investment; provided that such endorsement and/ or guarantee shall be made in proportion to the shareholding percentages of each shareholder in the invested company.  
“Investment” in this subparagraph means that the Company invests in the company directly or through its subsidiaries in which the Company holds one hundred percent (100%) of their total outstanding shares with voting rights.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

## Chapter II Operation Procedures

### Article 4

Limitation on the total outstanding amount of making endorsements or guarantees of the Company and its subsidiaries:

1. The aggregate amount of making endorsements or guarantees shall not exceed 1.3 times of the net value of the Company.
2. For any one endorsee or guarantee, the amount shall not exceed 50% of the aggregate amount above.
3. The total outstanding amount of endorsement to each of the companies, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount, whichever is higher.

Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements or Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements or Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the Directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement or guarantee. It shall also amend the Operational Procedures for Endorsements or Guarantees accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and to the Board of Directors for a resolution, and shall complete the

rectification according to the timeframe set out in the plan.

#### Article 5

Any endorsement or guarantee made by the Company shall be approved by the Board of Directors. Alternatively, the Board of Directors can authorize the Chairman to approve, in advance, any endorsement or guarantee within a certain amount without the approval of the Board of Directors. After that, the Chairman needs to submit the results for ratification to the Board of Directors.

The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

Major endorsement/guarantee provided by 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.

When the Company provide endorsements or guarantees to a subsidiary in which the Company directly or indirectly holds more than ninety percent (90%) of their total outstanding shares with voting rights, conducted in compliance with Paragraph 2 of Article 3, should also be approved by the Board of Directors of the Company, exclusively for these companies in which the Company directly or indirectly holds one hundred percent (100%) of their total outstanding shares with voting rights.

#### Article 6

Before making endorsement or guarantee, the responsible division shall assess necessity, reasonableness, risk, and the impact on the Company's financial condition and shareholders' equity and the

assessment shall be placed on record. If it is deemed necessary, the Company shall require collateral for the endorsement or guarantee from the endorsee or guarantee. The assessment report of making the endorsement or guarantee to that company, containing the counterparty, kind of endorsement or guarantee, reasons for providing endorsement or guarantee and amount, shall be submitted to Chairman for approval. Each month, the finance department shall key in data of each new endorsement or guarantee or the cancellation of each endorsement or guarantee into the ERP system for controlling and shall print out the detailed list hereof in lieu of the reference book. If the Company makes endorsements or guarantees for the subsidiary in which the company's net value is less than one second (1/2), the responsible division shall make assessment again quarterly.

#### Article 7

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements or guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors and the same procedure shall be followed for any future changes to the designated person. The chop may be used to seal or issue negotiable instruments only in prescribed procedures. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by Chairman or President authorized by the Board of Directors.

#### Article 8

The internal auditors shall audit the execution of the endorsement or guarantee operation no less frequently than quarterly and prepare written records accordingly. During the auditing, any violation(s), if applicable, shall be corrected. If any serious violation is found, the responsible personnel shall be penalized in accordance with the related rules of the Company. They shall promptly notify the Audit

Committee in writing of any material violation found.

#### Article 9

The controlling procedures of the Company for making endorsements or guarantees by the subsidiaries of the Company:

1. When the subsidiaries intend to provide endorsements/guarantees to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee to other companies in accordance with the requirements of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Company” and to comply with such procedures.
2. The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the fifth day of the current month.
3. If any material violation is found by the internal auditors of the subsidiaries, the subsidiaries shall deliver a written notice to the Company of this kind of violation. The Company shall know how the subsidiary deals with the violations(s), admonish the subsidiary to improve and keep itself informed of the improvement results.

### **Chapter III Standards and Procedures of Information Disclosure**

#### Article 10

The Company shall announce and report the previous month's balance of endorsements or guarantees of itself and its subsidiaries by the 10th day of each month on the website designated by the competent securities authority.

#### Article 11

Except Article 10, the Company whose balance of endorsements or

guarantees reaches one of the following levels shall announce and report such event within two days from its occurrence:

1. The aggregate balance of the Company and its subsidiaries of endorsements or guarantees reaches 50 percent or more of the Company's net value as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate balance increases by more than 5 percent of the Company's net value as stated in its latest financial statement.
2. The balance of endorsements or guarantees of the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net value as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the balance for an enterprise increases by more than 5 percent of the Company's net value as stated in its latest financial statement.
3. The balance of endorsements or guarantees of the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements or guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net value as stated in its latest financial statement.
4. Each additional endorsement/guarantee provided by the Company or its subsidiaries to a company/firm is more than thirty million (30,000,000) New Taiwan Dollars and reaches 5 percent or more of the Company's net worth in its latest financial statement.

## Article 12

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of Article 11. The percentage of the

balance of endorsements or guarantees over the Company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements or guarantees to the Company's net worth.

### Article 13

The Company shall evaluate or record the contingent loss for endorsements or guarantees and shall adequately disclose information on endorsements or guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of audit report.

## **Chapter V Supplemental Provisions**

### Article 14

The procedure approved by the Board of Directors shall be submitted them for approval by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures. The independent Directors' opinions specifically expressing dissent or reservations shall be included in the minutes of the Board of Directors' meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all Audit committee members. 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.

