

(English Translation)

# **Nuvoton Technology Corporation**

## **2021 Annual General Shareholders Meeting**

### **Agenda Handbook\***

**Meeting Date:** June 11, 2021 (Friday)  
**Meeting Time:** 9:00 A.M.  
**Meeting Venue:** 1F., No. 539, Sec. 2, Wenxing Rd., Jhubei City, Hsinchu County, Taiwan, R.O.C. (Auditorium Hall)

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\* This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

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## **Matters to Be Reported:**

### **I. 2020 business report:**

Please review and approve the Company's 2020 business report and financial report (please refer to Attachment 1).

### **II. Audit Committee's review report of 2020 final accounts:**

Please review and approve the Audit Committee's review report of 2020 final accounts (please refer to Attachment 3).

### **III. 2020 distribution of employee and director compensations:**

According to the Company's 2020 earnings audited by the certified public accountants, the Company has no accumulated losses to be offset against earnings. It is proposed to, in accordance with Article 25 of the Company's Articles of Incorporation, allot 1% of the earnings to be the compensation of directors, which is NT\$7,070,315 in total, and allot 6% of the earnings to be the compensation of employees, which is NT\$42,421,894 in total; in each case, all compensations will be paid in cash. The aforesaid ratios and amounts for allocation have been approved by the Compensation Committee and the Board of Directors of the Company.

### **IV. 2020 cash dividend distribution report:**

- (I) In accordance with Article 240 of the Company Act and as authorized by Article 26 of the Company's Articles of Incorporation, the Board of Directors of the Company resolved on March 16, 2021 to pay out cash dividends of NT\$311,732,638, with NT\$0.8 per common share, for the year of 2020. Such cash dividends will be paid by rounding down to the nearest New Taiwan Dollar, and the remaining fractional cash dividend less than NT\$1 will be credited as other income of the Company.
- (II) After the resolution of the Board of Directors of the Company was passed on March 16, 2021, the Chairman of the Board of Directors is authorized to set an ex-dividend record date and an ex-dividend date; in the event of any subsequent change in the amount of dividend payout per share due to changes in the number of shares outstanding, for example, as a result of the

conversion of the Company's convertible corporate bonds into common shares, the Chairman is also authorized to adjust the dividend amount based on the actual number of shares outstanding on the ex-dividend record date.

V. Report on the Company's decision not to proceed with the private placement of securities approved by the 2020 annual general shareholders meeting

The Company's annual general shareholders meeting held on May 29, 2020 approved a proposal to raise long-term capital by, among others, a domestic capital increase for cash through issuance of common shares or preferred shares by way of private placement, or a capital increase for cash through offering of global depositary receipts ("GDRs") sponsored by issuance of common shares by way of private placement, with the maximum number of shares that may be privately placed being 100,000,000. The Company may process the same in one or more installments, depending on the market conditions and its negotiations with the designated persons. In accordance with Paragraph 7, Article 43-6 of the Securities and Exchange Act and the Q&As for Private Placements of Securities issued by the securities competent authority, the shares or price of securities issued through a private placement shall be fully paid up within one year from the date of the resolution of the shareholders' meeting. The Company has not yet carried out the above private placement. Since the deadline for the private placement is about to expire and the Company has not yet determined any eligible placee, it will not proceed with the private placement of securities during the remaining period after the resolution of the Board of Directors' meeting held on February 18, 2021.

V. Other Matters to Be Reported:

(I) Report on shareholdings of all directors:

1. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors and Supervisors of Public Companies, the minimum combined shareholding of all directors required should be 16,000,000 shares. The Company has set up an Audit Committee and thus the requirement on the minimum shareholdings of all supervisors is not applicable.
2. Please refer to Attachment 4 for the shareholding of each director and the shareholdings of all directors as of the record date for determining the shareholders eligible to attend this 2021 annual general shareholders meeting.

- 3 The aggregate shareholdings of all directors meet the minimum shareholding required by laws and regulations.
- (II) During the period for accepting shareholders' proposals (from March 26, 2021 to April 6, 2021), no shareholders submitted any written proposal to the Company for the 2021 annual general shareholders meeting in accordance with Article 172-1 of the Company Act.

## **Matters to Be Recognized and Discussed:**

### **Motion I**

Proposed by the Board of Directors

Proposal: The Company's 2020 business report and financial report have been prepared. Please acknowledge and recognize the same.

Explanations:

1. For the Company's 2020 business report and financial report, please refer to Attachment 1.
2. The aforementioned financial report had been resolved by the Board of Directors and after audited by the certified public accountants, together with the business report, have been submitted to and reviewed by the Audit Committee.

**Motion II**

Proposed by the Board of Directors

Proposal: The Company's 2020 profit distribution proposal is presented. Please acknowledge and recognize the same.

Explanations:

1. The Company has a net profit after tax of NT\$532,784,778 for the year of 2020. The proposed statement of profit distribution is as follows.
2. The proposal to distribute the cash dividends on the common stock has been approved by the Meeting of the Board of Directors on March 16, 2021.

Nuvoton Technology Corporation  
Statement of Profit Distribution  
For the year ended December 31, 2020

Items	Total
<b>Undistributed Surplus Earnings of Previous Fiscal Years</b>	<b>\$ 516,980,802</b>
Plus: Disposals of investments in equity instruments at fair value through other comprehensive income	82,399,358
Minus: Losses on remeasurement of defined benefit plans	(29,081,938)
Plus: Net income of 2020	532,784,778
Minus: 10% legal reserve appropriated	(58,610,220)
<b>Retained Earnings Available for Distribution as of December 31, 2020</b>	<b>1,044,472,780</b>
Distributable items:	
Cash Dividends to Common Shares (NT\$0.8 per share)	(311,732,638)
<b>Unappropriated Earnings, End of Year</b>	<b>\$ 732,740,142</b>

(Note: The above dividend payout rate is calculated based on the Company's issued and outstanding shares as of February 26, 2021, which totaled 389,665,797. Cash dividends will be calculated and distributed in whole New Taiwan Dollar. Any fractional amount less than one New Taiwan Dollar will be accounted in the Company's other income.)

Chairman:

Manager:

Accounting Officer:

### **Motion III**

Proposed by the Board of Directors

Proposal: It is proposed to amend the Articles of Incorporation of the Company. Please review and approve the same.

Explanations:

1. It is proposed to amend the Articles of Incorporation of the Company due to the actual need to revise the number of directors of the Company.
2. Please see Attachment 5 to this Handbook for the comparison table showing the amendments to the Company's Articles of Incorporation and Appendix 2 for the full text of the Articles of Incorporation after amendment.
3. This motion has been passed by the resolution of the Board of Directors.

## **Motion IV**

Proposed by the Board of Directors

Proposal: It is proposed to discuss the Company's long-term capital raising. Please review and approve the same.

Explanations:

1. In order to meet its long-term capital needs (including but not limited to investments, purchase of machinery and equipment, repayment of bank loans, sound financial structure and sufficient working capital), the Company proposes that the shareholders' meeting authorize the Board of Directors to select an appropriate time and fund-raising instruments to raise its long-term capital by one or more public offering(s) or private placement(s) of common shares, preferred shares and/or global depository receipts through issuance of new common shares by capital increase via cash (as the case may be, or any combination thereof), with the total number of shares to be issued not exceeding 60,000,000 depending on market conditions and the Company's needs, in accordance with relevant laws and regulations and the fund-raising methods and principles described in Attachment 6.
2. The proceeds from the offering(s) are expected to be used for one or more purposes, such as investment, purchase of machinery and equipment, repayment of bank loans, sound financial structure and enrichment of working capital. The implementation of this financing plan is expected to enhance the Company's competitiveness, strengthen the shareholders' structure and increase its operating scale, which should be beneficial to shareholders' rights and interests.
3. The key matters of the offering(s), including but not limited to the actual number of shares to be issued, the terms of the issuance, the plan of the issuance, the project, the sources of funds, the uses of proceeds, the expected progress, the expected benefits and other related matters, as well as all other matters related to the plan of the issuance will be adjusted, determined and handled depending on the market conditions; also, if there are any changes in the law, the competent authority requires any amendments, or any change is required due to the operational evaluation or by the objective circumstances, it is proposed that the shareholders' meeting authorize the Board of Directors to handle the same at its sole discretion.

4. In addition to the scope of authorization mentioned above or in accordance with laws and regulations, it is proposed to authorize the Chairman or his designated person to handle all matters relating to this issuance and sign relevant contracts and documents on behalf of the Company.
5. If there are any matters not covered above, it is proposed to authorize the Board of Directors to administer it in accordance with relevant laws and regulations in its sole discretion.
6. This motion has been passed by the resolution of the Board of Directors.

**Motion V**

Proposed by the Board of Directors

Proposal: It is proposed to amend the Company's Rules Governing the Conduct of Shareholders Meeting.

Please review and approve the same.

Explanations:

1. In order to enhance its corporate governance, the Company's above rules are proposed to be amended in accordance with the letter dated June 3, 2020 (Ref. No.: TWSE-Governance-Zi-10900094681) and the letter dated January 28, 2021 (Ref. No.: TWSE-Governance-Zi-1100001446); in both cases, issued by the Taiwan Stock Exchange Corporation.
2. Please see Attachment 7 to this Handbook for the comparison table showing the amendments to the Rules Governing the Conduct of Shareholders Meeting and Appendix 1 for the full text of such Rules after amendment.
3. This motion has been passed by the resolution of the Board of Directors.

**Motion VI** Proposed by the Board of Directors

Proposal: It is proposed to release the director from the non-competition restrictions. Please review and approve the same.

Explanations:

1. It is conducted in accordance with Paragraph 1 of Article 209 of the Company Act.
2. Please refer to Attachment 8 to this Handbook for the description of competitive conduct of the director of the Company who concurrently act as a director or an official manager in other companies engaging in the same business as the Company.
3. It is proposed to release the director stated above from the non-competition restrictions on engaging in any conduct that is within the scope of business of the Company, and to waive the Company's right to request disgorgement of profits against such director from the day when the director entered office as the director of such peer company.
4. This motion has been passed by the resolution of the Board of Directors.

**Voting by Poll for Each of the Above Motions:**

**Extempore motions:**

**Adjournment of the meeting.**

# **Attachments**

Nuvoton Technology Corporation  
2020 Business Report

Due to the COVID-19 pandemic in 2020, the global economy for 2020 showed a negative growth rate.<sup>1</sup> However, such pandemic led to huge changes in human behavior and economic activities and gave rise to new forms of remote home schooling, working from home, and online social networking, which, as a result, promoted the development of relevant products and technologies and became a new drive for the growth of the global economy. The continued development of 5G networks, IoT, and automotive electronics applications has provided strong growth momentum for the semiconductor industry. In this fast-changing market environment and increasingly intensified competition among its peers, the Company continues to keep abreast of market trends by actively introducing new technologies, products, and services. The Company also acquired Panasonic Semiconductor Solutions., Co. Ltd. ("PSCS"), a semiconductor business of Japan-based Panasonic Corporation, on September 1, 2020,<sup>2</sup> to expand its product applications and optimize its product and customer portfolio, which demonstrates its solid operating strength.

### **Financial Performance**

In terms of the overall financial performance in 2020, Nuvoton's total consolidated revenue was about NT\$20,668,000,000; its net income after tax was about NT\$533,000,000; its earnings per share after tax was NT\$1.81.

