



# **Nanya Technology Corporation**

## **2022 ANNUAL SHAREHOLDERS' MEETING MEETING HANDBOOK**

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

**May 26, 2022**

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7. Rules for Election of Directors of the Company
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# **Nanya Technology Corporation**

## **2022 ANNUAL SHAREHOLDERS' MEETING PROCEDURE**

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

# **Nanya Technology Corporation**

## **2022 ANNUAL SHAREHOLDERS' MEETING AGENDA**

Time: 10:00 a.m., Thursday, May 26, 2022

Venue: No.336, Sec. 1, Nankan Rd., Luzhu Dist., Taoyuan City,  
Taiwan (R.O.C.)

Convening method: The annual general meeting will be held physically with the assistance of video chat (The video conferencing platform provided by Taiwan Depository & Clearing Corporation will be used for video chat, please refer to <https://www.stockvote.com.tw> for notices and description.)

### **1. Reporting Items**

- (1) Business Report for 2021
- (2) Audit Committee's Review Report for FY2021
- (3) Report of Distribution of Employees' Compensation for 2021

### **2. Ratification Items**

- (1) To Ratify the Business Report and Financial Statements for 2021
- (2) To Ratify the Proposal for Distribution of 2021 Profits

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

- (1) To Approve Amendments to the Articles of Incorporation of the Company
- (2) To Approve Amendments to the "Procedure of Acquisition or Disposal of Assets of the Company"

#### 4. Election Items

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

#### 5. Discussion Items (II)

(1) To approve appropriateness of releasing the newly elected Directors from non-competition restrictions.

## **Reporting Items**

1. Regarding the Company's business operation condition of FY2021, please refer to Business Report for further details (on Page 5 through Page 9 of the Handbook.)
2. The Company's Audit Committee had reviewed the 2021 Business Report and Financial Statements and issued their Review Report in accordance with the applicable laws. Please refer to Audit Committee's Review Report (on Page 10 of the Handbook.)
3. Report of Distribution of Employees' Compensation for FY2021

### **Explanation:**

The amount of the 2021 pre-tax profit prior to deducting employees' compensation was NT\$29,223,613,936. 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 5.3% as employees' compensation on February 24, 2022. The payment of employees' compensation will be in cash, i.e. a total amount of NT\$1,550,000,000.

# **Nanya Technology Corporation**

## **Business Report for 2021**

### **1. Business Performance for 2021**

Nanya Technology Corporation's (NTC) consolidated revenue amounted to NT\$85.6 billion in 2021, up 40% compared with NT\$61.01 billion in 2020. Net income was NT\$22.85 billion, and earnings per share (EPS) was NT\$7.4.

Sales volume in 2021 was the same as 2020, but revenue increased, mainly due to the significant increase in average selling price. Global economic activity decreased after the outbreak of COVID-19 in early 2020, and DRAM prices also declined. Industries gradually recovered in the first three quarters of 2021, and the DRAM market rapidly grew each quarter. However, the DRAM market went into a correction in the fourth quarter due to material shortages in the supply chain, backlog at ports, and new variants of COVID-19.

The Company flexibly adjusted its product portfolio based on the market situation in 2021, in order to respond to market fluctuations and customer demand, while lowering inventory levels. The average selling price of standard, consumer, and sealed wafers (Known Good Die; KGD) simultaneously increased in the first three quarters along with the market situation, which contributed to the Company's business performance.

Due to supply shortages in the supply chain in the fourth quarter, shortages of non-memory electronic parts and components affected the production of end products, such as computers, televisions, and automobiles, and the DRAM market slightly retracted. Overall, the Company's average selling price in 2021 was more than 40% higher than in 2020, resulting in the significant growth in revenue.

The increase in average selling price in 2021 increased gross profit to NT\$37.04 billion, and gross margin was 43.3%, up 17.6% compared with the gross margin of 25.7% in the previous year. Net cash inflow

from operating activities reached NT\$44.11 billion, and free cash flow reached NT\$32.85 billion.

Efforts on the business side:

(1) Increase in the selling price of wafers

We made an active effort to optimize our 20nm product portfolio in 2021, in which roughly 70% were consumer applications. We also increased the speed of server products to 3,200 Mbps to meet customer requirements, but the products were maintained at approximately 5% due to price considerations. We expanded fields of application for low-power products, and sought after long-term contracts, increasing bit sales volume to approximately 10%.

(2) Independent technology development and process conversion

- i. We have begun trial production of the first 8Gb DDR4 product using our first generation 10nm process technology (1A), and achieved our target yield during trial production. We have completed the design and began trial production of the second DDR5 product. Conversion to the (1A) process is scheduled to be carried out in 2022 and will begin mass production.
- ii. We completed trial manufacture of chips for functional verification using second-generation 10nm process technology (1B), and began trial production of the first 8Gb DDR4 product.

(3) ESG and Sustainability

- i. We expect to use 25-30% renewable energy before 2030. We purchased 10.4 GWh of electricity from onshore wind farms in 2021, and signed a 10-year renewable energy supply contract with solar power companies to supply 25 GWh per year, obtaining stable long-term renewable energy supply and meeting regulatory requirements in advance.



- ii. We joined the Net Zero 2030/2050 Initiative at the end of 2021, and are actively preparing to join RE100 and the SBT to achieve net zero emissions before 2050.
- iii. NTC was selected as a constituent stock of DJSI World at the end of 2021, and ranked 1st among memory companies worldwide. We were also recognized with numerous awards, including the National Enterprise Environmental Protection Award and Green Factory Certification, for our efforts in achieving sustainable development.

## **2. Industry Outlook**

DRAM is a key component in smart electronic products, and smartphones and servers/data centers are currently the main fields of application. Following the development of 5G, AI, IoT, big data, self-driving vehicles, and metaverse technologies, the launch of smart consumer electronics products will diversify DRAM applications in the future, and bit demand will grow at an annual rate of 15-20%.

In the server market, cloud demand will drive the continued growth of server DRAM sales, and the amount used will increase with the use of new CPU platforms for DDR5 in the second half of the year, in order to meet the requirements of 5G and AI for high bandwidth, low latency, and big data.

As for mobile phone demand, the percentage of shipments accounted for by 5G mobile phones has increased, and the amount of DRAM used also increased. Demand on commercial and gaming notebooks remains strong. However, growth of demand on mobile phones and notebooks has slowed due to the impact of inflation, geopolitics, and material shortages.

With regard to consumer electronics products, such as network communications, smart wearable devices, smart speakers, SSD, demand is expected to increase; demand for VR headsets and smart glasses will grow along with the concept of the metaverse and release of new game consoles.

According to evaluations of market survey companies, the inventory of suppliers was at low levels in early 2022, and current plans of suppliers to increase supply matches the growth in demand.

Summarizing the supply and demand information above, we expect the second quarter of 2022 to continue the slight pull back that started in the first quarter, but has the opportunity to gradually improve each quarter thereafter. It is still necessary to monitor inflation, the war between Russia and Ukraine, pandemic, and material shortages in the supply chain.

### **3. Business Strategy for 2022**

We will step up efforts to promote 20nm products for SSD and game consoles, and will continue to optimize applications of low power products, increasing product speed for application in high-end in-vehicle systems and high-end television products. With regard to sales of server products, besides maintaining relationships with large customers, we will also expand across the world to medium and small customers, such as regional data centers, to increase our sales channels and customer base.

Our main business strategies this year include the promotion, mass production, and sales of new products from our first generation 10nm process (1A). We have already completed customer verification of the pilot product 8Gb DDR4, and plan to begin mass production on a smaller scale in the second half of the year, at which time we will reduce the production of 30nm products. We will also prepare for next generation of DDR5 products.

Trial production of pilot products using second generation 10nm process technology (1B) has already begun, and we expect to begin purchasing machinery and equipment required for phase-one mass production in the second half of this year, preparing for process conversion next year. We are currently developing new products and will subsequently begin trial production.

The Company also plans to build a new plant in Nanlin Science Park, and will build a clean room in the middle of this year with the goal for it be completed and operational in 2025. The scale of the production capacity will be implemented in phases depending on market demand.

