

(English Translation)

Nuvoton Technology Corporation

2017 Annual General Shareholders Meeting

Agenda Handbook¹

Meeting Date: June 14, 2017 (Wednesday)

Meeting Time: 9:00 A.M.

**Meeting Venue: Room 102, No. 4, Creation Rd. III, Hsinchu Science Park, Taiwan,
R.O.C.**

¹ 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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 3. To report the remuneration of employees, directors and supervisors for fiscal year 2016
 4. Other matters
 - (II) Matters to be acknowledged and discussed
 1. To acknowledge and recognize business report and financial statements of fiscal year 2016
 2. To acknowledge and recognize the proposal for distribution of 2016 profit
 3. To discuss the amendments to the Procedures for Acquisition or Disposal of Assets of the Company
 4. To discuss the release of directors from the non-competition restriction
- Voting by Poll on the above acknowledged and discussed matters
- IV. Other Matters and Motions
- V. Adjournment

Matters to be reported:

I. To report the business of fiscal year 2016

The Company's 2016 business report and financial statements are hereby presented (please refer to Attachment 1). Please examine.

II. To report the Audit Committee's review of 2016 final accounts

The Audit Committee Approval Report is hereby presented (please refer to Attachment 3). Please examine.

III. To report the remuneration of employees, directors, and supervisors for fiscal year 2016

According to the Company's 2016 earnings audited by the certified public accountants, the Company has no accumulated losses to be made up. It is proposed to, in accordance with Article 24-1 of the Company's Articles of Incorporation, allot 1% of the earnings to be the remuneration of directors and supervisors, which is NT\$7,430,731 in total, and allot 6% of the earnings to be the remuneration of employees, which is NT\$44,584,429 in total. The above amounts will all be paid in cash. The aforesaid ratios and amounts for allocation have been approved by the Fourth Meeting of the Board of Directors of the Fifth Term.

IV. Other matters to be reported

(I) Report on shareholdings of all directors

1. In accordance with 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 by laws and regulations is 12,000,000 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 2017 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 April 7, 2017 to April 17, 2017), no shareholders submitted any written proposal to the Company for the 2017 annual general shareholders meeting in accordance with Article 172-1 of the Company Act.

Matters to be acknowledged and discussed

Motion I

Proposed by the Board of Directors

Proposal: The business report and financial statements of fiscal year 2016 are hereby presented. Please acknowledge and recognize the same.

Explanation:

1. Please refer to Attachment 1 for the business report and financial statements of fiscal year 2016.
2. The aforementioned financial statements have been approved by the Fourth Meeting of the Board of Directors of the Fifth Term 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 proposal for distribution of 2016 profit of the Company is presented. Please acknowledge and recognize the same.

Explanation:

1. The Company has a net profit after tax of NT\$613,165,222 for the year of 2016. The proposed statement of profit distribution is as follows.
2. The proposal was approved by the Fourth Meeting of the Board of Directors of the Fifth Term.

Nuvoton Technology Corporation
Statement of Profit Distribution
For the year ended December 31, 2016

(Unit: NT\$)

Items	Total
Undistributed Surplus Earnings of Previous Fiscal Years	207,153,606
Minus: Losses on Remeasurement of Defined Benefit Plans	(37,209,100)
Plus: Adjustment Made to Retained Earnings for Investments under the Equity Method	3,164,147
Plus: Net Income of 2016	613,165,222
Minus: 10% Legal Reserve Appropriated	(61,316,522)
Retained Earnings Available for Distribution as of December 31, 2016	724,957,353

Distributable items:	
Cash Dividends to Common Shares (NT\$2.4 per share)(Note)	(498,130,560)
Undistributed earnings, End of Year	226,826,793

(Note: 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: Arthur Yu-Cheng Chiao Manager: Sean Tai Accounting Officer: Hung-Wen Huang

Motion III

Proposed by the Board of Directors

Proposal: It is proposed to amend certain provisions of the Procedures for Acquisition or Disposal of Assets of the Company. Please review and approve the same.

Explanation:

1. It is proposed to amend these procedures in accordance with the letter dated February 9, 2017 issued by the Financial Supervisory Commission (Ref. No.: Jin-Guan-Jeng-Fa-Tze-10600012965).
2. Please see Attachment 5 to this handbook for the comparison chart showing the amendments.

Motion IV

Proposed by the Board of Directors

Proposal: It is proposed to release the directors of the fifth term from the non-competition restrictions. Please review and approve the same.

Explanation:

1. It is conducted in accordance with Paragraph 1 of Article 209 of the Company Act which provides that "A director who acts for himself/herself or on behalf of another person in a manner that is within the scope of the company's business shall explain to the shareholders meeting the essential contents of such act and secure its approval."
2. Please refer to Attachment 6 to this handbook for the description that the current directors of the Company concurrently act as directors or managers in companies engaging in the same business as the Company. The Chairman of the shareholders meeting may supplement the explanation about the acts of all the directors (inclusive of independent directors) that the directors carry out for themselves and others and that are within the business scope of the Company.

