



Nanya Technology Corporation

2020 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 original and this translation, the Chinese version shall prevail.)

May 28, 2020

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Nanya Technology Corporation

2020 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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

Nanya Technology Corporation

2020 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Thursday, May 28, 2020

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 2019
- (2) Audit Committee's Review Report for FY2019
- (3) Report of Distribution of Employees' Compensation for 2019

2. Ratification Items

- (1) To Ratify the Business Report and Financial Statements for 2019
- (2) To Ratify the Proposal for Distribution of 2019 Profits

3. Discussion Items

- (1) To Approve Amendments to the "Convention Rules and Procedures for Shareholders' Meeting" of the Company
- (2) To Approve Appropriateness of Releasing the Director of the Company from Non-Competition Restrictions

Reporting Items

1. Regarding the Company's business operation condition of FY2019, please refer to Business Report for further details (on Page 4 through Page 8 of the Handbook.)
2. The Company's Audit Committee had reviewed the 2019 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 9 of the Handbook.)
3. Report of Distribution of Employees' Compensation for FY2019

Explanation:

The amount of the 2019 pre-tax profit prior to deducting employees' compensation was NT\$12,008,375,069. 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 6.7% as employees' compensation on February 26, 2020. The payment of employees' compensation will be in cash, i.e. a total amount of NT\$800,000,000.

Nanya Technology Corporation

Business Report for 2019

I. Business Performance for 2019

Nanya Technology Corporation's consolidated revenue was NT\$51.7 billion, net income was NT\$9.8 billion, and earnings per share was NT\$3.23 in 2019. Last year, despite many challenges and uncertainties in the industrial environment, we still achieved good profits, generated free cash inflow, and further optimized our 20nm product portfolio. We independently developed 10nm class DRAM memory cell technology, which has enhanced our competitiveness.

The increase in tariffs, supply chain adjustments, and economic slowdown resulting from the US-China trade war last year, as well as Intel's CPU shortage, continued to affect the end application market and lowered the demand for DRAM. Average selling price for the year decreased by over 45% compared with that in the previous year. Bit shipment grew by over 10% compared with that in the previous year. The 2019 revenue of NT\$51.7 billion was down 39% compared with that in the previous year.

The 2019 gross profit was NT\$16.5 billion and gross margin was 32%. After deducting operating expenses, operating income was NT\$9.5 billion. Net cash inflows from operating activities reached NT\$17.4 billion, and was mainly due to net income and depreciation. After deducting capital expenditures of NT\$5.5 billion, free cash flow reached NT\$11.9 billion.

To optimize our 20nm product portfolio, we continued to promote 8GB DDR4 products, which were qualified by server

and tier-1 data center customers, and increase our market share in the server market. Furthermore, we released low-power 20nm 4GB/8GB LPDDR3 and 2GB/4GB/8GB LPDDR4/4X products in the second half of last year, and began making shipments after the products were qualified by customers. We will also promote these products in the smartphone, smart wearable device, smart voice, low-power laptop, and high-performance SSD markets.

As for our future strategy on process technology, we carefully evaluated two options at the end of last year, namely, to either obtain technology licensing from Micron Technology or independently develop our proprietary 10nm class process technology. Considering economic benefits and long-term technology development which are the foundation of sustainability, we decided to independently develop our process technology and product design as the main theme for future business development.

To strengthen our strategic partnership with Formosa Advanced Technologies Co., Ltd. in product engineering, packaging, and testing, to improve our overall business performance, and to increase our return on cash investments, we acquired another 13% of the company's shares in 2019 with our total shareholding ratio reaching 32%.

We pursue sustainable development and fulfill our corporate social responsibility based on six sustainability themes, namely "integrity and transparency," "innovative technology," "responsible procurement," "cleaner production," "harmonious workplace," and "common good." We were recognized with

numerous awards for corporate sustainability in 2019, including once again being selected as a constituent stock of the DJSI Emerging Markets Index and the FTSE4Good TIP Taiwan ESG Index. We were awarded the Top 50 Taiwan Sustainable Corporates, the TCSA (Taiwan Corporate Sustainability Awards) Corporate Sustainability Report Platinum Award, Climate Leadership Award, People Development Award, and Growth through Innovation Award; the sixth National Industrial Innovation Award by the Ministry of Economic Affairs; ranking in the top 20% of the 5th Corporate Governance Evaluation by the Taiwan Stock Exchange; the Ministry of Labor National Talent Development Awards; the upcoming Large Corporation Award in the Excellence in Corporate Social Responsibility Awards organized by CommonWealth Magazine; and obtained the ISO 27001 information security management system certification.

II. Business Plan for 2020

We independently developed a 10nm class DRAM memory cell, which will be adopted in shrinking our DRAM products for the next 3 generations. We also used our proprietary process and product technology platform to develop the first generation 10nm class DDR4 and DDR5 products. We expect to begin pilot runs in the second half of this year to prepare for mass production next year. The second generation 10nm class process technology is currently in the R&D stage, and the pilot run is expected to be carried out before 2022.

This year we will continue to optimize our 20nm product portfolio to enhance our competitiveness. Besides obtaining

more qualifications from tier-1 cloud service providers to increase sales volume, we will also accelerate the promotion of 20nm low-power products and obtain qualifications from important customers to effectively increase product value and sales flexibility.