The upper limit on capital expenditures in 2022 due to mass production machinery and equipment for 1A/1B process technology, new plant construction, and capital expenditures of general departments is expected to be NT\$28.4 billion.

#### **4. Conclusion**

We are cautiously optimistic about the DRAM market this year and expect the industry to grow. We will invest even more R&D resources to accelerate the development of 10nm process technologies and new generation DDR5 products to enhance our competitiveness. Nanya Technology Corporation insists on the core value of technological innovation as its main source of growth, and will continue to dedicate our efforts to 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 2021 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 24, 2022

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

To Ratify the Business Report and Financial Statements for 2021

Proposed by the Board of Directors

**Explanation:**

1. The preparation of the Company's 2021 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 24, 2022 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 5 through Page 9 of the Handbook. As for the Financial Statements, please refer to Page 29 through Page 36 of the Handbook. Please approve the Business Report and the Financial Statements.

**Resolution:**

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

To Ratify the Proposal for Distribution of 2021 Profits

Proposed by the Board of Directors

**Explanation:**

The Proposal for Distribution of 2021 Profits of the Company was reviewed by the Audit Committee and approved by the Board of Directors on February 24, 2022.

(Please refer to Page 37 of the Handbook for the Statement of Profits Distribution.)

**Resolution:**

## Discussion Items (I)

### Item 1

To Approve Amendments to the Articles of Incorporation of the Company

Proposed by the Board of Directors

#### **Explanation:**

To conform to the needs of commercial practice, the Articles of Incorporation 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 13	<p>The Company shall have 9 to 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. <u>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.</u></p> <p>(below omitted)</p>	<p>The Company shall have 9 to 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.</p> <p>(below omitted)</p>	<p>To delete the regulation about the registered shares held by the directors.</p>

Article	Before Amendment	After Amendment	Amendment Description
Article 14	The Board of Directors is constituted by directors. A Chairman <u>and a Vice-Chairman</u> 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.	The Board of Directors is constituted by directors. A 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, <u>and may elect a Vice Chairman</u> . The Chairman shall be the representative of the Company.	To add the election of the Vice Chairman so as to conform to the needs of commercial practice.
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 <u>for approval at a shareholders' meeting</u> . (below omitted)	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 <u>and be authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the Directors; and in addition thereto a report of such distribution</u>	To conform to the needs of commercial practice, the Company proposes to amend the procedure of cash dividend distribution in compliance with Company Act.



Article	Before Amendment	After Amendment	Amendment Description
Article 20		<u>shall be submitted to the shareholders' meeting.</u> <u>The dividends paid in stock shall be submitted for the approval in a shareholders' meeting.</u> (below omitted)	
Article 22	(Omitted)	Add " The 26th amendment was made on May 26, 2022" to the existing Article.	Add the date of amendment and execution to the Article.

## Resolution:

## Discussion Items (I)

### Item 2

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

#### **Explanation:**

To refer to Financial Supervisory Commission on January 28, 2022 with the document number 1110380465, the “Procedure of Acquisition or Disposal of Assets of the Company” shall be amended accordingly. The corresponding comparison table for the current and amended articles is attached.

Article	Before Amendment	After Amendment	Amendment Description
Article 7	Except for transactions with domestic government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery, equipment, or right-of-use assets thereof for operation purpose, for acquisition or disposal of real estate, equipment, or right-of-use assets thereof by the Company, whose amount reaches 20% of the Company’s paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with: 1. If for any special reason, a restricted price,	Except for transactions with domestic government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal of machinery, equipment, or right-of-use assets thereof for operation purpose, for acquisition or disposal of real estate, equipment, or right-of-use assets thereof by the Company, whose amount reaches 20% of the Company’s paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with: 1. If for any special reason, a restricted price,	Amend in accordance to Financial Supervisory Commission on January 28, 2022 with the document number 1110380465.

Article	Before Amendment	After Amendment	Amendment Description
Article 7	<p>specific price, or particular price must be used as a reference for the transaction price, the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.</p> <p>2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.</p> <p>3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter <u>in accordance with the provision of Auditing Standard No.20 issued by the ROC Accounting Research and Development Foundation</u> (hereinafter “ARDF”) and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser’s appraisal report:</p> <p>(1) The discrepancy between the result of the Professional Appraiser’s appraisal report and</p>	<p>specific price, or particular price must be used as a reference for the transaction price, the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.</p> <p>2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.</p> <p>3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser’s appraisal report:</p> <p>(1) The discrepancy between the result of the Professional Appraiser’s appraisal report and the transaction price exceeds 20%</p> <p>(2) The discrepancy between the two appraisal reports is over 10% of the transaction price</p> <p>4. Where an appraisal is conducted by a</p>	

Article	Before Amendment	After Amendment	Amendment Description
Article 7	<p>the transaction price exceeds 20%</p> <p>(2) The discrepancy between the two appraisal reports is over 10% of the transaction price</p> <p>4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.</p>	<p>Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.</p>	
Article 8	<p>Before the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained prior to the date of the event for assessment and as a reference for the transaction price; in addition, for the transaction with price reaching 20% or more of this Company's paid-in capital or NT\$300 million or more, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the date of the event; <u>if the work of an expert is required, the certified public accountant shall handle the matter in accordance with the provision</u></p>	<p>Before the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained prior to the date of the event for assessment and as a reference for the transaction price; in addition, for the transaction with price reaching 20% or more of this Company's paid-in capital or NT\$300 million or more, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the date of the event. The aforesaid provisions hereof shall not be applicable</p>	<p>Amend in accordance to Financial Supervisory Commission on January 28, 2022 with the document number 1110380465.</p>

Article	Before Amendment	After Amendment	Amendment Description
Article 8	of Auditing Standard No.20 issued by Accounting Research and Development Foundation. The aforesaid provisions hereof shall not be applicable to the case in which such securities with the open bid price obtained in the active market or otherwise provided by the competent securities authority.	to the case in which such securities with the open bid price obtained in the active market or otherwise provided by the competent securities authority.	
Article 9	In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. <u>The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</u>	In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event.	Amend in accordance to Financial Supervisory Commission on January 28, 2022 with the document number 1110380465.
Article 14	Except for trading of domestic government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real	Except for trading of domestic government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real	Amend in accordance to Financial Supervisory Commission on January

Article	Before Amendment	After Amendment	Amendment Description
Article 14	<p>estates or right-of-use assets thereof from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.</li> <li>2. Reason for choosing the Related Party as the transaction counterparty.</li> <li>3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article 15 to Article 17 while acquiring real estate or right-of-use assets thereof from a Related Party.</li> <li>4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related</li> </ol>	<p>estates or right-of-use assets thereof from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from/to a Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity and anticipated benefit of acquiring or disposing assets.</li> <li>2. Reason for choosing the Related Party as the transaction counterparty.</li> <li>3. Related information or data regarding the assessment of the reasonableness of the preliminary transaction conditions to be in accordance with the provisions of Article 15 to Article 17 while acquiring real estate or right-of-use assets thereof from a Related Party.</li> <li>4. The acquisition price and acquisition date of the real estate between the Related Party and its original trading counterparty, and the relationship between the foresaid transaction counterparty and the Company and the Related</li> </ol>	28, 2022 with the document number 1110380465.