3. It is proposed to the shareholders meeting, in accordance with Paragraph 1 of Article 209 of the Company Act, to release the current directors from the non-competition restrictions starting from the day such directors enter office as the Company's directors, and to waive the Company's right to request disgorgement of profits against such directors from the day when such directors enter office as the Company's directors.

Voting by Poll on the above acknowledged and discussed matters:

Other Matters and Motions

Adjournment

Attachments

Nuvoton Technology Corporation 2016 Business Report

2016 has been a year full of challenges for global semiconductor industry. Under the impacts of a decline in end-user needs for PCs and minor increase in smartphones, the overall semiconductor industry has maintained a low-level development. Nuvoton Technology Corporation (the "Company"), however, has reached a new record in revenue contributed by the efforts of all employees which marked up an important milestone in the development process of the Company.

Financial Performance

For the overall financial performance, the Company's total consolidated revenue was about NT\$8,329 million in 2016, with 13.9% YOY increase from NT\$7,313 million in 2015. The net income after tax of 2016 was NT\$613 million, with 30.7% YOY increase from NT\$469 million in 2015. The earnings per share after taxes were NT\$2.95.

Products, Marketing and Technology Development

The Company's business mainly includes research, development and sales of integrated circuit products and provision of wafer foundry services. Following is a summary of significant achievements:

The Company has passed the certification of Federal Information Processing Standards ("FIPS") in 2016, and has all the certificates of FIPS, Common Criteria EAL4+ and Trusted Computing Group ("TCG"), making the Company is the first TPM 2.0 IC supplier with all certification mentioned above in the world. This indicates that the quality and reliability of the Company's security protection products have been unanimously recognized by international standards.

The year saw continuous shipments of ARM® Cortex® - M4 SIO, EC, TPM and power management IC for Intel Skylake. Besides, ARM® Cortex® - M0, ARM® Cortex® - M4 microcontrollers and ARM® 9 system-on-a-chip have significantly contributed to various new applications. The Company has also launched NuMaker development platform which is an Internet-of-Things total solution based on ARM® Cortex® -M processor and uses ARM mbed OS 5.1 as the main control platform for the communication gateway. This product is expected to contribute to our revenue in the future.

In July 2016, the Company officially launched its on-line store Nuvoton Direct, selling factory-supplied products with global deliveries supported. The on-line products include micro-controllers with 8051 and Cortex® M0/M4 as the core, and the development kits under

NuMicro® family. The NuMaker series development platform suitable for makers is also available to be sold to American, European and Asian countries. The sales are strong since its trial sale and which shows the widespread embrace in the world of the Company's complete products and innovative achievements.

In terms of wafer foundry services, the Company has developed new manufacturing processes, such as the 0.35um 600V/140V motor-driven high-pressure IC manufacturing process and the 0.35um 60V/80V BCD power management IC manufacturing process, as to provide wider varieties of services to our clients.

Honors and Awards

Besides the good performance in major business realms, where the Company has won many honors and awards, the Company has also well fulfilled the social responsibilities. In 2016, the Company won the "Good Executor of Occupational Security and Health" awarded by the Hsinchu Science Park Bureau, as an affirmation of the Company's commitment to workplace safety. In the Company's long-term target featuring environment-sustainable development, the compliance with basic environment laws and relevant international conventions, has also been awarded the ISO14046 Water Footprint (WFP) certificate for 6-inch wafer products and named an excellent water-saving entity by the Water Resources Agency of the Ministry of Economic Affairs. It shows the remarkable achievements of the Company in environment protection and sustainable operation.

Enterprise Business and Expectations

It is expected that the needs for various types of microcontrollers will be substantially increased by new markets such as drones, robots, virtual reality and augmented reality, Internet of Things, and cloud computing. As an innovative company, the Company will steadily strengthen capabilities to research and development and continue to develop more product applications and services, and market more innovative applications and services by cooperating with our clients. It is believed that the Company will explore further business opportunities to maximize values for our shareholders, clients, and employees.

Finally, on behalf of Nuvoton Technology Corp., we'd like to thank the shareholders for their supports and affirmation.