### **Products, Markets and Technological Developments**

In addition to the original four main business lines, namely micro-control applications, smart home, cloud security, and wafer foundry, Nuvoton has strengthened its product portfolio in the field of image sensing and power management after incorporating NTCJ. Its important achievements are summarized as follows:

- In the field of micro-control applications, Nuvoton's microcontroller, Arm® Cortex® -M23, has passed Arm® PSA Certified Level 2, a safety and reliability certification, and therefore may protect against most software attacks and secure information for cloud applications on networked devices. We also launched the first 32-digit core microcontroller, Cortex-M0, to pass the certification of AEC-Q100 Grade 2 for industrial control application markets.
- For smart homes, Nuvoton introduced the new smart power amplifier chips, NAU83G10 and NAU83G20, with built-in high-performance Class D power amplifier and Tensilica HiFi Digital

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<sup>1</sup> According to a research report publish by IMF, the global economic growth rate was -3.5% in 2020.

<sup>2</sup> After the acquisition, PSCS was renamed Nuvoton Technology Corporation Japan ("NTCJ").

Soundfield Processor (DSP) using Klippel Controlled Sound (KCS) technology, which enable small speakers to produce louder audio output and better sound quality at their physical limits.

- In terms of cloud security, the ability of Nuvoton's system security protection chip (NCT6692D) to protect system firmware has passed the CAVP certification conducted by the Computer Security Resource Center (CSRC) of the U.S. National Institute of Standards and Technology (NIST).
- In terms of wafer foundry, with the increase in demand for power management ICs in the second half of 2020, the mass production through the high-voltage processes peaked, while the Company started to introduce the new generation BCD process and Half bridge HVIC process to its customers. In the future, the Company will continue to develop new processes to enhance its competitiveness in the foundry market and meet the diverse needs of the power supply markets.
- After the acquisition of NTCJ, the Company was able to offer more comprehensive semiconductor-related products and solutions, including 2D and 3D TOF ("Time of Fly") image sensing technologies and components, high-performance MCUs certified by CCC EAL6+, the highest standard information security certification in the industry, power management and CSP ("Chip Scale Package") MOSFETs, and other semiconductor component and technologies, which can be widely applied in the fields of, among others, industrial control, automotive, medical and consumer products, and provide the Company with new growth momentum.

### **Honors and Awards**

Nuvoton continues to grow steadily in its main business areas and adheres to sustainable operation. In 2020, we were awarded the Outstanding Enterprise Award for Waste Reduction and Circular Economy by the Hsinchu Science Park for actively promoting source reduction and resource recycling in a view to moving towards circular economy. For the long-term goal of sustainable development for the environment, Nuvoton continued to invest in energy-saving or green energy-related environmentally-friendly and sustainable major machinery and equipment. The replacement of high-pressure rotor in air compressors and the substitution of LED lamps for the existing lighting equipment together helped save electricity about 203,000 kWh in 2020, clearly demonstrating the excellent results of our continuous commitment to corporate social responsibility.

### **Corporate Operation and Outlook**

Looking ahead, we will continue to focus on "green semiconductor" technologies and achieve the goal of carbon neutrality by reducing the carbon footprint of our products, hoping to contribute to the mitigation of global climate change while developing our business.

While the global instability has intensified in the wake of the pandemic, it also accelerated the development of the digital economy as a result. The fact that people stay home more often has triggered the demand for remote work, learning, and home entertainment, opening up new application models

among many different types of terminal-connected devices. In the future, Nuvoton will continue to capitalize on the market trend of digital transformation, as well as business opportunities in trends such as 5G, Internet of Things, cloud computing applications, and automotive automation, to expand the market presence and maintain flexibility in response to uncertain market conditions. By combining our R&D technologies and capabilities around the world, we will continue to build up our R&D capacity and promote our innovative applications and services worldwide to create new value for Nuvoton.

Finally, I would like to deeply appreciate every shareholder's support and acknowledgement on behalf of Nuvoton Technology Corporation.

Chairman of the Board: Yuan-Mou Su    Managerial Officer: Sean Tai    Accounting Manager: Hung-Wen Huang

# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,881,733	18	\$ 4,859,223	44
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	13,223	-	6,037	-
Notes and accounts receivable, net (Notes 4 and 8)	4,155,816	13	1,010,722	9
Accounts receivable from related parties, net (Notes 4, 8 and 30)	90,577	-	67,394	1
Other receivables (Notes 9 and 30)	1,710,051	5	496,881	4
Inventories (Notes 4 and 10)	6,250,131	20	1,604,658	14
Other current assets	259,015	1	142,442	1
Total current assets	<u>18,360,546</u>	<u>57</u>	<u>8,187,357</u>	<u>73</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	1,806,580	6	1,117,410	10
Property, plant and equipment (Notes 4 and 12)	6,547,107	20	760,321	7
Right-of-use assets (Notes 4, 13 and 30)	1,498,888	5	600,288	5
Investment properties (Notes 4 and 14)	2,466,667	8	44,207	1
Intangible assets (Notes 4 and 15)	802,691	2	261,230	2
Deferred tax assets (Notes 4 and 23)	188,397	-	97,919	1
Refundable deposits (Note 6)	651,497	2	86,879	1
Other non-current assets	328	-	618	-
Total non-current assets	<u>13,962,155</u>	<u>43</u>	<u>2,968,872</u>	<u>27</u>
<b>TOTAL</b>	<u>\$ 32,322,701</u>	<u>100</u>	<u>\$ 11,156,229</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 1,821,210	6	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,191	-	-	-
Notes payable	365,870	1	-	-
Accounts payable	2,653,008	8	1,104,840	10
Accounts payable to related parties (Note 30)	827,543	3	24,535	-
Other payables (Notes 18 and 30)	3,949,773	12	951,058	8
Current tax liabilities (Notes 4 and 23)	279,913	1	78,732	1
Provisions - current (Note 19)	928,719	3	-	-
Lease liabilities - current (Notes 4 and 13)	300,067	1	114,308	1
Other current liabilities	421,034	1	68,411	1
Total current liabilities	<u>11,550,328</u>	<u>36</u>	<u>2,341,884</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 16)	1,207,820	4	-	-
Long-term borrowings (Note 17)	1,500,000	5	500,000	4
Provisions - non-current (Note 19)	3,120,468	10	101,891	1
Deferred tax liabilities (Notes 4 and 23)	52,132	-	-	-
Lease liabilities - non-current (Notes 4 and 13)	1,474,041	4	452,715	4
Net defined benefit liabilities - non-current (Notes 4 and 20)	1,780,008	5	287,565	3
Other non-current liabilities	116,536	-	80,143	1
Total non-current liabilities	<u>9,251,005</u>	<u>28</u>	<u>1,422,314</u>	<u>13</u>
Total liabilities	<u>20,801,333</u>	<u>64</u>	<u>3,764,198</u>	<u>34</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital (Note 21)	3,759,616	12	2,875,544	26
Certificates of bond-to-stock conversion (Note 21)	124,320	-	-	-
Capital surplus (Note 21)	5,796,731	18	2,906,976	26
Retained earnings (Note 21)				
Legal reserve	596,905	2	541,722	5
Unappropriated earnings	1,103,083	3	917,229	8
Exchange differences on translation of foreign financial statements of foreign operations (Notes 4 and 21)	(128,352)	-	(18,984)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income (Notes 4 and 21)	269,065	1	169,544	1
Total equity	<u>11,521,368</u>	<u>36</u>	<u>7,392,031</u>	<u>66</u>
<b>TOTAL</b>	<u>\$ 32,322,701</u>	<u>100</u>	<u>\$ 11,156,229</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 20,668,056	100	\$ 10,367,269	100
OPERATING COST (Notes 10, 24 and 30)	<u>12,961,144</u>	<u>62</u>	<u>6,239,380</u>	<u>61</u>
GROSS PROFIT	<u>7,706,912</u>	<u>38</u>	<u>4,127,889</u>	<u>39</u>
OPERATING EXPENSES (Notes 24 and 30)				
Selling expenses	507,929	2	249,968	2
General and administrative expenses	1,358,393	7	468,518	5
Research and development expenses	5,516,242	27	2,822,825	27
Expected credit loss (gain)	<u>2,066</u>	<u>-</u>	<u>2,257</u>	<u>-</u>
Total operating expenses	<u>7,384,630</u>	<u>36</u>	<u>3,543,568</u>	<u>34</u>
PROFIT FROM OPERATIONS	<u>322,282</u>	<u>2</u>	<u>584,321</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 27 and 30)				
Interest expense	(70,228)	-	(14,279)	-
Interest income	22,330	-	17,777	-
Dividend income	67,746	-	70,529	1
Gain on the bargain purchase	218,968	1	-	-
Other gains and losses	114,345	1	12,203	-
Gains (losses) on disposal of property, plant and equipment	40,433	-	62	-
Foreign exchange gains (losses)	(6,417)	-	(2,791)	-
Gains (losses) on financial instruments at fair value through profit or loss	<u>33,966</u>	<u>-</u>	<u>(253)</u>	<u>-</u>
Total non-operating income and expenses	<u>421,143</u>	<u>2</u>	<u>83,248</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	743,425	4	667,569	6
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(210,640)</u>	<u>(1)</u>	<u>(109,110)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>532,785</u>	<u>3</u>	<u>558,459</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				

(Continued)

# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	\$ (29,082)	-	\$ (56,330)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	181,920	1	39,393	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(109,368)</u>	<u>(1)</u>	<u>(8,449)</u>	<u>-</u>
Other comprehensive income (loss)	<u>43,470</u>	<u>-</u>	<u>(25,386)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 576,255</u>	<u>3</u>	<u>\$ 533,073</u>	<u>5</u>
<b>EARNINGS PER SHARE (Notes 4 and 26)</b>				
From continuing operations				
Basic	<u>\$ 1.81</u>		<u>\$ 2.53</u>	
Diluted	<u>\$ 1.72</u>		<u>\$ 2.52</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					Other Equity		Total Equity
	Ordinary Share	Certificates of Bond-to-Stock Conversion	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2019	\$ 2,075,544	\$ -	\$ 63,498	\$ 470,659	\$ 955,346	\$ (10,535)	\$ 179,854	\$ 3,734,366
Appropriation of 2018 earnings (Note 21)								
Legal reserve	-	-	-	71,063	(71,063)	-	-	-
Cash dividends	-	-	-	-	(518,886)	-	-	(518,886)
Net profit for the year ended December 31, 2019	-	-	-	-	558,459	-	-	558,459
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(56,330)	(8,449)	39,393	(25,386)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	502,129	(8,449)	39,393	533,073
Compensation cost of employee share options (Notes 21 and 25)	-	-	49,920	-	-	-	-	49,920
Unclaimed dividends from claims extinguished by prescriptions	-	-	52	-	-	-	-	52
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 11 and 21)	-	-	-	-	49,703	-	(49,703)	-
Issuance of ordinary shares for cash (Note 21)	800,000	-	2,793,506	-	-	-	-	3,593,506
BALANCE AT DECEMBER 31, 2019	2,875,544	-	2,906,976	541,722	917,229	(18,984)	169,544	7,392,031
Appropriation of 2019 earnings (Note 21)								
Legal reserve	-	-	-	55,183	(55,183)	-	-	-
Cash dividends	-	-	-	-	(345,065)	-	-	(345,065)
Net profit for the year ended December 31, 2020	-	-	-	-	532,785	-	-	532,785
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(29,082)	(109,368)	181,920	43,470
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	503,703	(109,368)	181,920	576,255
Convertible bonds converted to ordinary shares (Note 16)	84,072	124,320	596,347	-	-	-	-	804,739
Compensation cost of employee share options (Notes 21 and 25)	-	-	62,240	-	-	-	-	62,240
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 11 and 21)	-	-	-	-	82,399	-	(82,399)	-
Issuance of ordinary shares for cash (Note 21)	800,000	-	2,231,168	-	-	-	-	3,031,168
BALANCE AT DECEMBER 31, 2020	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368

The accompanying notes are an integral part of the financial statements.

# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 743,425	\$ 667,569
Adjustments for:		
Depreciation expense	602,985	290,277
Amortization expense	179,513	89,569
Interest expense	70,228	14,279
Expected credit loss (gain) recognized on accounts receivable	2,066	2,257
Interest income	(22,330)	(17,777)
Dividend income	(67,746)	(70,529)
Compensation cost of employee share options	62,240	49,920
(Gains) losses on disposal of property, plant and equipment	(40,433)	(62)
Gain on the bargain purchase	(218,968)	-
Other income	(5)	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(3,570)	(5,274)
(Increase) decrease in notes and accounts receivable	99,420	(78,012)
(Increase) decrease in accounts receivable from related parties	3,023	(5,088)
(Increase) decrease in other receivables	382,463	(6,845)
(Increase) decrease in inventories	(32,371)	(43,720)
(Increase) decrease in other current assets	98,794	26,911
(Increase) decrease in other non-current assets	952	356
(Increase) decrease in notes payable	(49,851)	-
Increase (decrease) in accounts payable	(582,411)	240,675
Increase (decrease) in other payables	(130,220)	6,315
Increase (decrease) in other current liabilities	294,988	5,225
Increase (decrease) in net defined benefit liabilities	2,405	(63,192)
Increase (decrease) in other non-current liabilities	<u>36,393</u>	<u>8,337</u>
Cash flows from operations	1,430,990	1,111,191
Income tax paid	(79,348)	(103,362)
Interest received	27,426	11,101
Interest paid	(50,438)	(12,240)
Dividend received	<u>67,746</u>	<u>70,529</u>
Net cash flows generated from (used in) operating activities	<u>1,396,376</u>	<u>1,077,219</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(443,458)	(163,513)
Proceeds from disposal of intangible assets	736	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	402,003	87,266
Acquisition of financial assets at fair value through other comprehensive income	-	(630,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,250	4,000

(Continued)

# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of property, plant and equipment	\$ (364,747)	\$ (214,755)
Proceeds from disposal of property, plant and equipment	46,884	233
(Increase) decrease in refundable deposits paid	(560,641)	(5,444)
Net cash outflow on acquisition of subsidiaries (Note 27)	(6,928,207)	-
(Increase) decrease in other receivables - time deposits	<u>250,236</u>	<u>(302,071)</u>
Net cash flows generated from (used in) investing activities	<u>(7,594,944)</u>	<u>(1,224,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,821,210	-
Proceeds from long-term borrowings	2,800,000	500,000
Repayments of long-term borrowings	(1,800,000)	-
Repayments of the principal portion of lease liabilities	(187,753)	(102,217)
Proceeds from issuance of bonds	1,998,428	-
Dividends paid to owners of the Company	(345,065)	(518,886)
Proceeds from issuance of ordinary shares	3,031,168	3,593,506
Other financing activities	<u>-</u>	<u>52</u>
Net cash flows generated from (used in) financing activities	<u>7,317,988</u>	<u>3,472,455</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(96,910)</u>	<u>(10,085)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,022,510	3,315,305
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,859,223</u>	<u>1,543,918</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,881,733</u>	<u>\$ 4,859,223</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

# NUVOTON TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,677,602	20	\$ 4,451,201	41
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	13,223	-	6,037	-
Notes and accounts receivable, net (Notes 4 and 8)	800,031	4	717,356	7
Accounts receivable from related parties, net (Notes 4, 8 and 28)	106,317	1	144,686	1
Other receivables (Notes 6 and 28)	547,185	3	288,980	3
Inventories (Notes 4 and 9)	1,892,675	10	1,600,433	15
Other current assets (Note 13)	<u>103,300</u>	<u>1</u>	<u>133,420</u>	<u>1</u>
Total current assets	<u>7,140,333</u>	<u>39</u>	<u>7,342,113</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	980,973	5	1,056,690	10
Investments accounted for using equity method (Notes 4 and 11)	8,012,519	44	1,102,658	10
Property, plant and equipment (Notes 4 and 12)	669,361	4	673,029	6
Right-of-use assets (Notes 4 and 13)	293,107	2	351,336	3
Intangible assets (Notes 4 and 14)	561,859	3	192,005	2
Deferred tax assets (Notes 4 and 21)	73,000	-	73,000	-
Refundable deposits (Note 6)	<u>641,151</u>	<u>3</u>	<u>81,289</u>	<u>1</u>
Total non-current assets	<u>11,231,970</u>	<u>61</u>	<u>3,530,007</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 18,372,303</u>	<u>100</u>	<u>\$ 10,872,120</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 3,191	-	\$ -	-
Accounts payable	1,336,225	7	1,103,863	10
Accounts payable to related parties (Note 28)	39,500	-	24,535	-
Other payables (Notes 17 and 28)	1,401,058	8	1,028,249	9
Current tax liabilities (Notes 4 and 21)	169,350	1	68,556	1
Provisions - current (Note 18)	316,438	2	-	-
Lease liabilities - current (Notes 4 and 13)	56,247	-	53,885	-
Other current liabilities	<u>200,358</u>	<u>1</u>	<u>55,249</u>	<u>1</u>
Total current liabilities	<u>3,522,367</u>	<u>19</u>	<u>2,334,337</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 15)	1,207,820	7	-	-
Long-term borrowings (Note 16)	1,500,000	8	500,000	5
Products guarantee based on commitment (Notes 4 and 18)	101,891	1	101,891	1
Lease liabilities - non-current (Notes 4 and 13)	205,902	1	262,054	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	284,985	1	266,795	3
Other non-current liabilities	<u>27,970</u>	<u>-</u>	<u>15,012</u>	<u>-</u>
Total non-current liabilities	<u>3,328,568</u>	<u>18</u>	<u>1,145,752</u>	<u>11</u>
Total liabilities	<u>6,850,935</u>	<u>37</u>	<u>3,480,089</u>	<u>32</u>
<b>EQUITY</b>				
Share capital (Note 20)	3,759,616	20	2,875,544	26
Certificates of bond-to-stock conversion (Note 20)	124,320	1	-	-
Capital surplus (Note 20)	5,796,731	32	2,906,976	27
Retained earnings (Note 20)				
Legal reserve	596,905	3	541,722	5
Unappropriated earnings	1,103,083	6	917,229	8
Exchange differences on translation of foreign financial statements of foreign operations (Notes 4 and 20)	(128,352)	(1)	(18,984)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income (Notes 4 and 20)	<u>269,065</u>	<u>2</u>	<u>169,544</u>	<u>2</u>
Total equity	<u>11,521,368</u>	<u>63</u>	<u>7,392,031</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 18,372,303</u>	<u>100</u>	<u>\$ 10,872,120</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)	\$ 11,433,163	100	\$ 10,123,801	100
OPERATING COST (Notes 9 and 28)	<u>6,967,572</u>	<u>61</u>	<u>6,232,121</u>	<u>61</u>
GROSS PROFIT	<u>4,465,591</u>	<u>39</u>	<u>3,891,680</u>	<u>39</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling expenses	153,732	1	162,030	2
General and administrative expenses	792,476	7	442,135	4
Research and development expenses	2,870,345	25	2,790,622	28
Expected credit loss (gain)	<u>1,464</u>	<u>-</u>	<u>2,876</u>	<u>-</u>
Total operating expenses	<u>3,818,017</u>	<u>33</u>	<u>3,397,663</u>	<u>34</u>
PROFIT FROM OPERATIONS	<u>647,574</u>	<u>6</u>	<u>494,017</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Note 28)				
Interest expense	(35,205)	-	(7,327)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	(290,819)	(3)	65,476	-
Interest income	15,248	-	10,864	-
Dividend income	64,446	1	66,899	1
Gain on the bargain purchase (Note 26)	218,968	2	-	-
Other gains and losses	5,753	-	5,433	-
Gains (losses) on disposal of property, plant and equipment	178	-	225	-
Foreign exchange gains (losses)	(2,569)	-	(1,875)	-
Gains (losses) on financial instruments at fair value through profit or loss	<u>33,966</u>	<u>-</u>	<u>(253)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,966</u>	<u>-</u>	<u>139,442</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	657,540	6	633,459	6
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(124,755)</u>	<u>(1)</u>	<u>(75,000)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>532,785</u>	<u>5</u>	<u>558,459</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSSES)				

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	\$ (19,446)	-	\$ (46,150)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(73,467)	(1)	24,790	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	245,751	2	4,423	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(109,368)</u>	<u>(1)</u>	<u>(8,449)</u>	<u>-</u>
Other comprehensive income (loss)	<u>43,470</u>	<u>-</u>	<u>(25,386)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 576,255</u>	<u>5</u>	<u>\$ 533,073</u>	<u>5</u>
<b>EARNINGS PER SHARE (Notes 4 and 24)</b>				
From continuing operations				
Basic	<u>\$ 1.81</u>		<u>\$ 2.53</u>	
Diluted	<u>\$ 1.72</u>		<u>\$ 2.52</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital	Certificates of Bond-to-Stock Conversion	Capital Surplus	Retained Earnings		Other Equity		Total Equity
				Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	\$ 2,075,544	\$ -	\$ 63,498	\$ 470,659	\$ 955,346	\$ (10,535)	\$ 179,854	\$ 3,734,366
Appropriation of 2018 earnings (Note 20)								
Legal reserve	-	-	-	71,063	(71,063)	-	-	-
Cash dividends	-	-	-	-	(518,886)	-	-	(518,886)
Net profit for the year ended December 31, 2019	-	-	-	-	558,459	-	-	558,459
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(56,330)	(8,449)	39,393	(25,386)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	502,129	(8,449)	39,393	533,073
Compensation cost of employee share options (Notes 20 and 23)	-	-	49,920	-	-	-	-	49,920
Unclaimed dividends extinguished by prescriptions	-	-	52	-	-	-	-	52
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 10 and 20)	-	-	-	-	49,703	-	(49,703)	-
Issuance of ordinary shares for cash (Note 20)	800,000	-	2,793,506	-	-	-	-	3,593,506
BALANCE AT DECEMBER 31, 2019	2,875,544	-	2,906,976	541,722	917,229	(18,984)	169,544	7,392,031
Appropriation of 2019 earnings (Note 20)								
Legal reserve	-	-	-	55,183	(55,183)	-	-	-
Cash dividends	-	-	-	-	(345,065)	-	-	(345,065)
Net profit for the year ended December 31, 2020	-	-	-	-	532,785	-	-	532,785
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(29,082)	(109,368)	181,920	43,470
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	503,703	(109,368)	181,920	576,255
Compensation cost of employee share options (Notes 20 and 23)	-	-	62,240	-	-	-	-	62,240
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 10 and 20)	-	-	-	-	82,399	-	(82,399)	-
Convertible bonds converted to ordinary shares (Note 15)	84,072	124,320	596,347	-	-	-	-	804,739
Issuance of ordinary shares for cash (Note 20)	800,000	-	2,231,168	-	-	-	-	3,031,168
BALANCE AT DECEMBER 31, 2020	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368

The accompanying notes are an integral part of the financial statements.