Article	Before Amendment	After Amendment	Amendment Description
Article 14	<p>Party.</p> <p>5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.</p> <p>6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to the above-mentioned Article.</p> <p>7. The constraint conditions and other material conventions of the transaction.</p> <p>The calculation of the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article 28; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to the Board of Directors for approval according to the Procedures, shall be excluded.</p> <p>(below omitted)</p>	<p>Party.</p> <p>5. Monthly forecast statements of cash-in and cash-out flow of the coming year after the month in which the contract is expected to be entered into and the furthermore assessment of the necessity of the transaction and of the reasonableness of the usage of the funds.</p> <p>6. An appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant to be obtained according to the above-mentioned Article.</p> <p>7. The constraint conditions and other material conventions of the transaction.</p> <p><b><u>Where the transaction in paragraph 1 of the Company or any subsidiaries that are not public companies and the transaction amount reaches 10 percent or more of the Company's total assets, the Company or any subsidiaries that are not public companies may not proceed to enter into a transaction contract or make a payment until the documents in paragraph 1 have been submitted for the approval in the Shareholders’ Meeting of the Company. However, this provision does not apply to the transaction</u></b></p>	

Article	Before Amendment	After Amendment	Amendment Description
Article 14		<p><b><u>between the Company and its parent or subsidiaries, or between its subsidiaries.</u></b></p> <p>The calculation of <b><u>paragraph 1 and</u></b> the above-mentioned transaction price shall be implemented in accordance with the second Paragraph of Article 28; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to <b><u>the Shareholders’ Meeting or</u></b> the Board of Directors for approval according to the Procedures, shall be excluded.</p> <p>(below omitted)</p>	
Article 28	<p>If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:</p> <p>1. Acquisition of real estate or right-of-use assets thereof from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from a</p>	<p>If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:</p> <p>1. Acquisition of real estate or right-of-use assets thereof from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from a</p>	<p>Amend in accordance to Financial Supervisory Commission on January 28, 2022 with the document number 1110380465.</p>



Article	Before Amendment	After Amendment	Amendment Description
Article 28	<p>Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading domestic government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, spin-off, acquisition or share transfer.</p> <p>3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.</p> <p>4. Acquisition or disposal of operation-purpose machinery and equipment or right-of-use assets thereof with non-related parties in an amount exceeding NT\$ 1 billion.</p> <p>5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, and</p>	<p>Related Party with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading domestic government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, spin-off, acquisition or share transfer.</p> <p>3. Financial derivatives transaction of which maximum loss for all and individual contract exceeds the maximum limit specified in the Procedures.</p> <p>4. Acquisition or disposal of operation-purpose machinery and equipment or right-of-use assets thereof with non-related parties in an amount exceeding NT\$ 1 billion.</p> <p>5. Acquisition of real estate by way of contracting third parties to construct on land owned or rented by the Company, distribution of buildings under a joint construction project, distribution of profits under a joint construction project, or selling buildings under a joint construction project, and</p>	

Article	Before Amendment	After Amendment	Amendment Description
Article 28	<p>furthermore the trading counterparty is not a related party, and the amount the Company plans to contribute exceeding NT\$ 500 million.</p> <p>6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:</p> <p>(1) Trading domestic government bonds;</p> <p>(2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>(below omitted)</p>	<p>furthermore the trading counterparty is not a related party, and the amount the Company plans to contribute exceeding NT\$ 500 million.</p> <p>6. Assets acquisition or disposal other than those mentioned above or execution of investments in Mainland China, where the amount reaches 20% or more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:</p> <p>(1) Trading domestic government bonds <b><u>or foreign government bonds with a sovereign rating not lower than the sovereign rating of the R.O.C. ;</u></b></p> <p>(2) Trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>(below omitted)</p>	

## Resolution:

## Election Items

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

Proposed by the Board of Directors

### **Explanation:**

1. The Company's current Directors were elected in the Annual Shareholders' Meeting on May 30, 2019 and have their tenure expired on May 29, 2022. To conform to the applicable Rule, the Company shall elect 12 Directors (including 4 Independent Directors) using the cumulative voting system. The tenure of new session of Directors (including Independent Directors) shall be three years, starting May 26, 2022 until May 25, 2025.
2. The election of Directors (including Independent Directors) shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act and the Article 20 of the Company's Articles of Incorporation. The shareholders with over 1% shareholding of the Company nominated 12 Directors Candidates (including Independent Directors) on March 30, 2022. The related information of the 8 Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Chia Chau, Wu Representative of NPC	Bachelor in Business Administration, National Chengchi University	Current Appointment: Chairman of NPC Chairman of Nan Ya PCB Corp. Chairman of Nanya Technology Corp. Experiences: President of NPC	907,303,775
Wen Yuan, Wong	Master in Industrial Engineering, University of Houston	Current Appointment: Chairman of Taiwan Textile Federation Chairman of Formosa Taffeta Co., LTD Chairman of Formosa Advanced Technologies Co., LTD Experiences: Chairman of FCFC	4,000

Name	Education	Major Experience	Shareholding (Share)
Susan Wang	Barnard College, U.S.	Current Appointment: Managing Director of FPC Managing Director of FPCC Director of Formosa Sumco Technology Corp. Experiences: Executive Vice President of FPC-USA	0
Pei-Ing Lee	Ph.D. in Chemical Engineering, Syracuse University	Current Appointment: President of Nanya Technology Corp. Experiences: Senior Vice President of Nanya Technology Corp.	1,155,098
Ming Jen, Tzou	Associate Degree in Department of Chemical Engineering, Provincial Taipei Institute of Technology	Current Appointment: President of NPC Experiences: Executive Vice President of NPC	0
Lin-Chin Su	Ph.D. in Materials Science and Engineering, the University of Utah	Current Appointment: Executive Vice President of Nanya Technology Corp. Experiences: Senior Vice President of Nanya Technology Corp.	370,601
Joseph Wu Representative of NPC	Master in Material Engineering, National Taiwan University	Current Appointment: Vice President of Nanya Technology Corp. Experiences: Assistant Vice President of Nanya Technology Corp.	907,303,775
Rex Chuang Representative of NPC	Master in Materials Engineering, San Jose State University	Current Appointment: Vice President of Nanya Technology Corp. Experiences: Assistant Vice President of Nanya Technology Corp.	907,303,775

The related information of the 4 Independent Director Candidates are listed below:

Name	Education	Major Experience	Shareholding (Share)
Ching-Chyi Lai	Master in Department of Public Finance, National Chengchi University	Current Appointment: Chair Professor of Chung Hua University Experiences: Chairman of Chunghwa Post Corp.	0
Shu-Po Hsu	Master in Graduate Institute of Criminology, National Chung Cheng University	Current Appointment: Chairman of General Chamber of Commerce of the Republic of China Experiences: Chairman of The Life Insurance Association of the Republic of China	0
Tsai-Feng Hou	Master in Public Policy Program, National Sun Yat-sen University	Current Appointment: Special Assistant to the Chairman of Orient Semiconductor Electronics, Limited Experiences: President of Ta Chong Securities Corp.	0
Tain-Jy Chen	Ph.D. in Economics, Pennsylvania State University	Current Appointment: Emeritus Faculty of National Taiwan University Experiences: Minister of National Development Council	0

**Resolution:**

## Discussion Items (II)

### Item 1

To approve appropriateness of releasing the newly elected Directors from non-competition restrictions.

Proposed by the Board of Directors

#### Explanation:

1. According to Article 209 of the Company Act, any Director conducting business for himself/herself or on another's behalf, and the scope of which coincides with the Company's business scope, shall explain at the Shareholders' Meeting the essential contents of such conduct and obtain approval from shareholders in the Meeting.
2. The list of the newly-elected Directors in Annual Shareholders' Meeting of 2021 as the same or similar duty in other companies within the scope of the Company's business is as follow. Based on the premise interest of the Company without impairment, it is proposed to release the Directors after having assumed office from non-competition restrictions for approval following Article 209 of the Company Act.