Chairman: Arthur Yu-Cheng Chiao

President: Sean Tai

Accounting Officer: Hung-Wen Huang

NUVOTON TECHNOLOGY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,459,891	25	\$ 1,382,349	26
Notes and accounts receivable, net (Notes 4 and 8)	472,446	8	348,309	7
Accounts receivable due from related parties, net (Notes 4 and 24)	140,763	2	122,670	2
Other receivables	26,556	1	17,698	-
Inventories (Notes 4 and 9)	1,168,969	20	1,025,215	20
Other current assets (Note 21)	209,857	4	79,086	2
Total current assets	<u>3,478,482</u>	<u>60</u>	<u>2,975,327</u>	<u>57</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets, non-current (Notes 4 and 10)	92,876	2	-	-
Financial assets measured at cost, non-current (Notes 4 and 11)	305,493	5	355,184	7
Investments accounted for using equity method (Notes 4 and 12)	1,081,165	18	1,109,330	21
Property, plant and equipment (Notes 4 and 13)	474,952	8	410,239	8
Intangible assets (Notes 4 and 14)	225,964	4	197,238	3
Deferred income tax assets (Notes 4 and 18)	72,000	1	94,000	2
Refundable deposits (Note 6)	64,881	1	64,380	1
Other non-current assets (Note 21)	39,892	1	42,273	1
Total non-current assets	<u>2,357,223</u>	<u>40</u>	<u>2,272,644</u>	<u>43</u>
TOTAL	<u>\$ 5,835,705</u>	<u>100</u>	<u>\$ 5,247,971</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	\$ 707	-	\$ 1,379	-
Accounts payable	904,486	16	664,834	13
Other payables (Notes 15 and 24)	962,603	16	857,597	16
Current tax liabilities (Notes 4 and 18)	16,109	-	52,885	1
Other current liabilities	96,900	2	32,075	1
Total current liabilities	<u>1,980,805</u>	<u>34</u>	<u>1,608,770</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Products guarantee based on commitment (Note 4)	101,891	2	101,891	2
Accrued pension liabilities (Note 16)	349,817	6	378,733	7
Other non-current liabilities	24,718	-	36,776	1
Total non-current liabilities	<u>476,426</u>	<u>8</u>	<u>517,400</u>	<u>10</u>
Total liabilities	<u>2,457,231</u>	<u>42</u>	<u>2,126,170</u>	<u>41</u>
EQUITY				
Common stock (Note 17)	2,075,544	36	2,075,544	39
Capital surplus				
Additional paid-in capital	63,485	1	63,485	1
Employee share options	13	-	13	-
Retained earnings				
Legal reserve	340,530	6	293,628	6
Unappropriated earnings	786,274	13	627,654	12
Exchange differences on translation of foreign operations (Note 4)	29,280	1	61,477	1
Unrealized gains (losses) on available-for-sale financial assets	83,348	1	-	-
Total equity	<u>3,378,474</u>	<u>58</u>	<u>3,121,801</u>	<u>59</u>
TOTAL	<u>\$ 5,835,705</u>	<u>100</u>	<u>\$ 5,247,971</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, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 8,046,760	100	\$ 7,022,517	100
OPERATING COST	<u>4,908,265</u>	<u>61</u>	<u>4,255,699</u>	<u>61</u>
GROSS PROFIT	<u>3,138,495</u>	<u>39</u>	<u>2,766,818</u>	<u>39</u>
OPERATING EXPENSES				
Selling expenses	129,723	1	132,652	2
General and administrative expenses	324,258	4	312,143	5
Research and development expenses	<u>2,087,744</u>	<u>26</u>	<u>1,845,137</u>	<u>26</u>
Total operating expenses	<u>2,541,725</u>	<u>31</u>	<u>2,289,932</u>	<u>33</u>
PROFIT FROM OPERATIONS	<u>596,770</u>	<u>8</u>	<u>476,886</u>	<u>6</u>
NON-OPERATING INCOME AND LOSSES				
Share of profit of subsidiaries accounted for using equity method	7,332	-	5,986	-
Interest income	7,404	-	9,144	-
Dividend income	54,384	1	48,654	1
Other gains and losses	3,819	-	363	-
Gains on disposal of property, plant and equipment	445	-	899	-
Gains on disposal of investments	18,874	-	-	-
Foreign exchange gains (losses)	6,760	-	19,897	-
Losses on financial instruments at fair value through profit or loss	(4,730)	-	(11,176)	-
Interest expense	<u>-</u>	<u>-</u>	<u>(1,344)</u>	<u>-</u>
Total non-operating income and losses	<u>94,288</u>	<u>1</u>	<u>72,423</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	691,058	9	549,309	7
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(77,893)</u>	<u>(1)</u>	<u>(80,287)</u>	<u>(1)</u>
NET PROFIT	<u>613,165</u>	<u>8</u>	<u>469,022</u>	<u>6</u>

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NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Notes 4 and 16)	\$ (37,209)	(1)	\$ (29,644)	-
Share of other comprehensive income of subsidiaries accounted for using equity method	3,164	-	-	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(32,197)	-	17,419	-
Unrealized gains (losses) on available-for-sale financial assets	52,691	1	-	-
Share of comprehensive income of subsidiaries accounted for using equity method	<u>30,657</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss)	<u>17,106</u>	<u>-</u>	<u>(12,225)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 630,271</u>	<u>8</u>	<u>\$ 456,797</u>	<u>6</u>
EARNINGS PER SHARE (Notes 4 and 20)				
From continuing operations				
Basic	<u>\$2.95</u>		<u>\$2.26</u>	
Diluted	<u>\$2.94</u>		<u>\$2.24</u>	