III. Industry Outlook

DRAM is a key component in all electronic products, and smartphones and servers/data centers are currently the most important market segments. As telecom operators around the world begin to offer 5G services, we expect total smartphone shipments and DRAM demand to simultaneously increase in the future. In terms of servers, mobile computing, artificial intelligence, the Internet of Things, and deployment of 5G base stations will continue to drive growth of cloud servers and edge computing. We expect CPUs to be released by Intel in the second half of this year will increase the demand of servers for DRAM. The growth of smart products and applications will also increase the demand for DRAM.

As for DRAM supply, the three major DRAM suppliers have publicly announced their production capacity and output adjustment plan. The increase in production capacity has been limited due to relatively conservative capital expenditure by DRAM suppliers last year. Growth of supply in 2020 will mainly come from process migration, and the growth is expected to be limited. Furthermore, we currently do not have precise information on DRAM products and the timetable for mass production by Chinese manufacturers. We will continue to observe subsequent developments, as well as the potential effects on overall supply.

However, short-term end demand growth has been impacted by COVID-19. Working from home, virtual education, and online shopping have driven increased demand for DRAM in data centers, laptop computers, tablet devices, SSD, and network equipment. At the same time, the demand for smart phones has relatively weakened. The industry's DRAM bit demand is expected to grow slightly in the first half of the year, while that demand in the second half of the year will require further observation of the state of the pandemic in Europe and the US as well as the strength of economic recovery worldwide.

IV. Conclusion

The DRAM industry severely declined in 2019, but Nanya Technology Corporation still remained profitable. Looking into 2020, the Company will stay cautious and simultaneously observe the development of the pandemic, making dynamic response to the demand for DRAM. More importantly, we will invest even more resources in 2020 to accelerate the development of 10nm class process technologies and related products to enhance our competitiveness. Looking into the future, technology innovations will continue to be the main driver of our growth momentum, and will create greater value for all 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 2019 Business Report, Financial Statements (including consolidated and Stand-alone statements), and Proposal for Profits Distribution. The CPA firm of KPMG has audited the Financial Statements and issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Nanya Technology Corporation. According to the Securities and Exchange Act and the Company Law, we hereby submit this report.

Nanya Technology Corporation

Chairman of the Audit Committee:

February 26, 2020

Ratification Items

Item 1

To Ratify the Business Report and Financial Statements for 2019
Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2019 Consolidated and Stand-alone Financial Statements were completed and the same were reviewed by the Audit Committee, approved by the Board of Directors on February 26, 2020 and audited by independent auditors, Mr. Hui-Chih Ko and Ms. Hsin-Yi Kuo, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, in which the Audit Committee's Review Report is presented.
2. For the aforementioned Business Report, please refer to Page 4 through Page 8 of the Handbook. As for the Financial Statements, please refer to Page 18 through Page 25 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items

Item 2

To Ratify the Proposal for Distribution of 2019 Profits

Proposed by the Board of Directors

Explanation:

The Proposal for Distribution of 2019 Profits of the Company was reviewed by the Audit Committee and approved by the Board of Directors on February 26, 2020.

(Please refer to Page 26 of the Handbook for the Statement of Profits Distribution.)

Resolution:

Discussion Items

Item 1

To Approve Amendments to the “Convention Rules and Procedures for Shareholders’ Meeting” of the Company

Proposed by the Board of Directors

Explanation:

To refer to Taiwan Stock Exchange Corporation on January 2, 2020 with the document number 1080024221, the “Convention Rules and Procedures for Shareholders’ Meeting” 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 3	(above 4 paragraph omitted) 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, <u>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</u> shall be itemized by causes and subjects in the notice of	(above 4 paragraph omitted) Matters regarding re-election or discharge of directors, amendments to the AOI, <u>capital reduction, application to be delisted from public offering, releasing of non-competition restriction of Directors, capital increase by retained earnings, capital increase by capital reserve,</u> and dissolution, merger, splitting of the Company, or any matters stipulated in Paragraph 1 of Article 185 of the R.O.C. Company Law shall be itemized by	Amend in accordance to Taiwan Stock Exchange Corporation on January 2, 2020 with the document number 1080024221.

Article	Before Amendment	After Amendment	Amendment Description
	<p>convening a Meeting, rather than being brought up by extraordinary motions.</p> <p>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 submit a <u>written</u> motion for a regular Meeting to the Company. However, each of such shareholders can only submit one (1) motion. Otherwise, all of his/her motions shall not be included in the agenda. In the event that any motion submitted 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 submit motions. This period shall not be less than ten (10) days.</p> <p>(below omitted)</p>	<p>causes and subjects in the notice of convening a Meeting, rather than being brought up by extraordinary motions. <u>The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.</u></p> <p><u>The meeting agenda has specified general re-elections of the Directors and the terms of the Directors' office, the terms of office of the Directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the Shareholders' Meeting.</u></p> <p>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 submit a motion for a regular Meeting to the Company. However, each of such shareholders can only submit one (1) motion. Otherwise, all of his/her motions shall not be included in the agenda.</p> <p><u>However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or</u></p>	