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 657,540	\$ 633,459
Adjustments for:		
Depreciation expense	228,131	200,994
Amortization expense	153,528	75,706
Interest expense	35,205	7,327
Expected credit loss (gain) recognized on accounts receivable	1,464	2,876
Interest income	(15,248)	(10,864)
Dividend income	(64,446)	(66,899)
Compensation cost of employee share options	62,240	49,920
Share of loss (profit) of subsidiaries and associates accounted for using equity method	290,819	(65,476)
Unrealized gain or loss	(132)	268
Gain on the bargain purchase	(218,968)	-
(Gains) losses on disposal of property, plant and equipment	(178)	(225)
Other income	(5)	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(3,570)	(5,274)
(Increase) decrease in notes and accounts receivable	(84,139)	(118,232)
(Increase) decrease in accounts receivable from related parties	38,369	187,342
(Increase) decrease in other receivables	(148)	(7,995)
(Increase) decrease in inventories	(292,242)	(42,923)
(Increase) decrease in other current assets	30,120	25,450
Increase (decrease) in accounts payable	247,327	240,149
Increase (decrease) in other payables	129,401	54,136
Increase (decrease) in other current liabilities	145,109	3,156
Increase (decrease) in net defined benefit liabilities	(1,256)	(72,217)
Increase (decrease) in other non-current liabilities	12,958	13
Cash flows from (used in) operations	<u>1,351,879</u>	<u>1,090,691</u>
Income tax paid	(23,961)	(83,192)
Interest paid	(21,343)	(6,688)
Interest received	18,611	7,795
Dividend received	<u>64,446</u>	<u>66,999</u>
Net cash flows generated from (used in) operating activities	<u>1,389,632</u>	<u>1,075,605</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(317,727)	(113,184)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	87,266
Acquisition of financial assets at fair value through other comprehensive income	-	(630,000)

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	\$ 2,250	\$ 4,000
Acquisition of investments accounted for using equity method	(6,968,331)	(18,277)
Proceeds from capital reduction of investments accounted for using equity method	2,695	-
Acquisition of property, plant and equipment	(202,301)	(191,465)
Proceeds from disposal of property, plant and equipment	184	225
(Increase) decrease in refundable deposits paid	(559,862)	(5,582)
(Increase) decrease in other receivables - time deposits	<u>249,900</u>	<u>(249,900)</u>
Net cash flows generated from (used in) investing activities	<u>(7,793,192)</u>	<u>(1,116,917)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,000,000	500,000
Proceeds from issuance of bonds	1,998,428	-
Repayments of the principal portion of lease liabilities	(54,570)	(42,452)
Dividends paid to owners of the Company	(345,065)	(518,886)
Proceeds from issuance of ordinary shares for cash	3,031,168	3,593,506
Other financing activities	<u>-</u>	<u>52</u>
Net cash flows generated from (used in) financing activities	<u>5,629,961</u>	<u>3,532,220</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(773,599)</b>	<b>3,490,908</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>4,451,201</u></b>	<b><u>960,293</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 3,677,602</u></b>	<b><u>\$ 4,451,201</u></b>

The accompanying notes are an integral part of the financial statements.

(Concluded)

**Deloitte.**

**勤業眾信**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nuvoton Technology Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Nuvoton Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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, 2020 and 2019, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and SIC Interpretations (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 Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 for the year ended December 31, 2020. 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.

### Occurrence of Sales Revenues

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit limits and temporary increase in credit limits in 2020 as a key audit matter for the year ended December 31, 2020. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the occurrence of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

### Business combination

As mentioned in Note 27, Nuvoton Technology Corporation acquired the semiconductor business of Panasonic Corporation. Because this business combination was a significant transaction in 2020 and the decision made by the management were about complicated calculations of transferred consideration and the fair value of underlying assets and the reasonableness of the purchase price allocation, we considered the combination transaction as a key audit matter for the year ended December 31, 2020.

Our audit procedures in response to the business combination transaction were as follows:

- a. Review the meeting minutes of the board of directors to confirm the business combination proposal has been properly assessed and approved.
- b. Review the payment voucher of NTC to confirm whether it is consistent with the terms of the agreement.

Review and evaluate the reasonableness of the purchase price allocation report, issued by experts due to the business combination transaction, and the accounting treatment on the acquisition date.

### **Other Matter**

We have also audited the parent company only financial statements of Nuvoton Technology Corporation as of and for the years ended December 31, 2020 and 2019 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and 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 members of 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 the 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. 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 statements 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 for the year ended December 31, 2020 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 Shu-Lin Liu and Hung-Bin Yu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 18, 2021

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

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



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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nuvoton Technology Corporation

### **Opinion**

We have audited the accompanying financial statements of Nuvoton Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended 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 Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 for the year ended December 31, 2020. 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.

#### Occurrence of Sales Revenues

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit limits and

temporary increase in credit limits in 2020 as a key audit matter for the year ended December 31, 2020. Refer to Note 4 to the financial statements for the Company's revenue recognition policies.

Our audit procedures in response to the occurrence of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

#### Investments Accounted for Using Equity Method

As mentioned in Note 11, the balance of investments accounted for using equity method amounted to NT\$ 8,012,519 thousand, representing 44% of the total assets. The amount is deemed to be significant to the financial statements, if the financial statements of the subsidiaries do not properly present the operating results of the current year or the investment gains and losses are not correctly recognized, deviations will occur in the amount of investments and share of the profit or loss using the equity method, and then have a significant impact to the financial statements. Thus we considered the aforementioned as key audit matters for the year ended December 31, 2020.

Our audit procedures included obtaining audited financial statements of subsidiaries as of and for the year ended December 31, 2020 to verify and recalculate the accuracy of the balance of investments and the share of comprehensive income and loss of subsidiaries and associates accounted for using the equity method.

#### **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 the 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 members of 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 the 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 auditors' 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 or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements 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 for the year ended December 31, 2020 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 Shu-Lin Liu and Hung-Bin Yu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 18, 2021

*Notice to Readers*

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

< Attachment 3 >

## **Review Report by the Audit Committee**

The Board of Directors has prepared the Company's 2020 Business Report, financial statements (including consolidated financial statements) and profit distribution proposal. The Board of Directors had engaged CPA ShuLin Liu and CPA Hung-Bin Yu from Deloitte & Touche to audit the financial statements, who issued an audited report containing an unqualified opinion. The above business report, financial statements and profit distribution proposal have been examined by the Audit Committee and are considered by the Audit Committee to be in conformity with the requirements. We hereby report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review the same.

To

2021 Annual General Shareholders Meeting of Nuvoton Technology Corporation

Convener of the Audit Committee: Allen Hsu

Date: March 16, 2021

**Nuvoton Technology Corporation**  
**Shareholdings of All Directors**

April 13, 2021

Title	Name	Current shareholding (Number of Shares)	Shareholding ratio (%)
Chairman	Winbond Electronics Corporation Representative: Yuan-Mou Su	214,954,635 shares	53.65%
Director	Arthur Yu-Cheng Chiao	0	0.00%
Director	Chin-Xin Investment Co., Ltd Representative: Yung Chin	5,100,747 shares	1.27%
Director	Ken-Shew Lu	0	0.00%
Director	Chi-Lin Wea	0	0.00%
Independent Director	Royce Yu-Chun Hong	0	0.00%
Independent Director	Allen Hsu	0	0.00%
Independent Director	David Shu-Chyuan Tu	0	0.00%
Independent Director	Jerry Hsu	0	0.00%
Shareholdings of All Directors		220,055,382 shares	54.92%

Notes: (1) The Company has a total of 400,663,148 issued shares as of April 13, 2021. Shareholdings of all directors are 220,055,382 shares and are in compliance with Article 26 of the Securities and Exchange Act.

(2) The Company has set up the Audit Committee and thus the requirement on the minimum shareholdings of all supervisors is not applicable.

**Nuvoton Technology Corporation**  
**Comparison Table of Amended Articles of Incorporation**

Amended Articles	Current Articles	Note
<p>The Company shall have nine <u>to eleven</u> directors, whose term of office is three years. Among the directors there should be not less than three independent directors. Election of directors shall adopt the candidates nomination system prescribed in Article 192-1 of the Company Act. All of the directors are elected by the shareholders meeting from the candidate list of directors and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately. The method of candidate nomination and election of directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations. The professional qualifications, requirements relating to shareholdings, restrictions on concurrent positions held, and other compliance matters with respect to independent directors shall conform to relevant rules and regulations. The Board of Directors may resolve to purchase liability insurance for directors of the Company.</p>	<p>The Company shall have nine directors, whose term of office is three years. Among the directors there should be not less than three independent directors. Election of directors shall adopt the candidates nomination system prescribed in Article 192-1 of the Company Act. All of the directors are elected by the shareholders meeting from the candidate list of directors and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately. The method of candidate nomination and election of directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations. The professional qualifications, requirements relating to shareholdings, restrictions on concurrent positions held, and other compliance matters with respect to independent directors shall conform to relevant rules and regulations. The Board of Directors may resolve to purchase liability insurance for directors of the Company.</p>	<p>Revising the number of directors to meet the actual needs of the Company.</p>
<p>Article 29                      These Articles of Incorporation were enacted on March 14, 2008.                      The first amendment was made on September 1, 2008.                      The second amendment was made on November 17, 2009.                      The third amendment was made on June 10, 2011.</p>	<p>Article 29                      These Articles of Incorporation were enacted on March 14, 2008.                      The first amendment was made on September 1, 2008.                      The second amendment was made on November 17, 2009.                      The third amendment was made on June 10, 2011.</p>	<p>The date of this amendment has been newly added.</p>

Amended Articles	Current Articles	Note
The fourth amendment was made on June 5, 2012.	The fourth amendment was made on June 5, 2012.	
The fifth amendment was made on June 10, 2015.	The fifth amendment was made on June 10, 2015.	
The sixth amendment was made on June 15, 2016.	The sixth amendment was made on June 15, 2016.	
The seventh amendment was made on June 12, 2018.	The seventh amendment was made on June 12, 2018.	
The eighth amendment was made on June 24, 2019.	The eighth amendment was made on June 24, 2019.	
The ninth amendment was made on December 6, 2019.	The ninth amendment was made on December 6, 2019.	
The tenth amendment was made on May 29, 2020.	The tenth amendment was made on May 29, 2020.	
<u>The eleventh amendment was made on June 11, 2021.</u>		

## **Long-term Fund Raising Project – Method and Principles of Fund Raising**

### **I. Domestic Capital Increase for Cash through Issuance of Common Shares**

It is proposed that the shareholders' meeting authorize the Board of Directors to carry out a domestic capital increase for cash through issuance of common shares within the amount of 60,000,000 shares, and to select one of the following two options for the sale of the publicly underwritten common shares of the Company:

#### **1. Book-Building**

- (1) Pursuant to Article 267 of the Company Act, except for 10% of the total number of new shares reserved for subscription by the employees of the Company and its controlling company or subsidiaries who meet certain conditions, it is proposed that the shareholders' meeting resolve to waive the pre-emptive rights of the original shareholders in accordance with Article 28-1 of the Securities and Exchange Act, and allocate all of the remaining shares for public underwriting by way of book-building, and in accordance with the Taiwan Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms. It is also proposed that the Chairman be authorized to contact designated persons to subscribe for the remaining portion of the stock at the issue price, in case of any shortfall in such subscription, such subscription for less than one share or waive of such subscription by the employees of the Company and its controlling company or subsidiaries.
- (2) When filing the case with the Financial Supervisory Commission (the "FSC") and filling the book-building agreement and the underwriting agreement with the Taiwan Securities Association (the "TSA"), the issuance price shall not be less than 90% of the simple arithmetic mean of the closing prices of the Company's common stock on the date falling on either one, three or five business day(s) prior to such filing, net of the ex-rights by share distribution (or the ex-rights by capital reduction) and

ex-dividends in accordance with the Self-Regulatory Rules for Assistance by Member Underwriters of the TSA for Listed Companies in the Offering and Issuance of Securities (the “Self-Regulatory Rules”). It is proposed that the Board of Directors authorize the Chairman to negotiate the actual issuance price in accordance with the aforementioned pricing principles with the lead securities underwriter after taking into account the circumstances surrounding the book-building, issue market conditions and relevant laws and regulations.