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus		Retained Earnings		Other Equity		Total Equity
		Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (loss) on Available-for- sale Financial Assets	
BALANCE, JANUARY 1, 2015	\$ 2,075,544	\$ 63,485	\$ 13	\$ 259,319	\$ 471,650	\$ 44,058	\$ -	\$ 2,914,069
Net profit in 2015	-	-	-	-	469,022	-	-	469,022
Other comprehensive income (loss) in 2015	-	-	-	-	(29,644)	17,419	-	(12,225)
Total comprehensive income in 2015	-	-	-	-	439,378	17,419	-	456,797
Appropriation of 2014 earnings (Note 17)								
Legal reserve	-	-	-	34,309	(34,309)	-	-	-
Cash dividends	-	-	-	-	(249,065)	-	-	(249,065)
BALANCE, DECEMBER 31, 2015	2,075,544	63,485	13	293,628	627,654	61,477	-	3,121,801
Net profit in 2016	-	-	-	-	613,165	-	-	613,165
Other comprehensive income (loss) in 2016	-	-	-	-	(34,045)	(32,197)	83,348	17,106
Total comprehensive income (loss) in 2016	-	-	-	-	579,120	(32,197)	83,348	630,271
Appropriation of 2015 earnings (Note 17)								
Legal reserve	-	-	-	46,902	(46,902)	-	-	-
Cash dividends	-	-	-	-	(373,598)	-	-	(373,598)
BALANCE, DECEMBER 31, 2016	\$ 2,075,544	\$ 63,485	\$ 13	\$ 340,530	\$ 786,274	\$ 29,280	\$ 83,348	\$ 3,378,474

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

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 691,058	\$ 549,309
Adjustments for:		
Depreciation expenses	126,063	116,856
Amortization expenses	72,705	64,629
(Reversal of) provision for allowance for doubtful accounts	(1,316)	2,139
Interest expense	-	1,344
Interest income	(7,404)	(9,144)
Dividend income	(54,384)	(48,654)
Share of profit of subsidiaries accounted for using equity method	(7,332)	(5,986)
Unrealized gain or loss	6	796
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(672)	(4,262)
(Gain) loss on disposal of property, plant and equipment	(445)	(899)
(Gain) loss on disposal of investments	(18,874)	-
Changes in operating assets and liabilities		
(Increase) decrease in notes and accounts receivable	(122,821)	92,223
(Increase) decrease in accounts receivable due from related parties	(18,093)	(23,603)
(Increase) decrease in other receivables	(9,624)	21
(Increase) decrease in inventories	(143,754)	(241,649)
(Increase) decrease in other current assets	(130,771)	(5,950)
(Increase) decrease in other non-current assets	2,381	2,382
Increase (decrease) in accounts payable	239,652	127,024
Increase (decrease) in other payables	70,325	102,219
Increase (decrease) in other current liabilities	64,825	(12,905)
Increase (decrease) on products guarantee based on commitment	-	29,193
Increase (decrease) on accrued pension liabilities	(66,125)	(65,675)
Increase (decrease) in other non-current liabilities	(12)	106
Cash generated from (used in) operations	685,388	669,514
Income tax paid	(92,669)	(88,042)
Interest paid	-	(1,344)
Interest received	8,170	9,296
Dividend received	57,584	51,085
Net cash generated from (used in) operating activities	<u>658,473</u>	<u>640,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	(110,645)	(21,269)
Proceeds from sale of financial assets measured at cost	8,243	-
Proceeds from capital reduction of financial assets measured at cost	5,000	10,000
Acquisition of investment accounted for using equity method	(798)	(83,718)
Net cash inflow from disposal of subsidiaries (Note 12)	49,850	-
Proceeds from capital reduction of investments accounted for using equity method	-	42,198
Payments for property, plant and equipment	(159,016)	(133,800)

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NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds from disposal of property, plant and equipment	\$ 534	\$ 928
(Increase) decrease in refundable deposits	<u>(501)</u>	<u>(1,039)</u>
Net cash generated from (used in) investing activities	<u>(207,333)</u>	<u>(186,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	<u>(373,598)</u>	<u>(249,065)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	77,542	204,744
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,382,349</u>	<u>1,177,605</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,459,891</u>	<u>\$ 1,382,349</u>