Name	The same or similar duty in other companies within the scope of the Company's business
Wen Yuan, Wong	Chairman of Formosa Advanced Technologies Co., LTD Director of Formosa Sumco Technology Corp.
Susan Wang	Director of Formosa Sumco Technology Corp.
Pei-Ing Lee	Director of Formosa Advanced Technologies Co., LTD Independent Director of Powertech Technology Inc.
Lin-Chin Su	Director of Formosa Advanced Technologies Co., LTD

Resolution:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (Note 6(a))	\$ 80,699,971	42	51,725,906	31
1170 Accounts receivable, net (Notes 6(b)(p))	11,568,536	6	7,867,928	4
1180 Accounts receivable due from related parties, net (Note 6(b)(p) and 7)	-	-	8,237	-
1200 Other receivables (Notes 6(c))	989,699	1	1,496,119	1
1310 Inventories (Note 6(d))	11,611,235	7	14,126,982	9
1410 Prepayments (Note 6(e))	835,419	-	559,481	-
1470 Other current assets (Note 6(e))	754,838	-	959,948	1
<b>Total current assets</b>	<b>106,459,698</b>	<b>56</b>	<b>76,744,601</b>	<b>46</b>
<b>Non-current assets:</b>				
1517 Non-current financial assets at fair value through other comprehensive income	11,071	-	-	-
1550 Investments accounted for using equity method (Note 6(f))	5,339,031	2	5,160,505	3
1600 Property, plant and equipment (Notes 6(g)(v) and 7)	76,206,692	40	79,728,620	49
1755 Right-of-use assets (Notes 6(h) and 7)	1,707,092	1	1,790,192	1
1780 Intangible assets	1,013,517	1	1,258,380	1
1840 Deferred tax assets	296,088	-	353,567	-
194D Long-term financial lease payments receivable (Note 6(i))	254,305	-	483,436	-
1990 Other non-current assets (Note 8)	133,369	-	112,679	-
<b>Total non-current assets</b>	<b>84,961,165</b>	<b>44</b>	<b>88,887,379</b>	<b>54</b>
<b>Total assets</b>	<b>\$ 191,420,863</b>	<b>100</b>	<b>165,631,980</b>	<b>100</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
Accounts payable	2170		2170	
Accounts payable to related parties (Note 7)	2180		2180	
Other payables	2200		2200	
Other payables to related parties (Note 7)	2220		2220	
Current tax liabilities	2230		2230	
Current lease liabilities (Notes 6(j) and 7)	2280		2280	
Other current liabilities	2399		2399	
<b>Total current liabilities</b>	<b>18,887</b>	<b>-</b>	<b>75,759</b>	<b>-</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities (Note 6(l))	2570		2570	
Non-current lease liabilities (Notes 6(j) and 7)	2580		2580	
Net defined benefit liability, non-current (Note 6(k))	2640		2640	
Other non-current liabilities	2670		2670	
<b>Total non-current liabilities</b>	<b>2,751,233</b>	<b>1</b>	<b>3,041,281</b>	<b>2</b>
<b>Total liabilities</b>	<b>18,442,795</b>	<b>10</b>	<b>11,819,953</b>	<b>7</b>
<b>Equity (Note 6(m)):</b>				
Ordinary shares	3110		3110	
Advance receipts for share capital	3140		3140	
Capital surplus	3200		3200	
Legal reserve	3310		3310	
Special reserve	3320		3320	
Unappropriated retained earnings	3350		3350	
Other equity interest	3400		3400	
Treasury shares	3500		3500	
<b>Total equity</b>	<b>172,978,068</b>	<b>90</b>	<b>153,812,027</b>	<b>93</b>
<b>Total liabilities and equity</b>	<b>\$ 191,420,863</b>	<b>100</b>	<b>165,631,980</b>	<b>100</b>

(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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(p))	\$ 85,604,158	100	61,005,514	100
5000 Operating costs (Notes 6(d)(g)(h)(j)(k)(n)(q) and 7)	(48,560,210)	(57)	(45,313,936)	(74)
Gross profit from operations	37,043,948	43	15,691,578	26
Operating expenses (Notes 6(g)(h)(j)(k)(n)(q) and 7):				
6100 Selling expenses	(827,171)	(1)	(791,263)	(2)
6200 Administrative expenses	(1,530,674)	(2)	(1,327,969)	(2)
6300 Research and development expenses	(7,499,780)	(8)	(5,137,872)	(8)
Total operating expenses	(9,857,625)	(11)	(7,257,104)	(12)
Net operating income	27,186,323	32	8,434,474	14
Non-operating income and expenses (Notes 6(f)(g)(i)(j)(r) and 7):				
7100 Interest income	273,852	-	681,235	1
7020 Other gains and losses, net	(190,055)	-	(578,270)	(1)
7050 Finance costs	(23,667)	-	(13,117)	-
7060 Share of profit of associates accounted for using equity method, net	520,977	-	466,895	1
Total non-operating income and expenses	581,107	-	556,743	1
7900 Profit before tax	27,767,430	32	8,991,217	15
7950 Income tax expenses (Note 6(l))	(4,918,415)	(6)	(1,305,176)	(2)
Profit	22,849,015	26	7,686,041	13
8300 Other comprehensive income (Note 6(k)(l)(m)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Remeasurements of the net defined benefit	(92,311)	-	3,767	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(929)	-	-	-
8320 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(16,991)	-	(14,316)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(18,648)	-	754	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(91,583)	-	(11,303)	-
8360 Components of other comprehensive income that may be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(1,092,193)	(1)	(1,955,693)	(4)
8399 Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that may be reclassified to profit or loss	(1,092,193)	(1)	(1,955,693)	(4)
8300 Other comprehensive income, net	(1,183,776)	(1)	(1,966,996)	(4)
8500 Comprehensive income	\$ 21,665,239	25	5,719,045	9
Earnings per share (Note 6(o))				
9750 Basic earnings per share	\$ 7.40		2.51	
9850 Diluted earnings per share	\$ 7.35		2.49	

See accompanying notes to consolidated financial statements.



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(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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 27,767,430	8,991,217
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	15,033,765	14,214,238
Amortization expense	260,025	236,477
Interest expense	23,667	13,117
Interest income	(273,852)	(681,235)
Share-based payments	313,110	58,420
Share of profit of associates accounted for using equity method	(520,977)	(466,895)
Gain or loss on disposal of property, plant and equipment	8,876	6,642
Impairment loss on non-financial assets	31,640	-
Unrealized foreign exchange gain or loss	(21,785)	70,894
Others	-	(30,748)
Total adjustments to reconcile profit	14,854,469	13,420,910
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(3,729,591)	(579,243)
Other receivables	527,787	121,995
Inventories	2,515,747	3,995,514
Prepayments	(275,938)	(319,120)
Other current assets	205,110	436,820
Accounts payable (including related parties)	679,016	(291,755)
Other payables (including related parties)	2,670,206	(2,262,463)
Other current liabilities	(56,872)	(16,995)
Net defined benefit liability	(17,356)	(5,846)
Other non-current liabilities	(3,074)	(6,429)
Total net changes in operating assets and liabilities	2,515,035	1,072,478
Cash inflow generated from operations	45,136,934	23,484,605
Interest received	217,675	623,784
Interest paid	(23,806)	(12,770)
Income taxes paid	(1,223,342)	(1,483,582)
Net cash flows from operating activities	44,107,461	22,612,017
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(12,000)	-
Acquisition of property, plant and equipment	(11,260,234)	(8,476,438)
Proceeds from disposal of property, plant and equipment	-	71
Increase in refundable deposits	(18,799)	(72,994)
Acquisition of intangible assets	(218,437)	(878,657)
Decrease in lease and installment receivables	264,330	264,330
Increase in other non-current assets	(10,334)	(759)
Dividends received	325,475	311,324
Net cash flows used in investing activities	(10,929,999)	(8,853,123)
<b>Cash flows used in financing activities:</b>		
Decrease (increase) in guarantee deposits received	(59,248)	63,246
Decrease in other payables to related parties	-	(3,450)
Payment of lease liabilities	(188,376)	(188,459)
Cash dividends paid	(4,000,000)	(4,600,000)
Exercise of employee share options	80,024	622,916
Treasury shares transferred to employees	1,107,530	-
Net cash flows used in financing activities	(3,060,070)	(4,105,747)
Effect of exchange rate changes on cash and cash equivalents	(1,143,327)	(2,076,240)
Net increase in cash and cash equivalents	28,974,065	7,576,927
Cash and cash equivalents at beginning of period	51,725,906	44,148,979
Cash and cash equivalents at end of period	\$ 80,699,971	51,725,906

See accompanying notes to consolidated financial statements.