Article	Before Amendment	After Amendment	Amendment Description
		<p><u>facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda.</u> In the event that any motion submitted 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 submit motions <u>in writing or electronic form</u>. This period shall not be less than ten (10) days.</p> <p>(below omitted)</p>	
Article 10	<p>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.</p> <p>(paragraph 2~3 omitted)</p> <p>The chairman shall provide opportunities to the shareholders for their sufficient explanation and discussion on the discussion items in the agenda of</p>	<p>If the Meeting is convened by the Board of Directors, the agenda of the Meeting shall be set by the Board of Directors. <u>The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis.</u> The Meeting shall proceed in accordance with the agenda, unless otherwise resolved by the Meeting.</p> <p>(paragraph 2~3 omitted)</p>	<p>Amend in accordance to Taiwan Stock Exchange Corporation on January 2, 2020 with the document number</p>

Article	Before Amendment	After Amendment	Amendment Description
	the Meeting, the amendment to the discussion items and extraordinary motions submitted 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.	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 extraordinary motions submitted 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 <u>and shall also arrange ample time for a vote.</u>	1080024221.
Article 13	(paragraph 1 omitted) Shareholders of the Company <u>may</u> exercise their voting rights <u>in writing or</u> 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 extraordinary motions and amendments to the discussion items at the Meeting shall be deemed to be abandoned. (below omitted)	(paragraph 1 omitted) Shareholders of the Company <u>shall</u> exercise their voting rights by electronic method <u>and may exercise their voting rights in writing.</u> 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 extraordinary motions and amendments to the discussion items at the Meeting shall be deemed to be abandoned. (paragraph 3~6 omitted)	Amend in accordance to Taiwan Stock Exchange Corporation on January 2, 2020 with the document number 1080024221. Qualification for proposing an extraordinary

Article	Before Amendment	After Amendment	Amendment Description
		<p><u>In addition to the proposals on the meeting agenda, when a shareholder wishes to propose an extraordinary motion, the shareholder's voting rights shall represent at least 1% or more of the Company's total issued shares.</u> (below omitted)</p>	<p>motion has been specified pursuant to the Company's actual processing needs.</p>
Article 15	<p>(paragraph 1~2 omitted)</p> <p>Information including the time (year, month and date) and place of the Meeting, name of the chairman, the manner in which resolutions had been adopted, as well as the summary of the essentials of the proceedings and result of the Meeting shall be clearly stated in the meeting minutes. The Company shall keep the meeting minutes persistently during the existence of the Company.</p>	<p>(paragraph 1~2 omitted)</p> <p>Information including the time (year, month and date) and place of the Meeting, name of the chairman, the manner in which resolutions had been adopted, as well as the summary of the essentials of the proceedings and result of the Meeting <u>(including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections</u> shall be clearly stated in the meeting minutes. The Company shall keep the meeting minutes persistently during the existence of the Company.</p>	<p>Amend in accordance to Taiwan Stock Exchange Corporation on January 2, 2020 with the document number 1080024221.</p>

Resolution:

Discussion Items

Item 2

To Approve Appropriateness of Releasing a Director of the Company 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. The Director of the Company, Pei-Ing Lee, served as a Director of Formosa Advanced Technologies Co., Ltd. from June 20, 2019 and onwards. There should be no conflict of interest concerns against the Company resulting from the competitive business conduct by Director Pei-Ing Lee. The recommendation was made by the Board to the 2020 Shareholders' Meeting that it would be appropriate to approve to release the non-competition restrictions.

Name	The Director engages in the competitive business conduct
Pei-Ing Lee	Director of Formosa Advanced Technologies Co., Ltd.

Notes: The release of Director Pei-Ing Lee served as an Independent Director of Powertech Technolog Inc. from non-competition restrictions approved by the Shareholders' Meeting of the Company on May 30, 2019.