# **Nanya Technology Corporation**

## **Rules for Election of Directors**

Amended by the Annual Shareholders' Meetings on June 10, 2015

1. The directors shall be elected in accordance with the rules specified herein.
2. In the election of directors of the company shall be conducted by means of cumulative voting method. Each share has the voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. In the election of the directors of the company, the names of voters may be represented by shareholders' numbers.
3. At the beginning of the election, the chairman should appoint several persons each to monitor and record the ballots.
4. In the election of directors and supervisors of the company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes, the number of such persons exceeds the specified seats available, such person acquire the same votes shall draw lots to decide who should win the seats available, and the chairman shall draw lots on behalf of the candidate who is not present.
5. In accordance with the AOI of the Company, the directors of the Company shall be elected by shareholders of the Company from among the nominees listed in the roster of the director candidates of the Company. The elections of the independent directors and

non-independent directors shall be conducted in parallel and the number of the electees of the foresaid two elections shall be calculated respectively pursuant to Article 4 hereof. At least one electee of the independent directors shall have expertise in accounting or finance.

The Company shall, prior to the share transfer suspension date dedicated before the meeting date of the Shareholders' Meeting of the Company, announce the period for accepting the nomination of the director candidates, the total number of directors and supervisors to be elected, the place designated for accepting the roster of the director candidate, and any other necessary matters. The length of the period for accepting the nomination of the director candidates shall not be shorter than ten (10) days.

The Board of Directors of the Company or a shareholder of the Company holding at least one percent (1%) of the total number of the outstanding shares issued by the Company may submit to the Company a roster of the director candidates, provided however that the total number of the director candidates on the roster shall not exceed the total number of the directors to be elected.

The roster of the director candidates submitted by the Board of Directors of the Company or the shareholder of the Company as prescribed in the preceding paragraph shall be annexed with the name, education backgrounds and past working experiences of the candidates, the letter of undertaking issued by the candidates to consent to act as the director of the Company after he/she has been so elected, written statements issued by the candidates assuring that any of the events set forth in Article 30 of the Company Law does not exist with respect to such candidates, and any other related documents. If the candidate is a juristic person shareholder or its representative, additional information

and documents reflecting the basic registration information of the said juristic person shareholder and the document certifying the number of shares of the company in its possession.

The Board of Directors of the Company or any other person who convenes the Shareholders' Meetings of the Company shall review the qualification of the nominated director candidates and shall, unless there exists any of the following circumstances, include all nominated director candidates into the final roster of the director candidates accordingly:

- (1) Where the roster of the director candidates is submitted by the nominating shareholder beyond the announced period for accepting the nomination of the director candidates; or
  - (2) Where the number of shares of the Company held by the nominating shareholder is less than one percent (1%) of the total number of the total number of the outstanding shares of the Company at the time when the registration of the share transfer is suspended by the Company pursuant to Paragraph 2 or 3 of Article 165 of the Company Law; or
  - (3) Where the nominated number of the director candidates exceeds the total number of the directors to be elected; or
  - (4) Where any of the relevant documents required in the preceding paragraph of this Article is not submitted along with the roster of the director candidates.
6. The board of directors should prepare the ballots. According to the number of the attendance card, the rule that one seat to be elected with one ballot, voters receive the same ballots as the seats to be elected. Every ballot notes the number of voting rights equally.
7. If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the candidate is not a shareholder of the Company,

voters shall fill in the “candidate” column the candidate’s name and ID number.

8. Ballots shall be deemed void under the following conditions:
  - (1) Ballots not complied with Article 6.
  - (2) There are two or more candidates’ names filled in the ballots.
  - (3) Ballots with other written characters or symbols in addition to the Article 7.
  - (4) Ballots are not filled according to Article 7 or not completed.
  - (5) Illegible writing.
  - (6) If the candidate is a shareholder of the Company, the name and shareholder’s number of the candidate filled in ballot are inconsistent with the shareholders’ register. If the candidate is not a shareholder of the Company, the name and ID numbers are inconsistent after verified.

9. The ballots shall be calculated during the meeting right after the vote casting and the result of the election should be announced by the chairman at the meeting, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

10. The Rules and any revision thereof shall become effective after approval at the Shareholders’ Meeting.

## Nanya Technology Corporation

### Current Shareholdings of Directors

Title	Name	No.	Shareholding (share)
Chairman	Chia Chau, Wu Representative of NPC	1	907,303,775
Director	Wen Yuan, Wong	17206	4,000
Director	Susan Wang	-	0
Independent Director	Ching-Chyi Lai	-	0
Independent Director	Shu-Po Hsu	-	0
Independent Director	Tsai-Feng Hou	-	0
Director	Pei-Ing Lee	1266	683,098
Director	Shih-Ming Hsie Representative of Formosa Taffeta Corp.	3	7,711,010
Director	Ming Jen, Tzou Representative of NPC	1	907,303,775
Director	Otto Chang	39	59,839
Director	Wen-Yao Wang Representative of NPC	1	907,303,775
Director	Lin-Chin Su Representative of NPC	1	907,303,775

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 73,284,118 shares. As of April 1, 2019, the actual shareholdings of the Company's Directors are 915,761,722 shares.