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

## Nanya Technology Corporation

## Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Assets		Liabilities and Equity			
Current assets:		Current liabilities:			
1100	Cash and cash equivalents (Note 6(a))	\$ 35,267,599	18	16,573,114	10
1170	Accounts receivable, net (Notes 6(b)(p))	7,376,189	4	5,547,350	3
1180	Accounts receivable due from related parties, net (Notes 6(b)(p) and 7)	4,830,944	3	2,688,002	2
1200	Other receivables (Notes 6(c))	957,477	1	1,456,089	1
1310	Inventories (Notes 6(d))	11,467,807	6	14,084,255	8
1410	Prepayments (Note 6(e))	827,120	-	551,365	-
1470	Other current assets (Notes 6(e))	754,838	-	959,948	1
	Total current assets	61,481,974	32	41,860,123	25
Non-current assets:		Non-Current liabilities:			
1517	Non-current financial assets at fair value through other comprehensive income	11,071	-	-	-
1550	Investments accounted for using equity method (Note 6(f))	50,266,191	26	40,084,942	25
1600	Property, plant and equipment (Notes 6(g)(v) and 7)	76,178,890	40	79,696,505	48
1755	Right-of-use assets (Notes 6(h)(v) and 7)	1,707,092	1	1,790,192	1
1780	Intangible assets	1,013,517	1	1,258,380	1
1840	Deferred tax assets (Notes 6(i))	288,767	-	345,830	-
194D	Long-term financial lease payments receivable (Note 6(i))	254,305	-	483,436	-
1990	Other non-current assets	125,001	-	105,064	-
	Total non-current assets	129,844,834	68	123,764,349	75
		\$ 191,326,808	100	165,624,472	100
Total assets		Total liabilities and equity			
		\$ 191,326,808	100	165,624,472	100
				\$ 191,326,808	100
				165,624,472	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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(p) and 7)	\$ 85,481,242	100	60,700,390	100
5000	Operating costs (Notes 6(d)(g)(h)(j)(k)(n)(q) and 7)	(48,598,616)	(57)	(45,288,242)	(75)
	<b>Gross profit from operations</b>	<b>36,882,626</b>	<b>43</b>	<b>15,412,148</b>	<b>25</b>
5910	Add: Unrealized profit from sales	(136,120)	-	(11,775)	-
5920	Realized profit on from sales	11,775	-	15,749	-
	<b>Gross profit from operations</b>	<b>36,758,281</b>	<b>43</b>	<b>15,416,122</b>	<b>25</b>
	<b>Operating expenses (Notes 6(g)(h)(j)(k)(n)(q) and 7):</b>				
6100	Selling expenses	(663,724)	(1)	(600,862)	(1)
6200	Administrative expenses	(1,515,505)	(2)	(1,312,475)	(2)
6300	Research and development expenses	(7,520,614)	(9)	(5,159,496)	(8)
	<b>Total operating expenses</b>	<b>(9,699,843)</b>	<b>(12)</b>	<b>(7,072,833)</b>	<b>(11)</b>
	<b>Net operating income</b>	<b>27,058,438</b>	<b>31</b>	<b>8,343,289</b>	<b>14</b>
	<b>Non-operating income and expenses (Notes 6(f)(g)(i)(j)(r) and 7):</b>				
7100	Total interest income	121,907	-	127,709	-
7020	Other gains and losses, net	(309,129)	-	(527,881)	(1)
7050	Finance costs	(23,667)	-	(13,023)	-
7070	Share of profit of associates accounted for using equity method, net	826,065	1	1,043,924	2
	<b>Total non-operating income and expenses</b>	<b>615,176</b>	<b>1</b>	<b>630,729</b>	<b>1</b>
7900	<b>Profit before tax</b>	<b>27,673,614</b>	<b>32</b>	<b>8,974,018</b>	<b>15</b>
7950	Less: Income tax expenses (Notes 6(l))	(4,824,599)	(6)	(1,287,977)	(2)
	<b>Profit</b>	<b>22,849,015</b>	<b>26</b>	<b>7,686,041</b>	<b>13</b>
8300	<b>Other comprehensive income (Notes 6(k)(l)(m)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of the net defined benefit	(92,311)	-	3,767	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(929)	-	-	-
8320	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	(16,991)	-	(14,316)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(18,648)	-	754	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>(91,583)</b>	<b>-</b>	<b>(11,303)</b>	<b>-</b>
8360	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,092,193)	(1)	(1,955,693)	(3)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(1,092,193)</b>	<b>(1)</b>	<b>(1,955,693)</b>	<b>(3)</b>
8300	<b>Other comprehensive (loss) income, net</b>	<b>(1,183,776)</b>	<b>(1)</b>	<b>(1,966,996)</b>	<b>(3)</b>
8500	<b>Comprehensive income</b>	<b>\$ 21,665,239</b>	<b>25</b>	<b>5,719,045</b>	<b>10</b>
	<b>Earnings per share (dollar) (Note 6(o))</b>				
9750	Basic earnings per share	\$ 7.40		2.51	
9850	Diluted earnings per share	\$ 7.35		2.49	

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, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Other equity interest										Treasury shares	Total equity
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest			
\$	30,733,649	3,475	32,005,339	13,128,412	273,834	78,054,876	(938,039)	103,061	(1,041,100)	(1,146,932)	152,011,553	
	-	-	-	-	-	7,686,041	-	-	-	-	7,686,041	
	-	-	-	-	-	3,411	1,955,693	(14,714)	(1,970,407)	-	(1,966,996)	
	-	-	-	-	-	7,689,452	1,955,693	(14,714)	(1,970,407)	-	5,719,045	
	-	-	-	982,459	-	(982,459)	-	-	-	-	-	
	-	-	-	767,266	-	(767,266)	-	-	-	-	-	
	-	-	-	-	-	(4,600,000)	-	-	-	-	(4,600,000)	
	-	-	14	-	-	-	-	-	-	-	14	
	-	-	38,420	-	-	-	-	-	-	-	38,420	
	-	-	19	-	-	-	-	-	-	-	19	
202,200	-	32,784	347,837	-	-	-	-	-	-	-	622,816	
30,935,849	36,259	32,431,680	14,110,871	1,041,100	-	79,734,003	(2,997,712)	(117,773)	(3,011,507)	(1,446,032)	153,817,027	
	-	-	-	-	-	22,840,018	-	-	-	-	22,849,015	
	-	-	-	-	-	(768,945)	(1,992,103)	(13,242)	(1,105,835)	-	(1,189,766)	
	-	-	-	-	-	32,770,504	(1,992,103)	(13,242)	(1,105,835)	-	31,659,289	
	-	-	-	768,945	-	(768,945)	-	-	-	-	-	
	-	-	-	(1,070,407)	-	(1,070,407)	-	-	-	-	-	
	-	-	-	-	-	(8,990,000)	-	-	-	-	(8,990,000)	
	-	-	15	-	-	-	-	-	-	-	15	
	-	-	123	-	-	-	-	-	-	-	123	
39,280	(31,756)	72,500	-	-	-	-	-	-	-	-	80,024	
-	-	310,811	-	-	-	-	-	-	-	-	1,109,829	
(6,470)	-	(20,633)	-	-	-	-	-	-	-	37,103	-	
30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	-	172,978,068	

Balance at January 1, 2020

Net profit for the year ended December 31, 2020

Other comprehensive income for the year ended December 31, 2020

Total comprehensive income for the year ended December 31, 2020

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Other changes in capital surplus:

Changes in equity of associates accounted for using equity method

Recognized compensation costs on employee stock options

Past due unclaimed dividends

Exercise of employee share option

Balance at December 31, 2020

Net profit for the year ended December 31, 2021

Other comprehensive income for the year ended December 31, 2021

Total comprehensive income for the year ended December 31, 2021

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Other changes in capital surplus:

Changes in equity of associates accounted for using equity method

Past due unclaimed dividends

Exercise of employee share options

Treasury shares transferred to employees

Retirement of treasury shares

Balance at December 31, 2021

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 27,673,614	8,974,018
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	15,023,415	14,204,527
Amortization expense	260,025	236,477
Interest expense	23,667	13,023
Interest income	(121,907)	(127,709)
Share-based payments	313,110	58,420
Share of profit of subsidiaries and associates accounted for using equity method	(826,065)	(1,043,924)
Gain on disposal of property, plant and equipment	8,814	6,633
Impairment loss on non-financial assets	31,640	-
Unrealized gains on sales	136,120	11,775
Realized profit from sales	(11,775)	(15,749)
Foreign exchange gain or loss	(21,785)	70,894
Others	-	30,748
Total adjustments to reconcile profit	14,815,259	13,383,619
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(4,009,001)	(764,103)
Other receivables	522,787	125,831
Inventories	2,616,448	3,988,053
Prepayments	(275,755)	86,318
Other non-current assets	205,110	36,353
Accounts payable (including related parties)	678,583	(291,754)
Other payable (including related parties)	2,659,092	(2,274,962)
Other current liabilities	(74,682)	(5,198)
Net defined benefit liability	(17,356)	(5,846)
Other non-current liabilities	1,444	(6,109)
Total changes in operating assets and liabilities	2,303,782	888,583
Cash inflow generated from operations	44,792,655	23,246,220
Interest received	62,533	53,030
Interest paid	(23,806)	(12,611)
Income taxes paid	(1,191,410)	(1,469,681)
Net cash flows from operating activities	43,639,972	21,816,958
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(12,000)	-
Proceeds from capital reduction of investments accounted for using equity method	(11,141,200)	-
Acquisition of property, plant and equipment	(11,253,373)	(8,449,490)
Proceeds from disposal of property, plant and equipment	-	71
Increase in refundable deposits	(17,864)	(73,144)
Acquisition of intangible assets	(218,437)	(878,657)
Decrease in lease and installment receivables	264,330	264,330
Increase in other non-current assets	(10,516)	(308)
Dividends received	552,502	1,620,170
Net cash flows used in investing activities	(21,836,558)	(7,517,028)
<b>Cash flows used in financing activities:</b>		
Decrease (increase) in guarantee deposits received	(59,505)	63,246
Payment of lease liabilities	(188,376)	(188,459)
Cash dividends paid	(4,000,000)	(4,600,000)
Exercise of employee share options	80,024	622,916
Treasury shares transferred to employees	1,107,330	-
Net cash flows used in financing activities	(3,060,327)	(4,102,297)
Effect of exchange rate changes on cash and cash equivalents	(48,602)	(122,339)
Net increase in cash and cash equivalents	18,694,485	10,075,294
Cash and cash equivalents at beginning of period	16,731,114	6,497,820
Cash and cash equivalents at end of period	\$ 35,267,599	16,573,114

See accompanying notes to financial statements.

# Nanya Technology Corporation

## Statement of Profits Distribution

### For the year of 2021

Unit: NTD

Items		Amount
<b>Available for Distribution:</b>		
1. Unappropriated retained earnings of previous years		72,655,251,546
2. Net profit after tax of current year		22,849,014,317
3. Other comprehensive income reclassified to unappropriated retained earnings of current year		(78,340,452)
Total		95,425,925,411
<b>Distribution Items:</b>		
1. Appropriation of legal reserve		2,277,067,387
2. Appropriation of special reserve		1,105,435,418
3. Distribution of cash dividends		11,470,000,000
4. Unappropriated retained earnings carried forward to next year		80,573,422,606
Total		95,425,925,411
Explanation	<p>1. The Company plans to distribute cash dividends for a total of NT\$11,470,000,000. The cash dividends per share is NT\$ 3.70349933 based on total outstanding shares of 3,097,070,894 shares on January 31, 2022. 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\$11,470,000,000, all of which are from net profit after tax of 2021.</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. Legal reserve is appropriated from 10% of the amount which is added up net profit after tax of current year and other comprehensive income reclassified to unappropriated retained earnings of current year.</p> <p>6. Special reserve is appropriated from the net amount of exchange differences losses on translation of foreign financial statements and unrealized losses on financial assets measured at fair value through other comprehensive income.</p>	

**安侯建業聯合會計師事務所****KPMG**

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

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

**Independent Auditors' Report**

To the Board of Directors of Nanya Technology Corporation:

**Opinion**

We have audited the consolidated financial statements of Nanya Technology Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Valuation of inventories**

Please refer to Notes 4(h), 5, as well as 6(d) for details on accounting policy, judgments and major sources of estimation uncertainty, as well as disclosure on 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.

#### **Other Matter**

The company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, 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 24, 2022

#### 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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KPMG

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68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

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

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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, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Valuation of inventories**

Please refer to Notes 4(g), 5, as well as 6(d) for details on accounting policy, judgments, and major sources of estimation uncertainty, as well as disclosure on 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 24, 2022

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

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

1. Amounts of employees' cash compensation, stock compensation, and cash compensation to Directors and Supervisors:	
Employees' cash compensation	NT\$ 1,550,000,000
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 2022 Annual Shareholders' Meeting:**

Not applicable since the Company does not propose the stock dividend distribution at the 2022 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 August 4, 2021

## **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 9 to 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 at least 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 fifteenth 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 21st amendment was made on December 14, 2012.  
The 22nd 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 23rd amendment was made on June 22, 2016.  
The 24th amendment was made on May 26, 2017.  
The 25th amendment was made on August 4, 2021.

# **Nanya Technology Corporation**

## **Convention Rules and Procedures for Shareholders' Meeting**

Amended by the Shareholders' Meetings on August 4, 2021

- 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, 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, 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 Exchange Act, Articles 56-1 and 60-2 of the 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. 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.

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. 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. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill social responsibilities, and the providing procedure shall be in accordance with Article 172-1 of the Company Act.

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 in writing or electronic form. 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 made 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, and meanwhile shall announce the related information about the total number of shares held by shareholders having no voting right and the total number of shares represented by the shareholders present at 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 relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. 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.

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 made by shareholders. The Chairman may announce to end the discussion of the



foresaid matters and submit them to be resolved when the chairman deems appropriate and shall also arrange ample time for a vote.

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 shall exercise their voting rights by electronic method and may exercise their voting rights in writing. 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.

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.

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 names of those elected and not elected as directors and the numbers of votes with which they were elected and not elected 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 (including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections 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**

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

Amended by the Annual Shareholders' Meeting on May 30, 2019

### **Chapter 1 General Provisions**

Article 1: When acquiring or disposing of the following assets, Nanya Technology Corp. (the “Company”) and its subsidiaries shall follow the Procedures of Acquisition or Disposal of Assets (the “Procedures”):

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



Article 2: The limit amount of investments for non-operating real estates and right-of-use assets or securities shall mean the original investment, by the Company or the Company's subsidiaries, not exceeding 60% of the book value of total assets of the Company or the Company's subsidiaries; for a specific securities investment, the limit amount shall not exceed 50% of the foresaid limit amount, i.e. 30% of the book value of total assets of the Company.

### Article 3: Definition of the Procedures

1. "Derivatives" used herein shall mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rates, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. "Assets acquired or disposed of through merger, spin-off, acquisition or share exchange in accordance with laws" Refers to assets acquired or disposed through mergers, splits, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to acquisitions of shares [of another company] through

issuance of new shares of its own as the consideration thereof (hereinafter "assignment").

3. "Related Party" and "Subsidiary Company" as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Professional Appraiser" Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real estate or equipment.
5. "Date of the Event" used herein shall mean the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
6. "Investment in Mainland China" used herein shall mean investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4: Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters, from whom the Company obtains the appraisal reports and opinion letters for the acquisition or disposal of assets, shall meet the following

requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of the Company.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

Article 5: The procedures for the assessment, determination of transaction terms and conditions, and price of acquiring or disposing of assets by the Company shall be in accordance with the following requirements:

1. Transactions relating to short term security investments, which are mentioned in Article , should be evaluated and executed by the financial department ; long term security investment should be assessed by the Company's President Office ("President Office") and executed by the financial

department after the approval of the Board of Directors of the Company (the “Board of Directors”); except for the foresaid assets, the other asset transactions should be conducted by related departments in accordance with the relevant authorization limits of the Company.

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

Article 6: If there is any dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of Board of Directors meeting.