Resolution:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
	Current assets:								
1100	Cash and cash equivalents (Note 6(a))	\$ 44,148,979	27	57,384,006	31	2170		4,247,638	3
1160	Notes receivable due from related parties, net (Note 6(b)(p) and 7)	41,545	-	-	-	2180		332,064	-
1170	Notes and accounts receivable, net (Notes 6(b)(p))	7,291,735	4	9,763,741	5	2200		8,786,790	5
1200	Other receivables (Note 6(h))	1,620,743	1	1,313,111	1	2220		938,944	1
1310	Inventories (Note 6(c))	18,122,496	11	12,167,737	7	2230		2,456,338	1
1410	Prepayments	1,637,129	1	1,758,316	1	2280		-	-
	Total current assets	72,862,627	44	82,386,911	45	2399		12,271,542	8
	Non-current assets:								
1550	Investments accounted for using equity method (Note 6(d))	5,019,236	3	3,006,603	2			1,197	-
1600	Property, plant and equipment (Notes 6(f) and 7)	85,530,112	52	95,358,992	52	2570		575,896	-
1755	Right-of-use assets (Notes 6(g))	99,222	-	-	-	2640		240,464	-
1780	Intangible assets	296,710	-	45,881	-	2670		-	-
1840	Deferred tax assets (Note 6(i))	555,885	-	867,311	-			817,557	-
1935	Long-term lease payments receivable (Note 6(h))	-	-	875,900	1			13,089,099	8
194D	Long-term financial lease payments receivable (Note 6(h))							-	-
1990	Other non-current assets (Note 8)	689,886	1	-	-			17,678,515	10
	Total non-current assets	92,238,025	56	100,198,902	55			30,733,649	19
	Total assets	\$ 165,100,652	100	\$ 182,585,813	100			\$ 165,100,652	100
	Liabilities and Equity								
	Current liabilities:								
	Accounts payable								
	Accounts payable to related parties (Note 7)								
	Other payables								
	Other payables to related parties (Note 7)								
	Current tax liabilities								
	Current lease liabilities (Notes 6(j) and 7)								
	Other current liabilities								
	Total current liabilities								
	Non-Current liabilities:								
	Deferred tax liabilities (Note 6(l))								
	Net defined benefit liability, non-current (Note 6(k))								
	Other non-current liabilities								
	Total non-current liabilities								
	Total liabilities								
	Equity (Note 6(m)):								
	Ordinary share								
	Advance receipts for share capital								
	Capital surplus								
	Legal reserve								
	Special reserve								
	Unappropriated retained earnings								
	Other equity interest								
	Treasury shares								
	Total equity								
	Total liabilities and equity								

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(p))	\$ 51,727,458	100	84,721,804	100
5000	Operating costs (Notes 6(c)(f)(g)(n)(q) and 7)	<u>35,233,371</u>	<u>68</u>	<u>38,105,801</u>	<u>45</u>
	Gross profit from operations	<u>16,494,087</u>	<u>32</u>	<u>46,616,003</u>	<u>55</u>
	Operating expenses (Notes 6(f)(g)(k)(n)(q) and 7):				
6100	Selling expenses	737,082	1	849,649	1
6200	Administrative expenses	1,313,757	3	1,523,573	2
6300	Research and development expenses	<u>4,926,428</u>	<u>10</u>	<u>4,887,311</u>	<u>6</u>
	Total operating expenses	<u>6,977,267</u>	<u>14</u>	<u>7,260,533</u>	<u>9</u>
	Net operating income	<u>9,516,820</u>	<u>18</u>	<u>39,355,470</u>	<u>46</u>
	Non-operating income and expenses (Notes 6(b)(d)(e)(h)(i)(r) and 7):				
7010	Other income	1,303,594	3	1,030,384	1
7020	Other gains and losses, net	214,749	1	1,152,527	2
7050	Finance costs	(3,264)	-	(5,744)	-
7055	Expected credit gain	9,508	-	-	-
7060	Share of profit of associates accounted for using equity method, net	<u>183,875</u>	<u>-</u>	<u>51,700</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,708,462</u>	<u>4</u>	<u>2,228,867</u>	<u>3</u>
7900	Profit from continuing operations before tax	11,225,282	22	41,584,337	49
7950	Income tax expenses (Note 6(l))	<u>(1,400,683)</u>	<u>(3)</u>	<u>(2,223,487)</u>	<u>(3)</u>
	Profit	<u>9,824,599</u>	<u>19</u>	<u>39,360,850</u>	<u>46</u>
8300	Other comprehensive income: (Note 6(l))				
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit	(42,096)	-	(18,096)	-
8320	Share of other comprehensive loss of associates accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss	(10,688)	-	(95,101)	-
8349	Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	<u>(8,419)</u>	<u>-</u>	<u>(6,190)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(44,365)</u>	<u>-</u>	<u>(107,007)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(758,303)	(2)	(140,573)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss	<u>(758,303)</u>	<u>(2)</u>	<u>(140,573)</u>	<u>-</u>
8300	Other comprehensive (loss) income, net	<u>(802,668)</u>	<u>(2)</u>	<u>(247,580)</u>	<u>-</u>
8500	Comprehensive income	<u>\$ 9,021,931</u>	<u>17</u>	<u>39,113,270</u>	<u>46</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 9,824,599	19	39,361,625	46
8620	Loss, attributable to non-controlling interests	-	-	(775)	-
		<u>\$ 9,824,599</u>	<u>19</u>	<u>39,360,850</u>	<u>46</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 9,021,931	17	39,114,045	46
8720	Comprehensive loss, attributable to non-controlling interests	-	-	(775)	-
		<u>\$ 9,021,931</u>	<u>17</u>	<u>39,113,270</u>	<u>46</u>
	Earnings per share (Note 6(o))				
9750	Basic earnings per share	<u>\$ 3.23</u>		<u>12.80</u>	
9850	Diluted earnings per share	<u>\$ 3.19</u>		<u>12.38</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	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	Other equity interest				
								Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest		
\$	29,659,382	223,958	-	27,277,191	5,164,057	-	69,734,440	(39,163)	-	(39,163)	131,999,865	132,115,188
	-	-	-	-	-	-	39,361,625	-	-	-	(775)	39,360,850
	-	-	-	-	-	-	(12,909)	(140,573)	(94,098)	(234,671)	-	(247,580)
	-	-	-	-	-	-	39,348,716	(140,573)	(94,098)	(234,671)	(775)	39,113,270
Appropriation and distribution of retained earnings:												
	-	-	-	-	4,028,192	-	(4,028,192)	-	-	-	-	-
	-	-	-	-	-	39,163	(39,163)	-	-	-	-	-
	-	-	-	-	-	-	(10,879,288)	-	-	-	-	(10,879,288)
Other changes in capital surplus:												
	-	-	-	5	-	-	-	-	-	-	5	5
	-	-	-	717,656	-	-	-	-	-	-	717,656	717,656
	223,958	(223,958)	-	-	-	-	-	-	-	-	-	-
	732,839	-	-	4,504,323	-	-	-	-	-	-	5,237,162	5,237,162
	-	-	-	-	-	-	-	-	(2,782,675)	-	(2,782,675)	(2,782,675)
	436,210	-	6,488	1,057,830	-	-	-	-	-	-	1,500,528	1,500,528
	-	-	-	-	-	-	-	-	-	-	-	(114,548)
	31,032,389	-	6,488	33,557,005	9,192,249	39,163	94,136,513	(179,736)	(94,098)	(273,834)	164,907,298	164,907,298
	-	-	-	-	-	-	9,824,599	-	-	-	9,824,599	9,824,599
	-	-	-	-	-	-	(35,402)	(758,303)	(8,963)	(767,266)	(802,668)	(802,668)
	-	-	-	-	-	-	9,789,197	(758,303)	(8,963)	(767,266)	9,021,931	9,021,931
Appropriation and distribution of retained earnings:												
	-	-	-	-	3,936,163	-	(3,936,163)	-	-	-	-	-
	-	-	-	-	-	234,671	-	-	-	-	-	-
	-	-	-	-	-	-	(21,700,000)	-	-	-	-	(21,700,000)
Other changes in capital surplus:												
	-	-	-	19	-	-	-	-	-	-	19	19
	-	-	-	150,116	-	-	-	-	-	-	150,116	150,116
	-	-	-	-	-	-	-	-	-	(1,029,878)	(1,029,878)	(1,029,878)
	(501,360)	-	-	(2,164,261)	-	-	-	-	-	2,665,621	-	-
	202,620	-	(3,013)	462,460	-	-	-	-	-	-	662,067	662,067
\$	30,733,649	-	3,475	32,005,339	13,128,412	273,834	78,054,876	(938,039)	(103,061)	(1,041,100)	152,011,553	152,011,553