## 2. Public Subscription

- (1) Pursuant to Article 267 of the Company Act, 10% of the total number of new shares shall be reserved for subscription by the employees of the Company and its controlling company or subsidiaries who meet certain conditions, and another 10% thereof shall be offered for public underwriting pursuant to Article 28-1 of the Securities and Exchange Act; any remaining shares shall be subscribed by the original shareholders in proportion to the shareholding of each shareholder as recorded in the shareholder register on the record date for the subscription. It is proposed that the Chairman be authorized to contact designated persons to subscribe for the remaining portion of the stock at the issue price, in case of any shortfall in such subscription, such subscription for less than one share or waive of such subscription by the employees of the Company and its controlling company or subsidiaries.
- (2) On the day when the case is filed with the FSC and the day falling on five business days prior to the ex-rights date, the issuance price shall not be less than 70% of the simple arithmetic mean of the closing prices of the Company's common stock on the date falling on either one, three or five business day(s) prior to such day, net of the ex-rights by share distribution (or the ex-rights by capital reduction) and ex-dividends in accordance with the Self-Regulatory Rules. It is proposed that the Board of Directors authorize the Chairman to negotiate the actual issuance price in accordance with the aforementioned pricing principles with the lead securities

underwriter after taking into account the market conditions and relevant laws and regulations.

## II. Domestic Capital Increase for Cash through Issuance of Preferred Shares

It is proposed that the shareholders' meeting authorize the Board of Directors to carry out a domestic capital increase for cash through issuance of preferred shares within the amount of 60,000,000 shares, and to select one of the following two options for the sale of the publicly underwritten common shares of the Company:

### 1. Book-Building

(1) Pursuant to Article 267 of the Company Act, except for 10% of the total number of new shares reserved for subscription by the employees of the Company and its controlling company or subsidiaries who meet certain conditions, it is proposed that the shareholders' meeting resolve to waive the pre-emptive rights of the original shareholders in accordance with Article 28-1 of the Securities and Exchange Act, and allocate all of the remaining shares for public underwriting by way of book-building.

It is also proposed that the Chairman be authorized to contact designated persons to subscribe for the remaining portion of the stock at the issue price, in case of any shortfall in such subscription, such subscription for less than one share or waive of such subscription by the employees of the Company and its controlling company or subsidiaries.

(2) It is proposed that the Board of Directors authorize the Chairman to negotiate the issuance price of preferred shares within the extent between plus 10% and minus 10% of the theoretical price in accordance with the Self-Regulatory Rules with the lead securities underwriter after taking into account the circumstances surrounding the book-building, issue market conditions and relevant laws and regulations.

### 2. Public Subscription

(1) Pursuant to Article 267 of the Company Act, 10% of the total number of new shares shall be reserved for subscription by the employees of the Company and its controlling company or subsidiaries who meet certain conditions, and another 10%

thereof shall be offered for public underwriting pursuant to Article 28-1 of the Securities and Exchange Act; any remaining shares shall be subscribed by the Company's original shareholders in proportion to the shareholding of each shareholder as recorded in the shareholder register on the record date for the subscription. It is proposed that the Chairman be authorized to contact designated persons to subscribe for the remaining portion of the stock at the issue price, in case of any shortfall in such subscription, such subscription for less than one share or waive of such subscription by the employees of the Company and its controlling company or subsidiaries.

- (2) It is proposed that the Board of Directors authorize the Chairman to negotiate the issuance price of preferred shares within the extent between plus 10% and minus 10% of the theoretical price in accordance with the Self-Regulatory Rules with the lead securities underwriter after taking into account the issue market conditions and relevant laws and regulations.

### III. Global Depository Receipts (“GDRs”) Sponsored by Issuance of New Common Shares by Capital Increase for Cash

1. Pursuant to Article 267 of the Company Act, except for 10% of the total issued common shares shall be reserved for subscription by the employees of the Company and its controlling company or subsidiaries who meet certain conditions, the remaining thereof shall be all allocated for public offering and serve as the underlying securities of this offering of GDRs after the original shareholders waives their pre-emptive rights to such common shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to contact designated persons to subscribe for the under-subscribed shares after the employees have completed stock subscription, or to use the remaining shares as the underlying securities of GDRs depending on the market demand.
2. The issuance price of the GDRs sponsored by issuance of new common shares by capital increase for cash shall not be less than 90% of the Company's average stock price as

calculated by the simple arithmetic mean of the closing price(s) of the common stock on the pricing date and the closing price(s) of the common stock on the date falling on either one, three or five business day(s) before the pricing date, net of the distribution of stock dividends (or distribution of stock dividends via capital reduction) and cash dividends in accordance with the Self-Regulatory Rules. In case of any change in the relevant domestic laws and regulations, the pricing may be changed in line with such changes in the laws and regulations. The capital increase for cash is priced in ways in accordance with the relevant laws and regulations of the competent authority, and therefore should be reasonable. However, in light of dramatic short-term fluctuations in domestic stock prices, the Chairman is authorized to consult with the securities underwriters about the actual issuance price to be decided within the aforesaid extent according to the international practice, market conditions and book building status, in order to raise the likelihood of the GDRs being accepted by overseas investors. If the maximum issuance of the GDRs sponsored by issuance of new common shares by capital increase for cash is 60,000,000 shares, the Company's shareholding is diluted by approximately 13.34% on the basis of its issued share capital (i.e., 389,665,797 shares) as of February 28, 2021. However, together with the benefits of the capital increase, this will enhance the Company's competitiveness and further improve its financial flexibility to bear the risk of financial market uncertainty. On the other hand, with the issuance of the GDRs, the Company's overseas reputation may be enhanced, which will be conducive to the development of its new business in the future, enhance its market competitiveness, and reduce its operational risk. Therefore, the issuance of the GDRs should not have a material adverse impact on the rights and interests of the original shareholders.

#### IV. Capital Increase for Cash by Issuance of Common Shares, GDRs Sponsored by Issuance of New Shares, or Capital Increase for Cash through Issuance of Preferred Shares, all by way of Private Placement

##### 1. Basis of Pricing and its Reasonableness

(1) The price of privately-placed common shares per share shall not be less than 80% of

the reference price, which shall be either of the following prices (whichever is higher):

- (A) The stock price as calculated by the simple arithmetic mean of the closing price(s) of the common stock on the date falling on either one, three or five business day(s) before the pricing date, net of any distribution of stock dividends and cash dividends, plus any capital reduction; or
  - (B) The stock price as calculated by the simple arithmetic mean of the closing prices of the common stock for the thirty business days before the pricing date, net of any distribution of stock dividends and cash dividends, plus any capital reduction.
- (2) The price of privately-placed preferred shares per share shall not be less than 80% of the theoretical price, which is the price of the securities calculated based on an appropriate pricing model that is selected in light of the various rights under the terms of issuance. The pricing model shall as a whole encompass, and include the concurrent consideration of, the various rights included in the terms of issuance. Any right not included for consideration within the model shall be excluded from the terms of issuance.
- (3) It is proposed that the shareholders' meeting authorize the Board of Directors to determine the pricing date, the actual reference price and the actual issuance price in accordance with the above provisions by taking into account market conditions, objective circumstances and contact with designated persons, within a range not less than the ratio determined by the resolutions of the shareholders' meeting. The price of the private placement will be determined by reference to the above-mentioned reference price or theoretical price in accordance with the laws and regulations of the competent authority. Considering that the Securities and Exchange Act imposes strict restrictions on the time of, the parties receiving, and quantity of, the transfer of privately-placed securities, the conditions of this private placement should be reasonable.

2. The selection, purpose, necessity and anticipated benefit of places:

- (1) Selection and purpose: Pursuant to Article 43-6 of the Securities and Exchange Act and related rulings, placees to be selected shall be limited to those who (a) may directly or indirectly contribute to the Company's future operations, (b) may assist the Company in developing markets and expanding its operations, and (c) are strategic investors who share the Company's business philosophy.
  - (2) Necessity: In order to strengthen the Company's competitive advantage, it is necessary for the Company to introduce strategic investors who can help the Company expand future product sales or promote product development cooperation in view of its long-term development.
  - (3) Anticipated benefit: The introduction of strategic investors can help the Company expand its scale of operations and develop new markets, which will benefit its long-term development.
  - (4) There are currently no contacted placees. It is proposed that the shareholders' meeting authorize the Board of Directors to carry out matters relating to contact with placees at its sole discretion.
3. Reasons for a necessary private placement
- (1) The Company plans to introduce strategic investors to enhance its future competitiveness, and the private placement of securities is subject to a three-year limitation on transfers, which may ensure a long-term relationship between the Company and its strategic investment partners. Therefore, it intends to raise funds from designated persons through a private placement to enhance the timeliness and flexibility of this fund raising.
  - (2) Amount of the private placement: It is proposed that the total number of shares to be privately placed will not exceed 60,000,000.
  - (3) Purpose and anticipated benefits of the private placement: The private placement(s) will be conducted once or in several times (up to three times) depending on the market conditions and the negotiation with the designated persons. The proceeds will be used for one or more purposes such as investment, purchase of machinery and

equipment, repayment of bank loans, sound financial structure and enhancement of working capital. Each private placement is expected to enhance the Company's competitiveness, strengthen the shareholders' structure, strengthen the Company's financial structure and increase its scale of operations, which should be beneficial to the shareholders' rights and interests.