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

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

Article 7: Except for transactions with domestic government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition/disposal

of machinery, equipment, or right-of-use assets thereof for operation purpose, for acquisition or disposal of real estate, equipment, or right-of-use assets thereof by the Company, whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the date of the event and the following provisions shall be complied with:

1. If for any special reason, a restricted price, specific price, or particular price must be used as a reference for the transaction price, the transaction shall be approved by the Board of Directors in advance. The above procedures shall also be followed in case the transaction terms and conditions are changed subsequently.
2. If the transaction price is over NT\$ 1 billion, the Company shall have at least two Professional Appraisers to perform the appraisal.
3. Except for the transaction price which is lower than all the appraisal reports of acquired assets or higher than all the appraisal reports of disposed assets, the Company shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 issued by the ROC Accounting Research and Development Foundation (hereinafter "ARDF") and comment on the reason for the discrepancy and the fairness of the transaction price if any of the following conditions occur, resulting from the Professional Appraiser's appraisal report:

- (1) The discrepancy between the result of the Professional Appraiser's appraisal report and the transaction price exceeds 20%
  - (2) The discrepancy between the two appraisal reports is over 10% of the transaction price
4. Where an appraisal is conducted by a Professional Appraiser, no more than three months may pass between the date of the appraisal report and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.

Article 8: Before the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained prior to the date of the event for assessment and as a reference for the transaction price; in addition, for the transaction with price reaching 20% or more of this Company's paid-in capital or NT\$300 million or more, opinions in respect of a rational transaction price have to be sought from a certified public accountant prior to the date of the event; if the work of an expert is required, the certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20 issued by Accounting Research and Development Foundation.

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

provided by the competent securities authority.

Article 9: In acquiring or disposing of intangible assets or right-of-use assets thereof or membership cards where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government institution, shall obtain a CPA's opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

Article 10: The calculation of transaction price of the above-mentioned three articles hereof shall be implemented in accordance with the second Paragraph of Article 28; the mentioned 'within the past one year' shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already obtained an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant according to the Procedures, shall be excluded.

Article 11: For the Company's acquisition or disposal of assets through auction procedures of courts, the appraisal reports or the certified public accountant's opinion for the foresaid acquisition or disposal of assets can be replaced by documents issued by the courts.

Article 12: The Company's acquisition or disposal of assets shall be conducted by the authorization to the Chairman of the Board of Directors of the Company (the

“Chairman”) by the Board of Directors in accordance with the authorization limits of the Company.

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

Article 13: When the Company acquires assets from disposes assets to a Related Party, the related approval procedures and the assessment of reasonableness of transaction conditions shall be implemented in accordance with the regulations of Chapter 2 and this Chapter of the Procedures ; in addition, for transactions with a price reaching 10% or more of the Company’s total assets, an appraisal report issued by a Professional Appraiser or opinions given from a certified public accountant shall be also obtained in accordance with the regulations of Chapter 2.

The calculation of the above-mentioned transaction price shall be implemented in accordance with Article 10.

Article 14: Except for trading of domestic government bonds, trading bonds under re-purchase/re-sale agreements, or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises, any transaction agreement for the acquisition or disposal of real estates or right-of-use assets thereof from or to a Related Party, or for the acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from/to a Related Party with the transaction price reaching 20% or more of the Company’s paid-in capital, 10% or more of total assets, or NT\$ 300 million or more, only after the following information or data are approved by the Board of



Directors:

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

The calculation of the above-mentioned transaction price shall be implemented in accordance with the

second Paragraph of Article 28; the mentioned ‘within the past one year’ shall mean within one year backwards from the date of the subject transactions whereas transactions, which have already submitted to the Board of Directors for approval according to the Procedures, shall be excluded.

The types of transactions listed below, when to be conducted between the Company and parent companies or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital could be approved by the Company’s Chairman in advance, who is authorized by the Board of Directors in accordance with Article 12, and proposed for ratification by the very next Board meeting thereafter.

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

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

The matters for which Paragraph 1 of this Article requires submitted to the Board of Directors for a resolution shall first be approved by the audit committee with the consent of one-half or more than one-half of all members of such audit committee. If the

aforesaid matter has not been approved with the consent of one-half or more than one-half of all members of the audit committee, the matter may be undertaken upon the consent of at least two-thirds of all members of the Board of Directors, but the resolution adopted by the audit committee shall be recorded in the meeting minutes of the Board of Directors meeting.

Article 15: The Company acquiring real estates or right-of-use assets thereof from a Related Party shall assess the reasonableness of the transaction cost in accordance with the following methods:

1. Transaction cost will be the amount of transaction price plus the necessary funding interest and the cost the buyer shall pay in accordance with the laws. The necessary funding interest cost can be the weighted-average interest rates of loans the Company obtained in the year that the asset is purchased by the Company and can not be higher than the current maximum lending rate of non-financial institutions announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading partners.

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

The transaction cost shall be determined in accordance with the preceding two paragraphs of this Article, if the Company acquires any real estate or right-of-use assets thereof from its Related Party. The Company also shall request its certified public accountant to review the transaction cost and express his/her concrete opinions on the transaction cost.

Article 16: The Company acquiring real estate or right-of-use assets thereof from its Related Party shall follow the related assessment and procedures of Article 14 hereof if any one of the following conditions occurs; and the regulation of Article 15 hereof regarding the reasonableness assessment of the transaction cost does not apply here:

1. The real estate or right-of-use assets thereof was acquired by the Related Party through inheritance or donation.
2. The period between the contract execution date at which the Related Party acquired the real estate or right-of-use assets thereof and the contract execution date of this transaction has exceeded five years.
3. The real estate is acquired through signing of a joint development contract with a Related Party, or under an arrangement on engaging a Related Party to build

on the Company's own land, or engaging a Related Party to build on rented land.

4. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17: When the Company acquires real estate from its Related Party, if the transaction cost of the real estate, which are derived from the evaluation of the transaction cost in accordance with the first Paragraph and second Paragraph of Article 15, is lower than the transaction price, the related matters of the transaction shall be processed in accordance with Article 18 hereof. The transaction will not be subject to the foresaid regulation if the following conditions are met and the Company can provide the objective evidence and get specific opinions of reasonableness from a Professional Appraiser in real estate and from its certified public accountant:

1. If a Related Party acquires undeveloped land or rents the land to build real estate, one of the following conditions shall be met by giving evidence:
  - (1) The evaluation of the undeveloped land is conducted in accordance with the above-mentioned two articles hereof and the evaluation value of the building, equal to the sum of the construction cost of the building and the reasonable construction profit, is exceeding the

actual transaction price. The foresaid ‘reasonable construction profit’ shall be the average operating margin of the Related Party’s construction department over the latest three years or the operating margin of the construction industries of the latest year announced by the Ministry of Finance, whichever is lower.

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

2. The Company gives evidences that the transaction conditions for buying the real estate, or obtaining real estate right-of-use assets through leasing, from its Related Party are materially the same of that of a transaction of another non-Related Party nearby within the past one year, of which the area amount of the real estate is materially the same with that of the foresaid real estate of the Company’s Related Party.

The mentioned ‘nearby transaction case’ in the above paragraph shall mean that the location of its real estate is in the same street or in the same street block within a 500-meter circle, or mean the public present value of its real estate is materially the same with that of the real

estate of the Company's Related Party; the mentioned 'materially the same area amount' shall mean the area amount of the completed transaction of the non-Related Party is not less than 50% of that of the targeted real estate; the mentioned 'within the past one year' shall mean within one year backwards from the date at which the Company acquires the real estate or right-of-use assets thereof.

Article 18: If the transaction cost of the real estate or right-of-use assets thereof of the Company's Related Party, after the evaluation in accordance with the method of the preceding three Articles, is lower than the transaction price, the following matters shall be processed:

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

the details of the transaction shall be disclosed in the annual report and the prospectus.

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

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

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

Article 19: Any derivatives trading of the Company shall be conducted in accordance with the "Handling Procedures to Engage in the Transaction of Derivatives Products" of the Company, and when doing so, the Company shall pay attention to issues of risk management and auditing to fulfill the Internal Control System of the Company.