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Profit before tax	\$ 11,225,282	41,584,337
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	14,326,287	11,983,266
Amortization expense	91,126	97,298
Expected credit gain	(9,508)	-
Net loss on financial liabilities at fair value through profit or loss	-	281,107
Interest expense	3,264	5,744
Interest income	(1,303,594)	(1,030,384)
Share-based payments	150,116	717,656
Share of profit of associates accounted for using equity method	(183,875)	(51,700)
Gain on disposal of property, plant and equipment	(4,424)	(16,859)
Gain on disposal of a subsidiary	-	(497)
Reversal of impairment loss on non-financial assets	(213,282)	(109,745)
Unrealized foreign exchange loss	94,027	79,509
Total adjustments to reconcile profit	12,950,137	11,955,395
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	2,372,242	(1,294,628)
Other receivables	(397,933)	(348,559)
Inventories	(5,954,759)	(5,416,113)
prepayments	121,244	(139,380)
Financial liabilities held for trading	-	(523,136)
Accounts payable (including related parties)	(429,964)	728,155
Other payables (including related parties)	(1,870,902)	2,432,313
Other current liabilities	91,186	(386)
Net defined benefit liability	(3,503)	(6,590)
Other non-current liabilities	9,720	(22,226)
Total changes in operating assets and liabilities	(6,062,669)	(4,590,550)
Cash inflow generated from operations	18,112,750	48,949,182
Interest received	1,313,286	782,134
Interest paid	(422)	(691)
Income taxes paid	(2,018,607)	(1,486,623)
Net cash flows from operating activities	17,407,007	48,244,002
Cash flows used in investing activities:		
Proceeds from disposal of a subsidiary	-	(85,937)
Proceeds from capital reduction of investments accounted for using equity method	(2,049,483)	(3,049,999)
Acquisition of property, plant and equipment	(5,496,257)	(20,425,865)
Proceeds from disposal of property, plant and equipment	4,729	25,743
Increase in refundable deposits	(1,773)	(13,073)
Decrease in other receivables	-	10,616,574
Acquisition of intangible assets	(164,666)	-
Decrease in lease and installment receivables	264,331	429,330
Increase in other non-current assets	(9,319)	(10,060)
Dividends received	210,056	-
Net cash flows (used in) from investing activities	(7,242,382)	(12,513,287)
Cash flows (used in) from financing activities:		
(Decrease) increase in guarantee deposits received	(297,469)	314,765
Decrease in other payables to related parties	(4,175)	(791)
Payment of lease liabilities	(184,115)	-
Cash dividends paid	(21,700,000)	(10,879,288)
Exercise of employee share options	662,067	1,500,528
Payments to acquire treasury shares	(1,029,878)	(2,782,675)
Net cash flows used in financing activities	(22,553,570)	(11,847,461)
Effect of exchange rate changes on cash and cash equivalents	(846,082)	(267,925)
Net (decrease) increase in cash and cash equivalents	(13,235,027)	23,615,329
Cash and cash equivalents at beginning of period	57,384,006	33,768,677
Cash and cash equivalents at end of period	\$ 44,148,979	57,384,006