**NUVOTON TECHNOLOGY CORPORATION**  
**Comparison Table of the Rules Governing the Conduct of Shareholders Meeting**

Article After Amendment	Article Before Amendment	Note
<p>Article 3                      (1)~(3): Omitted</p> <p>The matters specified in Paragraph 5 of Article 172 of the Company Act, or Article 26-1 or Article 43-6 of the Securities and Exchange Act, or Article 56-1 or Article 60-2 of the Regulations Governing Offering and Issuance of Securities by Issuers shall be listed among the reasons and explained in the convention notice of the meeting, and may not be proposed as extemporary motions.</p> <p>(Omitted)</p>	<p>Article 3                      (1)~(3): Omitted</p> <p>The matters specified in Paragraph 5 of Article 172 of the Company Act, or Article 26-1 or Article 43-6 of the Securities and Exchange Act, or Article 56-1 or Article 60-2 of the Regulations Governing Offering and Issuance of Securities by Issuers shall be listed among the reasons and explained in the convention notice of the meeting, and may not be proposed as extemporary motions. <del>The essential contents of the matters specified in Paragraph 5 of Article 172 of the Company Act may be posted on the website designated by the competent authority in charge of securities affairs, and such website shall be indicated in the above notice.</del></p> <p>(Omitted)</p>	<p>Revising the method of announcement in line with the regulations.</p>
<p>Article 9                      Paragraph 1: Omitted</p> <p>The chairman shall announce the commencement of the shareholders meeting <u>and relevant information such as the number of non-voting shares and the number of shares whose holders are present</u> at the time scheduled for the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only</p>	<p>Article 9                      Paragraph 1: Omitted</p> <p>The chairman shall announce the commencement of the shareholders meeting at the time scheduled for the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed twice and the time of the postponement shall not be more than</p>	<p>Paragraph 2 hereof has been revised to enhance corporate governance and protect the rights and interests of shareholders.</p>

Article After Amendment	Article Before Amendment	Note
<p>be postponed twice and the time of the postponement shall not be more than one hour in total.</p> <p>(Omitted)</p>	<p>one hour in total.</p> <p>(Omitted)</p>	
<p>Article 14</p> <p>If the shareholders shall elect directors at the shareholders meeting, the election shall be handled in accordance with the rules related to election of directors of the Company and the results of the election shall be announced on the spot, <u>including the names of those elected as directors and the numbers of votes with which they were elected.</u></p> <p>(Omitted)</p>	<p>Article 14</p> <p>If the shareholders shall elect directors at the shareholders meeting, the election shall be handled in accordance with the rules related to election of directors of the Company and the results of the election shall be announced on the spot.</p> <p>(Omitted)</p>	
<p>Article 21</p> <p>These Rules were enacted on June 10, 2009.</p> <p>The first amendment was made on June 5, 2012.</p> <p>The second amendment was made on June 10, 2015.</p> <p>The third amendment was made on June 15, 2016.</p> <p>The fourth amendment was made on June 24, 2019.</p> <p>The fifth amendment was made on May 29, 2020.</p> <p><u>The sixth amendment was made on June 11, 2021.</u></p>	<p>Article 21</p> <p>These Rules were enacted on June 10, 2009.</p> <p>The first amendment was made on June 5, 2012.</p> <p>The second amendment was made on June 10, 2015.</p> <p>The third amendment was made on June 15, 2016.</p> <p>The fourth amendment was made on June 24, 2019.</p> <p>The fifth amendment was made on May 29, 2020.</p>	<p>Date of this amendment was added.</p>

< Attachment 8 >

## Explanations of Involvement of the Director in Acts for Himself or Others Which Fall into the Scope of the Company's Business

Mr. Jerry Hsu:

Names of other companies Where he served	Title	Business items same or similar to the Company's
AcBel (USA) Polytech Inc.	President	The company is mainly engaged in providing after-sales maintenance services
AcBel Polytech Holdings Inc.	Director	The company is mainly engaged in the general investment business
Acbel Polytech (Ireland) Limited	Director	After-sales service for power supply units
AcBel Polytech (Philippines) Inc.	Chairman/President	The company is mainly engaged in the processing and manufacturing of power supply units
AcBel Polytech International Inc.	Director	The company is mainly engaged in the general investment business
Ren-Den Solar Energy Co., Ltd.	Director	F401010 International Trade
Ri-Chen Solar Energy Co., Ltd.	Director	F401010 International Trade
Kang-De Energy Co., Ltd.	Director	F401010 International Trade
Kang-Rui Energy Co., Ltd.	Director	F401010 International Trade
EPI Technology Venture Pte. Ltd.	Director	Renewable Energy System Development
Evercomm Uni-Tech Singapore Pte. Ltd.	Director	Power Management Solution Services
ACBEL TELECOM INC.	Director	CC01120 Data Storage Media Manufacturing and Duplicating CC01080 Electronics Components Manufacturing F401010 International Trade I501010 Product Designing I301010 Software Design Services CC01110 Computer and Peripheral Equipment Manufacturing
CK Holdings Inc.	Director	The company is mainly engaged in the general investment business

LIZ Electronics (Nantong) Co., Ltd.	Director	The company is mainly engaged in the research, development, and manufacture of chip components; sales of self-produced products and provision of relevant after-sales services. It is also engaged in the wholesale, import and export of electronic components, semiconductors, special materials for components, and assemblies.
Raypal Biomedical Co., Ltd.	Director	F401010 International Trade I501010 Product Designing
Ray-Kwong Medical Management Consulting Co., Ltd.	Director	F401010 International Trade
Compal Electronics, Inc.	Director	CC01080 Electronics Components Manufacturing CC01110 Computer and Peripheral Equipment Manufacturing F401010 International Trade I301010 Software Design Services I501010 Product Designing
Castlenet Technology Inc.	Director	CC01080 Electronics Components Manufacturing CC01110 Computer and Peripheral Equipment Manufacturing F401010 International Trade I301010 Software Design Services I301020 Data Processing Services
Cal-Comp Electronics (Thailand) Public Company Limited	Vice Chairman	The Company is mainly engaged in the manufacture of computer and peripheral equipment, communication equipment and automation equipment

# Appendixes

<Appendix 1>

(English Translation)

**Nuvoton Technology Corporation**  
**Rules Governing the Conduct of Shareholders Meeting (After Amendment)**

The sixth amendment will be submitted to the annual general shareholders meeting on June 11, 2021 for approval

Article 1

These Rules were created for the specific purpose of establishing a good shareholders meeting governance system to strengthen the supervisory and management functions of the Company.

Article 2

Unless otherwise provided relevant laws, regulations and the Articles of Incorporation, all shareholders meetings of the Company shall be conducted in accordance with these Rules.

With the exceptions of Article 3 and Article 4 of these Rules, in which the term "shareholder" refers to shareholders themselves, "shareholder" as used in these Rules refers to shareholders themselves or a legally commissioned proxy attending on behalf of a shareholder.

Article 3

The shareholders meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.

All shareholders shall be served with the convention notice of annual general shareholders meeting at least 30 days prior to each meeting, except for those shareholders each holding less than 1,000 registered shares who may be notified by means of an announcement on the Market Observation Post System at least 30 days prior to the meeting according to relevant laws and regulations. All shareholders shall be served with the convention notice of special shareholders meetings at least 15 days prior to the meeting, except for those shareholders each holding less than 1,000 registered shares who may be notified by means of an announcement on the Market Observation Post System at least 15 days prior to the meeting according to relevant laws and regulations.

Convention notices and announcements shall state the reasons for the meeting. The convention notice may, as an alternative, be given by means of electronic transmission, after obtaining the prior consent of shareholders.

The matters specified in Paragraph 5 of Article 172 of the Company Act, or Article 26-1 or Article 43-6 of the Securities and Exchange Act, or Article 56-1 or Article 60-2 of the Regulations Governing Offering and Issuance of Securities by Issuers shall be listed among the reasons and explained in the convention notice of the meeting, and may not be proposed as

extemporary motions.

The Company shall prepare the agenda handbook for shareholders meeting prior to the meeting in accordance with the relevant laws and regulations.

A shareholder holding 1 percent or more of the total number of issued shares may propose in writing to the Company a proposal for discussion at an annual shareholders meeting; provided that only one matter shall be allowed in each single proposal. In case a proposal submitted by shareholder(s) contains more than one matter, such proposal shall not be included in the agenda of the shareholders meeting. In addition, if any of the circumstances listed in Paragraph 4 of Article 172-1 of the Company Act occurs to the proposal submitted by any shareholder, the Board of Directors of the Company may ignore that proposal.

The Company shall announce the acceptance of shareholders' proposal, the place and the period for shareholders to submit proposals to be discussed at the shareholders meeting prior to the commencement of the close period for share transfer. The period for accepting such proposals shall not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The 300 words limit includes reasons and punctuation marks. Shareholders submitting proposals to be discussed at the shareholders meeting shall attend the shareholders meeting in person or by proxy, and participate in discussion of those proposals.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the Board of Directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

#### Article 4

Prior to any shareholders meeting, a shareholder may appoint a proxy to attend the meeting by issuing a power of attorney in the proxy form provided by the Company stating the scope of authorization.

Each shareholder may issue one proxy form, and may only appoint one person to serve as a proxy. The power of attorney must be delivered to the Company at least five days prior to each shareholders meeting. If two or more written proxy forms are received from a shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the Company receives a proxy form, in the case that a shareholder who has issued a power of attorney intends to attend the shareholders meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a written proxy rescission notice need be delivered to the Company two days prior to the date of the shareholders meeting; otherwise, the voting right exercised by the authorized proxy at the meeting shall prevail.

## Article 5

Shareholders meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such meetings. Shareholders meetings shall not start earlier than 9:00 AM or later than 3:00 PM. About the place and time of shareholders meetings, if the Company has independent directors, the opinions of each attending independent directors shall be taken into full consideration.

## Article 6

This Company shall prepare an attendance book for attending shareholders or proxies of shareholders ("Shareholders") to sign in, or Shareholders present may hand in an attendance sign-in card in lieu of signing on the attendance book. Each Shareholder attending the shareholders meeting in person (or proxy) shall wear an attendance pass.

The Company shall hand in the agenda handbook, annual report, attendance pass, speech note, ballot and other meeting documents to the Shareholders attending the shareholders meeting. If there is an election of directors, the Company shall hand out election ballot as well.

Shareholders shall attend shareholders meetings based on attendance passes, attendance sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by Shareholders. Solicitors who have solicited proxies shall also bring identification documents for verification.

When a government or legal entity is a shareholder, said shareholder may be represented by more than one proxy at a shareholders meeting. A legal entity serving as proxy to attend a shareholders meeting may designate only one representative to attend such meeting.

## Article 7

If a shareholders meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall serve as chair for the meeting. If the Chairman of the Board of Directors is on leave or for any reason unable to perform his duties as Chairman, the Vice-Chairman shall act in place of the chairman. If the Company does not have a Vice-Chairman or the Vice-Chairman is also on leave or for any reason unable to perform the necessary duties, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman of the Board of Directors shall appoint a director to serve on his behalf. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair for the meeting.

If a shareholders meeting is convened by a party other than the Board of Directors, the convening party shall chair the meeting. When there are two or more individuals within such convening parties, the convening parties shall select a chair from among themselves in mutual agreement.

The Company may appoint lawyer(s) or certified public accountant(s) engaged by the Company, or relevant persons, to attend a shareholders meeting.

## Article 8

The process of the shareholders meeting shall be audio recorded or video recorded in its entirety and these records shall be preserved for at least one year. If the Company allows shareholders to exercise their voting right in writing or by way of electronic transmission, the related written and media data shall also be preserved for at least one year. However, if a lawsuit has been filed by any shareholder pursuant to Article 189 of the Company Act, all records and data involved shall be kept by the Company until the legal proceedings of the lawsuit have been concluded.