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,898,827	32	\$ 1,825,672	34
Notes and accounts receivable, net (Notes 4 and 8)	769,488	13	643,816	12
Accounts receivable due from related parties, net (Notes 4 and 28)	57,063	1	56,392	1
Other receivables (Note 9)	256,603	4	240,227	5
Inventories (Notes 4 and 10)	1,178,437	20	1,037,432	20
Other current assets (Note 25)	<u>222,881</u>	<u>4</u>	<u>91,128</u>	<u>2</u>
Total current assets	<u>4,383,299</u>	<u>74</u>	<u>3,894,667</u>	<u>74</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets, non-current (Notes 4 and 11)	146,913	3	-	-
Financial assets measured at cost, non-current (Notes 4 and 12)	305,493	5	378,564	7
Property, plant and equipment (Notes 4 and 13)	526,167	9	463,594	9
Investment properties (Notes 4 and 14)	61,673	1	71,866	1
Intangible assets (Notes 4 and 15)	257,940	4	242,622	5
Deferred income tax assets (Notes 4 and 21)	104,627	2	127,287	2
Refundable deposits (Note 6)	70,671	1	69,370	1
Other non-current assets (Note 25)	<u>41,498</u>	<u>1</u>	<u>43,878</u>	<u>1</u>
Total non-current assets	<u>1,514,982</u>	<u>26</u>	<u>1,397,181</u>	<u>26</u>
TOTAL	<u>\$ 5,898,281</u>	<u>100</u>	<u>\$ 5,291,848</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	\$ 707	-	\$ 1,379	-
Accounts payable	906,542	15	666,073	13
Other payables (Notes 16 and 28)	917,461	16	816,083	15
Current tax liabilities (Notes 4 and 21)	16,558	-	53,834	1
Other current liabilities	<u>108,513</u>	<u>2</u>	<u>43,014</u>	<u>1</u>
Total current liabilities	<u>1,949,781</u>	<u>33</u>	<u>1,580,383</u>	<u>30</u>
NON-CURRENT LIABILITIES				
Products guarantee based on commitment (Notes 4 and 17)	101,891	2	101,891	2
Accrued pension liabilities (Notes 4 and 18)	352,038	6	378,733	7
Other non-current liabilities	<u>116,097</u>	<u>2</u>	<u>109,040</u>	<u>2</u>
Total non-current liabilities	<u>570,026</u>	<u>10</u>	<u>589,664</u>	<u>11</u>
Total liabilities	<u>2,519,807</u>	<u>43</u>	<u>2,170,047</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Common stock (Note 19)	2,075,544	35	2,075,544	39
Capital surplus				
Additional paid-in capital	63,485	1	63,485	1
Employee share options	13	-	13	-
Retained earnings				
Legal reserve	340,530	6	293,628	6
Unappropriated earnings	786,274	13	627,654	12
Exchange differences on translation of foreign operations (Note 4)	29,280	1	61,477	1
Unrealized gains (losses) on available-for-sale financial assets	<u>83,348</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total equity	<u>3,378,474</u>	<u>57</u>	<u>3,121,801</u>	<u>59</u>
TOTAL	<u>\$ 5,898,281</u>	<u>100</u>	<u>\$ 5,291,848</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, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)	\$ 8,329,286	100	\$ 7,313,387	100
OPERATING COST	<u>4,920,966</u>	<u>59</u>	<u>4,263,860</u>	<u>58</u>
GROSS PROFIT	<u>3,408,320</u>	<u>41</u>	<u>3,049,527</u>	<u>42</u>
OPERATING EXPENSES				
Selling expenses	232,213	3	246,434	3
General and administrative expenses	355,741	4	346,482	5
Research and development expenses	<u>2,215,524</u>	<u>26</u>	<u>1,970,357</u>	<u>27</u>
Total operating expenses	<u>2,803,478</u>	<u>33</u>	<u>2,563,273</u>	<u>35</u>
PROFIT FROM OPERATIONS	<u>604,842</u>	<u>8</u>	<u>486,254</u>	<u>7</u>
NON-OPERATING INCOME AND LOSSES				
Interest income	16,135	-	16,656	-
Dividend income	57,354	1	52,284	1
Other gains and losses	9,926	-	6,568	-
(Losses) gains on disposal of property, plant and equipment	(34)	-	891	-
Gains on disposal of investments	18,874	-	-	-
Foreign exchange gains (losses)	6,583	-	21,852	-
Losses on financial instruments at fair value through profit or loss	(4,730)	-	(11,176)	-
Interest expense	<u>-</u>	<u>-</u>	<u>(1,344)</u>	<u>-</u>
Total non-operating income and losses	<u>104,108</u>	<u>1</u>	<u>85,731</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	708,950	9	571,985	8
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(95,785)</u>	<u>(1)</u>	<u>(102,963)</u>	<u>(2)</u>
NET PROFIT	<u>613,165</u>	<u>8</u>	<u>469,022</u>	<u>6</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Notes 4 and 18)	\$ (34,045)	(1)	\$ (29,644)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(32,197)	-	17,419	-
Unrealized gains (losses) on available-for-sale financial assets	<u>83,348</u>	<u>1</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss)	<u>17,106</u>	<u>-</u>	<u>(12,225)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 630,271</u>	<u>8</u>	<u>\$ 456,797</u>	<u>6</u>
EARNINGS PER SHARE (Notes 4 and 23)				
From continuing operations				
Basic	<u>\$ 2.95</u>		<u>\$ 2.26</u>	
Diluted	<u>\$ 2.94</u>		<u>\$ 2.24</u>	