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

Balance Sheets

December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 6,497,820	4	46,338,574	23
1160	Notes receivable due from related parties, net (Note 6(b)(p) and 7)	41,545	-	-	-
1170	Notes and accounts receivable, net (Notes 6(b)(p))	5,074,912	3	6,405,098	3
1180	Accounts receivable due from related parties, net (Notes 6(b)(p) and 7)	2,391,150	1	3,812,440	2
1200	Other receivables (Notes 6(h))	1,565,121	1	1,303,960	-
1310	Inventories (Note 6(c))	18,072,308	11	12,148,352	6
1410	Prepayments	1,633,984	1	1,757,547	1
	Total current assets	35,276,840	21	71,765,971	35
Non-current assets:					
1550	Investments accounted for using equity method (Note 6(d))	42,627,209	26	34,242,508	18
1600	Property, plant and equipment (Note 6(f))	85,513,880	52	95,339,823	47
1755	Right-of-use assets (Notes 6(g))	99,222	-	-	-
1780	Intangible assets	296,710	-	45,881	-
1840	Deferred tax assets (Notes 6(i))	550,033	-	860,761	-
1935	Long-term lease payments receivable (Note 6(h))	-	-	875,900	-
194D	Long-term financial lease payments receivable (Note 6(h))	689,886	1	-	-
1990	Other non-current assets	39,660	-	35,194	-
	Total non-current assets	129,816,600	79	131,400,067	65
		\$ 165,093,440	100	203,166,038	100
Liabilities and Equity					
Current liabilities:					
	Accounts payable	2,573,759	2	4,247,638	2
	Accounts payable to related parties (Note 7)	133,199	-	332,064	-
	Other payables	6,605,917	4	8,741,863	4
	Other payables to related parties (Note 7)	1,258,964	1	21,567,889	11
	Current tax liabilities	1,514,804	1	2,455,253	2
	Current lease liabilities (Notes 6(j) and 7)	99,924	-	-	-
	Other current liabilities	80,957	-	1,568	-
	Total current liabilities	12,267,524	8	37,346,075	19
Non-Current liabilities:					
	Net defined benefit liability, non-current (Note 6(k))	575,896	-	537,303	-
	Other non-current liabilities	238,467	-	375,362	-
	Total non-current liabilities	814,363	-	912,665	-
	Total liabilities	13,081,887	8	38,258,740	19
Equity (Note 6(m)):					
	Ordinary share	30,733,649	19	31,032,389	15
	Advance receipts for share capital	3,475	-	6,488	-
	Capital surplus	32,005,339	19	33,557,005	16
	Legal reserve	13,128,412	8	9,192,249	5
	Special reserve	273,834	-	39,163	-
	Unappropriated retained earnings	78,054,876	48	94,136,513	46
	Other equity interest	(1,041,100)	(1)	(273,834)	-
	Treasury shares	(1,146,932)	(1)	(2,782,675)	(1)
	Total equity	152,011,553	92	164,907,298	81
	Total liabilities and equity	\$ 165,093,440	100	203,166,038	100