## Article 9

Attendance at the shareholders meeting shall be determined based on the number of shares. The number of shares represented by shareholders at the meeting shall be calculated as the number of shares represented by those present in person as indicated by the attendance book or attendance sing-in cards, plus the number of shares in which voting rights are exercised in writing or by way of electronic transmission.

The chairman shall announce the commencement of the shareholders meeting and relevant information such as the number of non-voting shares and the number of shares whose holders are present at the time scheduled for the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed twice and the time of the postponement shall not be more than one hour in total.

If after two postponements as aforementioned, the number of shares represented by the shareholders present at the meeting is still less than one-half of all issued shares of the Company but the shareholders present at the meeting represent more than one-third of all issued shares, tentative resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Act. A notice of such tentative resolution shall be given to each of the shareholders, and the shareholders meeting shall be reconvened within one month.

If the number of the shares represented by the shareholders present at the shareholders meeting reaches one-half of all issued shares of the Company prior to the end of the meeting, the chairman may submit the aforementioned tentative resolutions to the shareholders meeting for approval in accordance with Article 174 of the Company Act.

## Article 10

The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The shareholders meeting shall be conducted according to the agenda, and unless otherwise provided by these Rules herein or laws and regulations, the agenda shall not be changed without resolution from the shareholders meeting.

The above provision in the preceding paragraph also applies to shareholders meetings convened by any parties that are not the Board of Directors but have the power to convene such meetings.

Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the

meeting before all the items (including extemporaneous motions) listed in the agenda made according to the preceding two paragraphs are completed; after the meeting is adjourned, shareholders cannot designate another person as chairman and continue the meeting at the same or other place.

When the chairman sees the discussion over a motion, an amendment, or extemporaneous motion as having proceeded to the extent necessary to make a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

#### Article 11

When a shareholder present at the meeting wishes to speak, he/she shall fill in a speech note specifying the summary of his/her speech, the shareholder's account number (or the attendance pass number) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

If any shareholder present at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note submitted by such shareholder, the contents of the actual speech shall prevail. Conduct for proxy's speeches shall comply with the letter of the proxy forms, documents of public solicitation and advertisement. Unless otherwise provided by laws and regulations, the shareholders appointing a proxy to attend the shareholders meeting shall agree with any speeches and voting made by the proxy in the shareholders meeting.

The same shareholder may not speak more than twice on the same motion without the chairman's permission, and each speech time may not exceed 5 minutes. The chairman may halt the speech of any shareholder who violates the above provision or when the content of such speech is outside the scope of the ongoing discussion.

When a shareholder speaks at the meeting, unless otherwise permitted by the chairman and the speaking shareholder, no other shareholders shall interrupt the speech of the speaking shareholder; the chairman shall stop any violations.

The number of representatives appointed by a legal-entity shareholder to attend the shareholders meeting should not exceed the number of directors to be elected at the shareholders meeting if there is an election of directors at that shareholders meeting, or the number of directors elected for a term of office if there is no election of directors at that shareholders meeting, and only one representative can speak for the same motion.

After the speeches of the shareholders present at the shareholders meeting, the chairman may respond in person or designate relevant persons to respond to the speech.

#### Article 12

Voting at the shareholders meeting shall be determined based on the number of shares.

The shares held by shareholders having no voting right shall not be counted in the total number

of issued shares while adopting a resolution at a meeting of shareholders.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting right on behalf of another shareholder.

The preceding shares for which voting right cannot be exercised shall not be counted in the number of votes of shareholders present at the meeting.

Except for trust enterprises or stock agencies approved by the competent authority in charge of securities laws, when a person who acts as the proxy for two or more shareholders, the number of voting rights represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting rights shall not be counted.

### Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2 of Article 179 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic transmission. When voting rights are exercised by correspondence or electronic transmission, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extemporaneous motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid any submission of extemporaneous motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic transmission, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means of which the voting rights were exercised, 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic transmission shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic transmission and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

If the Company allows its shareholders to exercise their voting rights in writing by correspondence or by way of electronic transmission, the Company shall finish the counting and verification of the votes cast in writing by correspondence or by way of electronic transmission

prior to the convening of the shareholders meeting.

If the Company allows its shareholders to exercise their voting rights in writing by correspondence or by way of electronic transmission, the Company shall compile the number of votes cast in writing by correspondence or by way of electronic transmission and prepare a statement of information and disclose such statement of information in an explicit manner at the venue of the shareholders meeting.

Unless otherwise provided laws and regulations or the Company's Articles of Incorporation, resolutions agreed upon by a majority of the votes represented by shareholders present at the meeting shall be adopted. The voting rights of shareholders shall be calculated according to the voting rights of represented shares that shareholders may exercise in accordance with laws and regulations or the Company's Articles of Incorporation. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders.

A motion may be resolved by way of vote, or shall be deemed passed if no objection to the motion is expressed by all of the shareholders present at the meeting after the solicitation of the chairman, and shall have the same effect as if it was voted through ballot casting.

If there is an amendment or alternative to a motion, the chairman shall combine the amendment or alternative with the original motion to determine their orders for resolution. In addition, if the proposal submitted by shareholders according to Article 3 of these Rules is conflicting or amending or substituting against the proposal of the Board of Directors, the chairman shall combine the proposal of shareholders with that of the Board of Directors to decide the order for resolution. If any one of the above motions is passed, the others shall be deemed as rejected, upon which no further resolution shall be required. But where the Company allows its shareholders to exercise their voting rights in writing by correspondence or by way of electronic transmission, unless the number of votes cast in writing by correspondence or by way of electronic transmission have reached a majority vote for the motion, the passing of a motion may not occur through the "passed if no objection to the motion is expressed by all of the shareholders present at the meeting" clause.

Vote monitoring and counting personnel for the voting on a motion shall be appointed by the chairman.

Counting of the votes shall be completed at the site of the shareholders meeting. The result of the votes shall be announced and recorded on the spot.

The persons responsible for checking ballots must be shareholders and shall monitor the voting procedure to prevent the occurrence of inappropriate voting behavior, examine ballots and monitor the records of the persons responsible for counting ballots. A ballot will be deemed invalid and shall not be calculated under any of the following conditions:

1. Where a ballot is not placed on the form provided by the Company.
2. Where a ballot is not placed in the ballot box.
3. Where a ballot is blank without any words written or without any writing expressing

opinion regarding the motion.

4. Where a ballot is found to have words thereon other than those required to be filled in.
5. Where the handwriting on a ballot is too blurred or indistinct to be readable or has been altered.
6. Where a ballot is used by a proxy in violation of "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."
7. Where any violation of laws or regulations or voting guidelines made by the Company is found.

The standard for recognition of invalid ballots in cases of shareholders exercising voting rights in writing by correspondence is carried out in conformity with the Subparagraphs 1, 3, 4, 5 and 7 of the preceding Paragraph. In the case of doubts or disputes, the Company's verification unit is authorized to arbitrate the doubts or dispute. In addition, the standard for recognition of invalid ballots in cases of shareholder voting rights being exercised through electronic transmission is carried out in conformity with Subparagraph 7 of the preceding Paragraph, as well as in compliance with the regulations of the relevant competent authority.

#### Article 14

If the shareholders shall elect directors at the shareholders meeting, the election shall be handled in accordance with the rules related to election of directors of the Company and the results of the election shall be announced on the spot, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election of the preceding Paragraph shall be properly preserved in envelopes with seals and signatures of the persons responsible for checking ballots thereon and shall be preserved for at least one year; provided that if any shareholder files a lawsuit according to Article 189 of the Company Act, such ballots shall be preserved until end of the litigation.

#### Article 15

Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The minutes of the meeting may be prepared and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding Paragraph by means of a public announcement made through the Market Observation Post System.

The meeting minutes shall accurately record the date (year, month, day) and venue of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be preserved for the duration of the existence of the Company.

## Article 16

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the venue of the shareholders meeting.

## Article 17

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairman may direct the proctors or security personnel to help maintain order at the meeting place. Proctors or security personnel helping to maintain order at the meeting place shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

## Article 18

When a meeting is in progress, the chairman may announce a break based on time considerations. If an air-raid alarm, an earthquake or a force majeure event occurs, the chairman may unilaterally rule the meeting temporarily suspended for evacuation individually and announce whether, in view of the circumstances, the meeting will be resumed after the reason of suspending the meeting is eliminated.

## Article 19

Any concerning matter that is not addressed in these Rules shall be handled in accordance with the Company Act and other related laws and regulations, and the relevant provisions of the Articles of Incorporation of the Company.

## Article 20

These Rules shall be effective from the date it is approved by the shareholders meeting. The same applies in the case of amendments.

## Article 21

These Rules were enacted on June 10, 2009.

The first amendment was made on June 5, 2012.

The second amendment was made on June 10, 2015.

The third amendment was made on June 15, 2016.

The fourth amendment was made on June 24, 2019.

The fifth amendment was made on May 29, 2020.

The sixth amendment was made on June 11, 2021.

<Appendix 2>

**Nuvoton Technology Corporation**  
**Articles of Incorporation (After Amendment)<sup>3</sup>**

The eleventh amendment will be submitted to the annual general shareholders meeting on June 11, 2021 for approval

**I. General Provisions**

Article 1

The Company is incorporated as a company limited by shares under the Company Act and shall have the name 新唐科技股份有限公司 (NUVOTON TECHNOLOGY CORPORATION, hereinafter “the Company”).

Article 2

The scope of business of the Company shall be as follows:

1. CC01080 Electronic Parts and Components Manufacturing
2. CC01110 Computers and Computing Peripheral Equipment Manufacturing
3. CC01120 Data Storage Media Manufacturing and Duplicating
4. F401010 International Trade
5. I301010 Software Design Services
6. I501010 Product Designing

Research and development, designing, manufacturing and selling of the following products and technologies:

1. Consumer Logic IC Products
2. Computer Logic IC Products
3. Production, testing, and foundry service of 6-inch wafers

Article 3

The Company may provide endorsement and guarantee for the operational needs of the Company.

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<sup>3</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

#### Article 4

The total amount of the Company's investments shall not be subject to the ceiling of 40% of the Company's paid-up capital.

#### Article 5

The Company has its head-office in Hsinchu Science Park, Taiwan. Subject to the approval of the Board of Directors and government authority, the Company may, if necessary, set up branches or business offices within and outside of the Republic of China.

#### Article 6

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## **II. Shares**

#### Article 7

The total capital of the Company shall be in the amount of five billion New Taiwan Dollars (NT\$5,000,000,000), divided into 500 million shares, at ten New Taiwan Dollars (NT\$10) each, and may be issued in installments and part of which may be preferred shares. The un-issued shares may be issued by a resolution of the Board of Directors whenever it deems necessary. In the aforesaid total capital, up to one hundred eighty million New Taiwan Dollars (NT\$180,000,000) may be reserved for issuance of stock warrants, preferred shares with warrants or corporate bonds with warrants, consisting of 18 million shares, with a par value of ten New Taiwan Dollars (NT\$10) per share, which may be issued in installments. The respective amount of stock warrants, preferred shares with warrants or corporate bonds with warrants may be adjusted by the Board of Directors in consideration of factors concerning capital market and operation needs.