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

Article 20: Before the resolution of the Board of Directors regarding a merger, spin-off, acquisition or share exchange that the Company is planning to conduct, opinions regarding the reasonableness of the share exchange ratio, acquisition price or cash distribution to shareholders shall be obtained from the certified public accountants, lawyers or securities underwriters and submitted to the Board of Directors for their approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21: When the Company participate in a merger, spin-off or acquisition, the Company shall prepare a public document containing the material consent matters and related matters of the merger, spin-off, or acquisition. The foresaid document, the opinions of the specialists in Article 20 hereof and the Shareholders Meeting Notice shall be delivered together to the shareholders of the Company for their reference to approve or disapprove the merger, spin-off, or acquisition. A merger, spin-off, or acquisition, which does not need the approval of the Shareholders Meeting according to the laws will not be subject to the constraint herein. If the shareholders meeting of the company, which

participates in the merger, spin-off, or acquisition, can not be convened because the quorum or votes of the meeting do not reach the requirement, or if there are other constraints by laws, or the shareholders meeting vetoes the merger, spin-off, or acquisition, the Company shall immediately make a public statement to explain the reasons of this matter, the following related operations and the date of convening the next Shareholders Meeting.

Article 22: The Company shall convene the Meeting of the Board of Directors and the Shareholders Meeting on the same date on which the other companies participating in the merger, spin-off, or acquisition convene their board of directors and the shareholders meeting, except for the case, regulated by the laws or having specific causes with prior approval from the competent securities authority.

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

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

two days from this date on which the Board of Directors approves such matter in the website designated by the competent securities authority.

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

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

Article 23: All the persons, who participate in or know of the merger, spin-off, acquisition or share exchange of the Company, shall submit a written confidentiality covenants. Before the public announcement of the related information, those persons shall not disclose the

contents of the plan of the merger, spin-off, acquisition or share exchange and shall not buy or sell shares or other equity-related securities of the related companies of the merger, spin-off, acquisition or share exchange in their own names or in the names of other persons.

Article 24: Except for the following conditions, when the Company participates in the merger, spin-off, acquisition or share exchange, the share exchange ratio or the acquisition price can not be altered arbitrarily and the conditions below shall be included in the contract of the merger, spin-off, acquisition or share exchange:

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

6. Other conditions that can be altered have been included in the contract and have been disclosed publicly.

Article 25: When the Company participates in the merger, spin-off, acquisition or share exchange, the contract of such merger, spin-off, acquisition or share exchange shall specify the obligations and rights of the companies, which participate in the merger, spin-off, acquisition or share exchange. In addition, the contract shall specify the following items:

1. Default clause.
2. Handling principles of the equity-related securities or the treasury stocks bought by the companies, which will disappear due to the merger or which will be split due to the spin-off, before the events happen.
3. The amount of treasury stock that the participating companies can buy back on the date the ratio of the exchange of shares has been determined as well as the handling procedures thereof.
4. Handling methods of the increase or decrease of the number of the participating companies.
5. The projected execution progress and the projected completion date of the plan.
6. Handling procedures of convening the expected shareholders meeting, which shall be convened in compliance with the laws if the plan can not be completed on schedule, such as the determination of the date of the shareholders meeting.

Article 26: If the Company participating in the merger, spin-off,

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

Article 27: If the any company, which participates in the merger, spin-off, acquisition or share exchange is not a public company, the Company shall enter into an agreement with this party and conduct related matters in accordance with Article 22, Article 23 and Article 26 hereof.

## **Chapter 6 Public Disclosure**

Article 28: If any one of the following conditions occurs during the acquisition or disposal of assets by the Company, the reporting and public announcements of the subject transaction shall be made in compliance with the required forms within two days from the date of the event in the website designated by the competent securities authority:

1. Acquisition of real estate or right-of-use assets thereof from or disposal to a Related Party or acquisition or disposal of other non-real-estate assets or right-of-use assets thereof from a Related Party

with the transaction price reaching 20% or more of the Company's paid-in capital, 10% or more of total assets or NT\$ 300 million or more. The aforesaid provisions hereof shall not be applicable to trading domestic government bonds or trading bonds under re-purchase/re-sale agreements or purchase/repurchase of domestic money market funds issued by domestic securities investment trust enterprises.

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

more of the Company's paid-in capital or exceeds NT\$300 million. The following situations shall not be subject to the above filing/publishing requirements:

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

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

1. The amount of each single transaction for acquisition or disposal of assets;
2. The accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;
3. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of real estate or right-of-use assets thereof under the same development project within one year;
4. The accumulated amount for acquisition or disposal (acquisition and disposal shall be cumulated separately) of the same security within one year.

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



Article 29: Should there be any mistake or omission in the Company's required public announcement, the Company needs to repeat its public announcement of all items when the Company conduct the acquisition or disposal of assets within two days from the date when is the Company becomes aware of the error or omission.

Article 30: The contracts, meeting minutes, memoranda, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company's records for at least five years.

Article 31: Should any of the following conditions occur after the reporting and public announcements of transactions based on the preceding three Articles, the Company needs to report and make public announcements accordingly on the website appointed by the competent securities authority within two days from the date of the event:

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

## **Chapter 7 Supplemental Provisions**

Article 32: If the acquisition or disposal of assets by the Company's subsidiary, which is not a domestic public

company, reaches the reporting criteria specified in the preceding Chapter of the Procedures, the Company shall make the reporting and public announcements on behalf of its subsidiary.

The paid-in capital or total assets specified in the first Paragraph of Article 28, in connection with the criteria of reporting and public announcements shall be the paid-in capital or total assets of the Company.

Article 33: The Company's controlling and monitoring procedures towards the acquisition or disposal of assets by its subsidiaries are as follows:

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

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

Article 34: Should there be any violation of the procedures when the persons-in-charge of the Company deal with acquisition or disposal of assets, subsequent penalization is subject to the relevant HR policies of the Company.

Article 35: The relevant definition regarding 10% of the Company's total assets in the Procedures is calculated based on the total asset amount in the Company's most recent annual parent company only or individual

financial reporting which is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 36: After the Procedures are approved by the Board of Directors, the Procedures shall be submitted to the Shareholders Meeting for approval. Any amendment is subject to the same procedure. The dissentient or qualified opinions from the Independent Director(s) shall be record in the meeting minutes of the Board of Directors meeting.

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

# **Nanya Technology Corporation**

## **Rules for Election of Directors**

Amended by the Annual Shareholders' Meetings on August 4, 2021

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

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

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

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

The roster of the director candidates submitted by the Board of Directors of the Company or the shareholder of the Company as prescribed in the preceding paragraph shall describe the name, education backgrounds and past working experiences of the candidates.

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

(1) Where the roster of the director candidates is submitted by

- the nominating shareholder beyond the announced period for accepting the nomination of the director candidates; or
- (2) Where the number of shares of the Company held by the nominating shareholder is less than one percent (1%) of the total number of the total number of the outstanding shares of the Company at the time when the registration of the share transfer is suspended by the Company pursuant to Paragraph 2 or 3 of Article 165 of the Company Law; or
  - (3) Where the nominated number of the director candidates exceeds the total number of the directors to be elected; or
  - (4) Where the nominating shareholder fails to describe the nominee's name, educational background, and work experience.

6. The Board of Directors or any other person who convenes the Shareholders' Meetings of the Company should prepare the ballots. According to the number of the attendance card, the rule that one seat to be elected with one ballot, voters receive the same ballots as the seats to be elected. Every ballot notes the number of voting rights equally.

7. Voters shall fill the director candidate's name in the "candidate" column based on the director candidate list.

8. Ballots shall be deemed void under the following conditions:

- (1) Ballots not complied with Article 6.
- (2) There are two or more candidates' names filled in the ballots
- (3) Ballots with other written characters or symbols in addition to the Article 7.
- (4) The candidate's full name filled in the ballot does not conform to the director candidate list after verification; or

(5) Illegible writing

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

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

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

## Nanya Technology Corporation

### Current Shareholdings of Directors

Title	Name	No.	Shareholding (share)
Chairman	Chia Chau, Wu Representative of NPC	1	907,303,775
Director	Wen Yuan, Wong	17206	4,000
Director	Susan Wang	-	0
Director	Pei-Ing Lee	1266	1,155,098
Director	Ming Jen, Tzou	-	0
Director	Lin-Chin Su	285	370,601
Director	Joseph Wu Representative of NPC	1	907,303,775
Director	Rex Chuang Representative of NPC	1	907,303,775
Director	(vacancy) Representative of Formosa Taffeta Corp.	3	7,711,010
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 74,330,926 shares. As of March 28, 2022, the actual shareholdings of the Company's Directors are 916,544,484 shares.