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

NANYA TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(p) and 7)	\$ 51,475,494	100	84,269,952	100
5000	Operating costs (Notes 6(c)(f)(g)(k)(l)(q) and 7)	<u>35,251,755</u>	<u>68</u>	<u>38,049,640</u>	<u>45</u>
	Gross profit from operations	16,223,739	32	46,220,312	55
5910	Add: Unrealized profit (loss) from sales	(15,749)	-	(25,381)	-
5920	Realized profit (loss) on from sales	<u>25,381</u>	<u>-</u>	<u>97,212</u>	<u>-</u>
	Gross profit from operations	<u>16,233,371</u>	<u>32</u>	<u>46,292,143</u>	<u>55</u>
	Operating expenses (Notes 6(f)(g)(k)(n)(q) and 7):				
6100	Selling expenses	536,767	1	643,649	-
6200	Administrative expenses	1,320,266	3	1,525,170	2
6300	Research and development expenses	<u>4,926,428</u>	<u>9</u>	<u>4,875,217</u>	<u>6</u>
	Total operating expenses	<u>6,783,461</u>	<u>13</u>	<u>7,044,036</u>	<u>8</u>
	Net operating income	<u>9,449,910</u>	<u>19</u>	<u>39,248,107</u>	<u>47</u>
	Non-operating income and expenses (Notes 6(e)(f)(h)(i)(k)(n)(q)(r)):				
7010	Other income	343,548	1	1,018,622	1
7020	Other gains and losses, net	229,827	-	1,203,540	1
7050	Finance costs	(3,124)	-	(5,325)	-
7060	Share of profit of associates accounted for using equity method	<u>1,188,213</u>	<u>2</u>	<u>101,594</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,758,464</u>	<u>3</u>	<u>2,318,431</u>	<u>2</u>
7900	Profit before tax	11,208,374	22	41,566,538	49
	Less: Tax expenses (Notes 6(l))	(1,383,775)	(3)	(2,204,913)	(2)
	Profit	<u>9,824,599</u>	<u>19</u>	<u>39,361,625</u>	<u>47</u>
8300	Other comprehensive income (Notes 6(l)(m)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of the net defined benefit	(42,096)	-	(18,096)	-
8330	Share of other comprehensive income of subsidiaries, and associates for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(10,688)	-	(95,101)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(8,419)</u>	<u>-</u>	<u>(6,190)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(44,365)</u>	<u>-</u>	<u>(107,007)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(758,303)	(1)	(140,573)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(758,303)</u>	<u>(1)</u>	<u>(140,573)</u>	<u>-</u>
8300	Other comprehensive loss, net	<u>(802,668)</u>	<u>(1)</u>	<u>(247,580)</u>	<u>-</u>
	Comprehensive income	<u>\$ 9,021,931</u>	<u>18</u>	<u>39,114,045</u>	<u>47</u>
	Earnings per share (Note 6(o))				
9750	Basic earnings per share	\$ <u>3.23</u>		<u>12.80</u>	
9850	Diluted earnings per share	\$ <u>3.19</u>		<u>12.38</u>	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest									
	Certificate of entitlement to new shares from convertible bond			Unrealized gains			Unrealized gains			
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	(losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
\$	29,639,382	223,958	27,277,191	5,164,057	-	69,734,440	(39,163)	-	(39,163)	131,999,865
Balance at January 1, 2018						39,361,625	-	-	-	39,361,625
Net profit for the year ended December 31, 2018	-	-	-	-	-	(12,909)	(140,573)	(94,098)	(234,671)	(247,580)
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	39,348,716	(140,573)	(94,098)	(234,671)	39,114,045
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-
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	-	-	\$	-	-	-	-	-	-	\$
Recognized compensation costs on employee stock options	-	-	717,656	-	-	-	-	-	-	717,656
Conversion of certificates of bonds-to-share	223,958	(223,958)	-	-	-	-	-	-	-	-
Conversion of convertible bonds	732,839	-	4,504,323	-	-	-	-	-	-	5,237,162
Exercise of employee share options	436,210	6,488	1,057,830	-	-	-	-	-	-	1,500,528
Repurchase of treasury share	-	-	-	-	-	-	-	-	(2,782,675)	(2,782,675)
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)	164,907,298
Net profit for the year ended December 31, 2019	-	-	-	-	-	9,824,599	(758,303)	(8,963)	(767,266)	9,824,599
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(35,402)	(758,303)	(8,963)	(767,266)	(802,668)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	9,789,197	(758,303)	(8,963)	(767,266)	9,021,931
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	3,936,163	-	(3,936,163)	-	-	-	-
Special reserve appropriated	-	-	-	-	234,671	(234,671)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(21,700,000)	-	-	-	(21,700,000)
Other changes in capital surplus:										
Changes in equity of associates accounted for using equity method	-	-	19	-	-	-	-	-	-	19
Recognized compensation costs on employee stock options	-	-	150,116	-	-	-	-	-	-	150,116
Repurchase of treasury share	-	-	-	-	-	-	-	-	(1,029,878)	(1,029,878)
Retirement of treasury share	(501,360)	-	(2,164,261)	-	-	-	-	-	2,665,621	-
Exercise of employee share options	202,620	(3,013)	462,460	-	-	-	-	-	-	662,067
Balance at December 31, 2019	\$ 30,733,649	3,475	\$ 32,005,339	\$ 13,128,412	\$ 273,834	\$ 78,054,876	\$ (938,039)	\$ (103,061)	\$ (1,041,100)	\$ 152,011,553