#### Article 7-1:

The rights and obligations and other major issuance terms of the Company's preferred shares are as follows:

1. The dividend on preferred shares shall be limited to a maximum of 8% per annum and calculated by the issuance price per share, take priority over the dividend and bonus on common shares and be distributed once in cash every year. After the Company resolves the distribution of earnings, the Board of Directors will determine the record date on which the distributable dividends for the previous year will be paid. The distribution amount of dividends in the year of issuance and year of redemption shall be calculated based on the actual number of issuance days of the current year. The issuance date shall be defined as the record date for the issuance of the preferred shares for capital increase.
2. The Company has sole discretion over the distribution of dividends on preferred shares, and

may resolve not to distribute dividends on preferred shares. If there are no earnings in the annual final accounts or the shareholders' meeting resolves not to distribute any dividends on preferred shares, any such undistributed dividends shall not be cumulative, and no deferred payment will be paid in subsequent years where there are earnings.

3. Except for receiving the dividends prescribed in subparagraph 2 of this paragraph, preferred shareholders are not entitled to the distribution of cash or stock dividends from earnings or the capital reserve with regard to common shares.
4. Holders of preferred shares shall take priority over holders of common shares with respect to the distribution of the residual property of the Company and rank *pari passu* with shareholders of all kinds of preferred shares issued by the Company in terms of debt repayment but inferior to general creditors, provided that the amount of such distribution shall not exceed that of the preference shares then in issue and outstanding calculated at the issuance price.
5. Holders of preferred shares shall have no right to vote in the shareholders' meeting, but are entitled to be elected as directors. However, such shareholders have voting rights in preferred shareholders' meetings and in the shareholders' meetings that deal with agendas relating to any rights and obligations of preferred shareholders.
6. Preferred shares may not be converted into common shares.
7. Preferred shares shall have no maturity, and preferred shareholders shall not request the Company to redeem the preferred shares they hold, but the Company may redeem all or part of the preferred shares at any time on or after the next day following the fifth anniversary of the issuance date at the original issuance price. Unredeemed preferred shares shall continue to enjoy rights and obligations of issuance terms prescribed in the preceding subparagraphs. In the year when the Company resolves to distribute any dividends, the dividends that shall be distributed until the redemption date shall be calculated based on the actual number of issuance days of that year.
8. The capital reserve from the premium issue of the preferred shares shall not be capitalized during the issuance period of the preferred shares. The Board of Directors is authorized to determine the name, issuance date and specific issuance terms of the preferred shares upon actual issuance thereof depending on the conditions of capital markets in accordance with these Articles of Incorporation and related laws and regulations.

#### Article 8

The shares issued by the Company may be in scripless form and without physical certificates, but the Company shall register the shares with the central securities depository institution.

#### Article 9 (Deleted)

### **III. Shareholders Meeting**

#### Article 10

Shareholders meetings of the Company are of two types: regular meetings and special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, whenever necessary. A preferred shareholders' meeting may be convened in accordance with relevant laws and regulations when necessary.

#### Article 11

Shareholders may designate a proxy to attend a shareholders meeting with a power of attorney stating the scope of authority in accordance with the Company Act and relevant regulations, promulgated by government authorities.

#### Article 12

Each share of stock shall be entitled to one vote, unless otherwise provided by applicable laws or regulations.

#### Article 13

Except otherwise provided by the laws and regulations, a resolution of the shareholders meeting shall be adopted by the consent of a majority of the votes represented by attending shareholders, in person or by proxy, who represent a majority of the total issued shares of the Company.

#### Article 13-1

The revocation of public issuance shall be reported to the shareholders meeting for resolution.

#### Article 14 (Deleted)

### **IV Board of Directors and Audit Committee**

#### Article 15

The Company shall have nine to eleven directors, whose term of office is three years. Among the directors there should be not less than three independent directors. Election of directors shall adopt the candidates nomination system prescribed in Article 192-1 of the Company Act. All of the directors are elected by the shareholders meeting from the candidate list of directors and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately. The method of candidate nomination and election of directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations. The professional qualifications, requirements relating to shareholdings, restrictions on concurrent positions held, and other compliance matters with

respect to independent directors shall conform to relevant rules and regulations. The Board of Directors may resolve to purchase liability insurance for directors of the Company.

#### Article 15-1

The Company, pursuant to Article 14-4 of the Securities and Exchange Act, establish an audit committee. The audit committee shall be formed by all independent directors and shall have no less than three members and one of the members shall be the convener and at least one member shall be a professional on accounting or finance. The members of the audit committee shall be responsible for performing the functions and duties provided under the Company Act, Securities and Exchange Act and other laws and regulations and shall comply with relevant laws and regulations and the Company's rules and regulations.

#### Article 16

The Board of Directors shall consist of the directors of the Company; the Chairman of the Board of Directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. A Vice chairman may be appointed to assist the Chairman.

#### Article 17

Except as otherwise provided by law, meetings of the Board of Directors are convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each director within the period prescribed by the competent authority in charge of securities laws prior to the meeting; provided that a meeting may be convened at any time in case of emergency without written notice.

The meeting notice set forth in the preceding paragraph may be in writing or e-mail or by fax.

Unless otherwise provided by law, resolutions adopted at a meeting of the Board of Directors must be approved by a majority vote of the directors being present, who shall represent no less than half of the total number of directors. Directors may designate other directors as their proxies to attend the meetings of the Board of Directors; provided that each director may act as proxy for one other director only. The Board of Directors shall meet at least once every three months.

#### Article 18

In the case where the Chairman of the Board of Directors is on leave or otherwise unable to perform his/her duties, matters conducted on behalf of the Chairman shall be handled in accordance with Article 208 of the Company Act.

#### Article 19

The Board of Directors is authorized to determine the remuneration of directors based on their contribution and involvement in the operations of the Company and by reference to standard

compensation levels in similar industries both domestically and internationally.

## Article 20

The authorities of the Board of Directors are as follows:

1. Review operation principles, and long term and short term development plans.
2. Review and implement annual business plans.
3. Approve budget and review the results at year-end;
4. Propose to increase or decrease the Company's capital.
5. Propose profit distribution or a plan for making up losses.
6. Review, approve, amend and terminate material contracts and contracts relating to procurement, transfer, licensing or technical cooperation of important technology and patents.
7. Propose and review plans in connection with using transfer as security, sale, lease, pledge, mortgage, or other disposal of all or a substantial portion of assets of the Company.
8. Propose to revise the Articles of Incorporation.
9. Review and approve the Company's organizational structures and important business rules.
10. Decide the establishment, reorganization, or removal of branch or business offices.
11. Review capital expenditure projects whose values are over NT\$100 million (included). The Chairman of the Board of Directors is authorized to review and approve capital expenditure projects whose values are below the aforesaid amount.
12. Appoint or remove corporate officials at the level of vice presidents and higher.
13. Convene shareholders meetings and make business report.
14. Approve the Company's investments or transfers of shares whose value is above NT\$100 million (included). The Chairman of the Board of Directors is authorized to review and approve investments or transfers of shares whose values are below the aforesaid amount.
15. Appoint or dismiss auditing certified public accountant of the Company.
16. Apply for financing, providing guarantees, acceptances and credit extension with, and raise debts from, financial institutions or third persons, whose value is above NT\$100 million (included). The Chairman of the Board of Directors is authorized to review and approve those whose values are less than the aforesaid amount.
17. Decide the amount of endorsements, guarantees, and acceptances to be made in the name of the Company.
18. Examine and approve major business transactions between relevant parties (including affiliated enterprises).

19. Perform such other duties and responsibilities prescribed by law or authorized by the shareholders meetings.

When it is necessary and legally permissible, the Chairman of the Board of Directors may review, approve, or implement the matters listed in aforementioned paragraphs before reporting to the Board of Directors. When used for the same purposes, the matters specified in items 11, 14, and 16 of this Article shall not be divided for contracting or applied for, or implemented without prior approval.

Article 21 (Deleted)

## **V. Managers**

Article 22

The Company may have chief executive officer, president and several vice presidents according to the resolution of the Board of Directors, and their appointment, removal, and remuneration shall be handled in accordance with Article 29 of the Company Act. The Board of Directors is authorized to determine the duties and functions of said managers or the Board of Directors may authorize the Chairman of the Board of Directors to determine the duties and functions of the said managers.

## **VI. Accounting**

Article 23

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 24

After the end of each fiscal year, the Board of Directors shall have the following documents prepared: (1) business report, (2) financial statements, and (3) proposal for allocation of surplus profit or making up losses, and submit the same for recognition at the shareholders meeting in accordance with the legal process.

Article 25

If the Company has net profit, 1% or more of the net profit shall be allocated as remuneration of employees and 1% or less as remuneration of directors; provided that if the Company has accumulated losses, the Company shall first set aside an amount for making up losses.

The distribution of employee and director remuneration shall be reported to the shareholders' meeting.

The Company may purchase its shares for transferring such treasury shares, issue employee options, provide pre-emptive right for employees' subscription upon issuing new shares, issue new restricted employee shares, and distribute employee remuneration, to those eligible

employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the Board of Directors.

The directors entitled to director's remuneration and relevant matters shall be handled in accordance with relevant laws and regulations and be determined by the Board of Directors.

#### Article 26

If the Company has pre-tax profit at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. If there is any distributable profit after aggregating the balance of the above and undistributed earnings of previous years or after aggregating the losses of the current fiscal year and undistributed earnings of previous years, special reserve shall be set aside or reversed according to laws and regulations or rules of competent authority. If there is any remaining amount, after setting aside a special reserve or retaining an amount as undistributed earnings based on business needs, and after distributing the dividends on the preferred shares with respect to the remaining amount in accordance with Article 7-1 of these Articles of Incorporation, the Board of Directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution on distributing bonus and dividends to shareholders.

The Board of Directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. Distributable earnings may be retained undistributed or distributed in cash dividend or the combination of stock dividend and cash dividend, so as to maintain sustainable management and development. With respect to distribution of dividends, in consideration of future operating scale and cash flow requirements, no less than 50% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends, and the percentage of cash dividends to shareholders shall not be less than 10% of the total amount of dividends to shareholders. The conditions, timing, amounts and types of retained earnings and distribution of dividends may be adjusted on proper occasions based on the needs to deal with changes in economic and industrial trends and in view of the Company's future development needs and profitability.

### **VII. Supplementary Provisions**

#### Article 27

Any matters not provided for in these Articles of Incorporation shall be handled in accordance

with the Company Act.

#### Article 28

All kinds of rules and operational regulations of the Company shall be otherwise made.

#### Article 29

These Articles of Incorporation were enacted on March 14, 2008.

The first amendment was made on September 1, 2008.

The second amendment was made on November 17, 2009.

The third amendment was made on June 10, 2011.

The fourth amendment was made on June 5, 2012.

The fifth amendment was made on June 10, 2015.

The sixth amendment was made on June 15, 2016.

The seventh amendment was made on June 12, 2018.

The eighth amendment was made on June 24, 2019.

The ninth amendment was made on December 6, 2019.

The tenth amendment was made on May 29, 2020.

The eleventh amendment was made on June 11, 2021.

**Nuvoton Technology Corporation**

**Chairman: Yuan-Mou Su**