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent					Other Equity		Total Equity
	Common Stock	Capital Surplus		Retained Earnings		Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
		Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2015	\$ 2,075,544	\$ 63,485	\$ 13	\$ 259,319	\$ 471,650	\$ 44,058	\$ -	\$ 2,914,069
Net profit in 2015	-	-	-	-	469,022	-	-	469,022
Other comprehensive income in 2015	-	-	-	-	(29,644)	17,419	-	(12,225)
Total comprehensive income in 2015	-	-	-	-	439,378	17,419	-	456,797
Appropriation of 2014 earnings (Note 19)								
Legal reserve	-	-	-	34,309	(34,309)	-	-	-
Cash dividends	-	-	-	-	(249,065)	-	-	(249,065)
BALANCE, DECEMBER 31, 2015	2,075,544	63,485	13	293,628	627,654	61,477	-	3,121,801
Net profit in 2016	-	-	-	-	613,165	-	-	613,165
Other comprehensive income in 2016	-	-	-	-	(34,045)	(32,197)	83,348	17,106
Total comprehensive income (loss) in 2016	-	-	-	-	579,120	(32,197)	83,348	630,271
Appropriation of 2015 earnings (Note 19)								
Legal reserve	-	-	-	46,902	(46,902)	-	-	-
Cash dividends	-	-	-	-	(373,598)	-	-	(373,598)
BALANCE, DECEMBER 31, 2016	<u>\$ 2,075,544</u>	<u>\$ 63,485</u>	<u>\$ 13</u>	<u>\$ 340,530</u>	<u>\$ 786,274</u>	<u>\$ 29,280</u>	<u>\$ 83,348</u>	<u>\$ 3,378,474</u>

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 708,950	\$ 571,985
Adjustments for:		
Depreciation expenses	148,754	140,602
Amortization expenses	86,704	79,535
(Reversal of) provision for allowance for doubtful accounts	(1,174)	2,875
Interest expense	-	1,344
Interest income	(16,135)	(16,656)
Dividend income	(57,354)	(52,284)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(672)	(4,262)
(Gain) loss on disposal of property, plant and equipment	34	(891)
(Gain) loss on disposal of investments	(18,874)	-
Changes in operating assets and liabilities		
(Increase) decrease in notes and accounts receivable	(124,408)	38,316
(Increase) decrease in accounts receivable due from related parties	(671)	(8,061)
(Increase) decrease in other receivables	(19,470)	(188,827)
(Increase) decrease in inventories	(141,005)	(243,503)
(Increase) decrease in other current assets	(132,003)	(4,515)
(Increase) decrease in other non-current assets	2,245	1,782
Increase (decrease) in accounts payable	240,469	126,029
Increase (decrease) in other payables	67,603	86,154
Increase (decrease) in other current liabilities	65,627	4,787
Increase (decrease) on products guarantee based on commitment	-	29,193
Increase (decrease) on accrued pension liabilities	(62,742)	(65,675)
Increase (decrease) in other non-current liabilities	21,105	8,253
Cash generated from (used in) operations	766,983	506,181
Income tax paid	(102,664)	(110,505)
Interest paid	-	(1,344)
Interest received	11,477	16,586
Dividend received	57,354	52,284
Net cash generated from operating activities	<u>733,150</u>	<u>463,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	(111,444)	(22,262)
Proceeds from sale of financial assets measured at cost	8,243	-
Proceeds from capital reduction of financial assets measured at cost	5,000	10,000
Net cash inflow from disposal of subsidiaries (Note 24)	14,702	-
Payments for property, plant and equipment	(176,189)	(146,071)
Proceeds from disposal of property, plant and equipment	539	936
(Increase) decrease in refundable deposits	(1,452)	(1,158)
Net cash used in investing activities	<u>(260,601)</u>	<u>(158,555)</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	\$ (373,598)	\$ (249,065)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(25,796)</u>	<u>16,972</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	73,155	72,554
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,825,672</u>	<u>1,753,118</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,898,827</u>	<u>\$ 1,825,672</u>

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

(Concluded)

< Attachment 2 >

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, 2016 and 2015, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, 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 audit 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, 2016. 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.