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,208,374	41,566,538
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	14,318,031	11,975,216
Amortization expense	91,126	97,298
Net loss on financial liabilities at fair value through profit or loss	-	281,107
Interest expense	3,124	5,325
Interest income	(343,548)	(1,018,622)
Share-based payments	150,116	717,656
Share of profit of subsidiaries and associates accounted for using equity method	(1,188,213)	(101,594)
Gain on disposal of property, plant and equipment	(4,723)	(16,859)
Gain on disposal of a subsidiary	-	(497)
Reversal of impairment loss on non-financial assets	(213,282)	(109,745)
Unrealized gains on sales	15,749	25,381
Realized profit from sales	(25,381)	(97,212)
Foreign exchange gain or loss	124,536	(46,120)
Total adjustments to reconcile profit (loss)	12,927,535	11,711,334
Changes in operating assets and liabilities:		
Accounts receivable	2,642,414	(1,173,832)
Other receivables	(391,993)	(348,165)
Inventories	(5,923,956)	(5,400,126)
Prepayments	123,620	(139,921)
Financial liabilities held for trading	-	(523,136)
Accounts payable (including related parties)	(429,964)	677,569
Other payable (including related parties)	(1,859,005)	2,420,267
Other current liabilities	79,389	(386)
Net defined benefit liability	(3,503)	(6,590)
Other non-current liabilities	9,606	(1,935)
Total changes in operating assets and liabilities	(5,753,392)	(4,496,255)
Cash inflow generated from operations	18,382,517	48,781,617
Interest received	396,063	774,111
Interest paid	(191)	(220)
Income taxes paid	(2,005,134)	(1,463,411)
Net cash flows from operating activities	16,773,255	48,092,097
Cash flows used in investing activities:		
Acquisition of investments accounted for using equity method	(28,787,503)	(13,221,259)
Proceeds from disposal of a subsidiary	-	176,868
Acquisition of property, plant and equipment	(5,490,289)	(20,418,433)
Proceeds from disposal of property, plant and equipment	4,723	25,743
Increase in refundable deposits	(3,504)	(11,378)
Acquisition of intangible assets	(164,666)	10,616,574
Decrease in lease and installment receivables	264,331	429,330
Increase in other non-current assets	(9,295)	(5,569)
Dividends received	210,056	-
Net cash flows (used in) from investing activities	(33,976,147)	(22,408,124)
Cash flows used in financing activities:		
(Decrease) increase in guarantee deposits received	(297,469)	317,376
Payment of lease liabilities	(184,115)	-
Cash dividends paid	(21,700,000)	(10,879,288)
Exercise of employee share options	662,067	1,500,528
Payments to acquire treasury shares	(1,029,878)	(2,782,675)
Net cash flows used in financing activities	(22,549,395)	(11,844,059)
Effect of exchange rate changes on cash and cash equivalents	(88,467)	(127,381)
Net (decrease) increase in cash and cash equivalents	(39,840,754)	13,712,533
Cash and cash equivalents at beginning of period	46,338,574	32,626,041
Cash and cash equivalents at end of period	\$ 6,497,820	46,338,574

Nanya Technology Corporation

Statement of Profits Distribution

For the year of 2019

Unit: NTD

Items		Amount
Available for Distribution:		
1. Unappropriated retained earnings of previous years		68,265,679,818
2. Other comprehensive income reclassified to unappropriated retained earnings of current year		(35,401,845)
3. Net profit after tax of current year		9,824,599,813
Total		78,054,877,786
Distribution Items:		
1. Appropriation of legal reserve (10% of the after-tax profit)		982,459,981
2. Appropriation of special reserve		767,266,783
3. Distribution of cash dividends		4,600,000,000
4. Unappropriated retained earnings carried forward to next year		71,705,151,022
Total		78,054,877,786
Explanation	<p>1. The Company plans to distribute cash dividends for a total of NT\$4,600,000,000. The cash dividends per share is NT\$ 1.50622288 based on total outstanding shares of 3,053,996,894 shares on January 31, 2020. 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\$4,600,000,000, all of which are from net profit after tax of 2019.</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>	



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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the consolidated financial statements of Nanya Technology Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, 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, 2019 and 2018, 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., are based solely on the audit report of another auditor. The aforementioned investment accounted for using the equity method constituted 3.04% and 1.65% of the consolidated total assets as of December 31, 2019 and 2018, respectively, and the share of profit of associates accounted for using the equity method constituted 1.64% and 0.12% of the consolidated total profit before tax for the period from January 1 to December 31, 2019 and July 25 to December 31, 2018, respectively.

Nanya Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified with other matter 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.

Valuation of inventories

Please refer to Notes 4(h), 5(a), and 6(c) 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 auditors' 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 Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2020

Notes to Readers

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



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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the financial statements of Nanya Technology Corporation ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018, 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 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 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., are based solely on the audit report of another auditor. The aforementioned investment accounted for using the equity method constituted 3.04% and 1.48% of the total assets as of December 31, 2019 and 2018, respectively, and the share of profit of associates accounted for using the equity method constituted 1.64% and 0.12% of the total profit before tax for the period from January 1 to December 31, 2019 and July 25 to December 31, 2018, respectively.

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.

Valuation of inventories

Please refer to Notes 4(g), 5(a), and 6(c) 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 Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2020

Notes to Readers

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

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

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\$ 800,000,000
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 2020 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2020 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 extraordinary 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 submit a written motion for a regular Meeting to the Company. However, each of such shareholders can only submit one (1) motion. Otherwise, all of his/her motions shall not be included in the agenda. In the event that any motion submitted 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 submit 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 submits a motion shall attend the regular Meeting in person or by his/her proxy to participate in the discussion of the motion submitted by him/her.

The Company shall, before the notification date of the regular Meeting, notify the proposing shareholders whether the motions such shareholders submitted 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 extraordinary 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 extraordinary motions submitted 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 extraordinary 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 extraordinary 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

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
Director	Pei-Ing Lee	1266	1,043,098
Director	Ming Jen, Tzou	-	0
Director	Lin-Chin Su	285	145,601
Director	Shih-Ming Hsie Representative of Formosa Taffeta Corp.	3	7,711,010
Director	Joseph Wu Representative of NPC	1	907,303,775
Director	Rex Chuang Representative of NPC	1	907,303,775
Independent Director	Ching-Chyi Lai	-	0
Independent Director	Shu-Po Hsu	-	0
Independent Director	Tsai-Feng Hou	-	0

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 73,791,862 shares. As of March 30, 2020, the actual shareholdings of the Company's Directors are 916,207,484 shares.