Key audit matters of the Company's financial statements for the year ended December 31, 2016 are described below:

Impairment of Accounts Receivable

As of December 31, 2016, the carrying amount of the Company's notes and accounts receivable was \$472,446 thousand (net of allowance for doubtful accounts of \$10,676 thousand); please refer to Notes 5 and 8. Since determining uncollectible amount of accounts receivable is subject to management's judgement, we focused on material and slow-collecting balances of accounts receivable to evaluate the rationale of impairment loss provisioned by management. Our audit procedures in response to impairment of accounts receivable consisted of the following:

1. Assessed the assumptions used by management in provisioning allowance for doubtful accounts, checked the calculation of ageing report used to support the impairment provision, analyzed and compared the ageing distribution, provision rates and actual write-off of doubtful accounts of current year with those of prior year to evaluate the reasonableness of the provision. Assessed the collectability of accounts receivable by checking cash collecting after balance sheet date.
2. Inspected the authorization of customer credit line and reviewed quarterly the transaction records of ledger book to ensure the validity of internal control of accounts receivable.

Valuation of Inventory

As of December 31, 2016, the carrying amount of the Company's inventory was \$1,168,969 thousand (net of inventory write-down of \$298,521 thousand); please refer to Notes 5 and 9. The accounting policy of provisioning impairment loss included obsolescent loss by reviewing monthly the ageing information contained net realization value of slow-moving inventory items estimated by management based on actual selling records, technology development and the physical quality of inventory. In addition, according to the requirements of IAS 2, inventory other than obsolescent items should be stated at lower of cost or net realization value, and evaluated and recognized appropriate devaluation loss. Our audit procedures in response to valuation of inventory consisted of the following:

1. Performed test of details of inventory ledger to verify proper allocation of materials, labor cost and overheads to inventory items. Examined the subsequent selling prices to confirm the inventory been stated at lower of cost or net realization value.
2. Obtained and tested the ageing report of inventory, compared and analyzed the impairment loss

of current year with prior year, selected samples of impairment sheet and inspected the latest selling prices with the sales ledger to assess the appropriateness of the inventory impairment provision policy of the Company.

3. Compared the year-end quantity of inventory items with the inventory count report to confirm the existence and completeness of inventory. Moreover by attending year-end inventory counting, we assessed the condition of inventory and evaluated the adequacy of inventory provision for obsolete and damaged goods.

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 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 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 financial statements for the year ended December 31, 2016 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 Ker-Chang Wu and Hung-Bin Yu.

The logo for Deloitte & Touche, featuring the company name in a cursive, handwritten-style font.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 3, 2017

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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.

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 (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, 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.

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, 2016 and 2015, 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), IFRIC Interpretations (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 audit 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, 2016. 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.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2016 are described below:

Impairment of Accounts Receivable

As of December 31, 2016, the carrying amount of the Group's notes and accounts receivable was \$769,488 thousand (net of the allowance for doubtful accounts of \$16,743 thousand); please refer to Notes 5 and 8. Since determining uncollectible amount of accounts receivable is subject to management's judgment, we focused on material and slow-collecting balances of accounts receivable to evaluate the rationale of impairment loss provisioned by management. Our audit procedures in response to impairment of accounts receivable consisted of the following:

1. Assessed the assumptions used by management in provisioning allowance for doubtful accounts, checked the calculation of ageing report used to support the impairment provision, analyzed and compared the ageing distribution, provision rates and actual write-off of doubtful accounts of current year with those of prior year to evaluate the reasonableness of the provision. Assessed the collectability of accounts receivable by checking cash collecting after balance sheet date.

2. Inspected the authorization of customer credit line and reviewed quarterly the transaction records of ledger book to ensure the validity of internal control of accounts receivable.

Valuation of Inventory

As of December 31, 2016, the carrying amount of the Group's inventories was \$1,178,437 thousand (net of inventory write-down of \$301,837 thousand); please refer to Notes 5 and 10. The accounting policy of provisioning impairment loss included obsolescent loss by reviewing monthly the ageing information contained net realization value of slow-moving inventory items estimated by management based on actual selling records, technology development and the physical quality of inventory. In addition, according to the requirements of IAS 2, inventory other than obsolescent items should be stated at lower of cost or net realization value, and evaluated and recognized appropriate devaluation loss. Our audit procedures in response to valuation of inventory consisted of the following:

1. Performed test of details of inventory ledger to verify proper allocation of materials, labor cost and overheads to inventory items. Examined the subsequent selling prices to confirm the inventory been stated at lower of cost or net realization value.

2. Obtained and tested the ageing report of inventory, compared and analyzed the impairment loss of current year with prior year, selected samples of impairment sheet and inspected the latest selling prices with the sales ledger to assess the appropriateness of the inventory impairment provision policy of the Group.

3. Compared the year-end quantity of inventory items with the inventory count report to confirm the existence and completeness of inventory. Moreover by attending year-end inventory counting, we assessed the condition of inventory and evaluated the adequacy of inventory provision for obsolete and damaged goods.

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, 2016 and 2015 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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, 2016 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 Ker-Chang Wu and Hung-Bin Yu.

The logo for Deloitte & Touche, featuring the company name in a cursive script with a stylized ampersand.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 3, 2017

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.

Audit Committee Approval Report

The Audit Committee has agreed upon the Company's 2016 individual and consolidated financial statements, business report and proposal for distribution of earnings which have been resolved by the Board of Directors. The individual and consolidated financial statements have audited by accountants Ker-Chang Wu and Hung-Bin Yu from the CPA firm of Deloitte & Touche which was retained by the Board of Directors to audit the Company's financial statements. The certified public accountants (CPAs) issued an unqualified audit report on the Company's 2016 individual and consolidated financial statements.

The Audit Committee is responsible for supervising the financial reporting procedure of the Company.

The certified public accountants (CPAs) audited the Company's individual and consolidated financial statements of 2016, and the CPAs have communicated the following matters with this Audit Committee and made the following conclusions:

1. Among the planned scope and timing of the audit there is no significant audit finding.
2. The CPAs provide the Audit Committee with statements that the CPAs 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.
3. From the matters communicated with those charged with the Audit Committee, the CPAs determine those matters that were of most significance in the audit of the individual and consolidated financial statements and are therefore the key audit matters. The CPAs describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPAs determine that a matter should not be communicated in the audit report.

The Audit Committee has agreed upon the Company's 2016 individual and consolidated financial statements, business report and proposal for distribution of earnings which have been resolved by the Board of Directors in accordance with law or regulation. According to Article 219 of the Company Act this committee made the above report accordingly.

Please acknowledge and review.

For 2017 Annual General Shareholders Meeting of Nuvoton Technology Corporation

Chairman of the Audit Committee: Allen Hsu

Date: February 3, 2017

Nuvoton Technology Corporation
Shareholding of All Directors of the Fifth Term²

April 16, 2017

Title	Name	Current shareholding (Shares)	Shareholding ratio (%)
Chairman	Winbond Electronics Corporation Representative: Arthur Yu-Cheng Chiao	126,620,087 shares	61.01%
Vice Chairman	Robert Hsu	191,328 shares	0.09%
Director	Yung Chin	0	0.00%
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		126,811,415 shares	61.10%

Note:

(1) The Company has a total of 207,554,400 issued shares as of April 16, 2017. Shareholdings of all directors are 126,811,415 shares and which is compliance with Article 26 of the Securities and Exchange Act.

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

² This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

**Nuvoton Technology Corporation
Comparative Chart of Amendments to
Procedures for Acquisition or Disposal of Assets**

Amended Provisions	Current Provisions	Notes
<p>Article 15</p> <p>Operational procedures for acquisition or disposal of real property</p> <p>1. (Omitted) .</p> <p>2. For the acquisition or disposal of real estates, except for transactions with the government agencies, commissioned building on own land or leased land, if the transaction amount reaches 20% of the company's paid-in capital or exceeds NT\$300M, professional valuation report shall be obtained before the date of fact (For items to be recorded in the real estate valuation report, see Appendix One), and the transaction shall conform to Article 18 of this Procedure.</p> <p>3. In acquiring or disposing of real property from or to a related party, or acquiring or disposal any other assets which are not real property from or to a related party, where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or above, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market</p>	<p>Article 15</p> <p>Operational procedures for acquisition or disposal of real property</p> <p>1. (Omitted)</p> <p>2. For the acquisition or disposal of real estates, except for transactions with the government institutions, commissioned building on own land or leased land, if the transaction amount reaches 20% of the company's paid-in capital or exceeds NT\$300M, professional valuation report shall be obtained before the date of fact (For items to be recorded in the real estate valuation report, see Appendix One), and the transaction shall conform to Article 18 of this Procedure.</p> <p>3. In acquiring or disposing of real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or above, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed with execution of ant transaction contract or make any payment</p>	<p>The language of this article was slightly modified to reflect relevant terms relating to government agency used in thes Procedures so as to conform to the letter issued by the Financial Supervisory Commission on February 9, 2017 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1060001296).</p>

Amended Provisions	Current Provisions	Notes
<p>funds issued by domestic securities investment trust enterprises, the Company may not proceed with execution of ant transaction contract or make any payment until the following information/matters have been submitted and approved by the audit committee and the board of directors and recognized by the supervisors:</p> <p>(1)~(7): Omitted</p> <p>(Omitted)...</p>	<p>until the following information/matters have been submitted and approved by the audit committee and the board of directors and recognized by the supervisors:</p> <p>(1)~(7): Omitted</p> <p>(Omitted)...</p>	
<p>Article 17</p> <p>1. Omitted.</p> <p>2. Except for transactions with the government agencies, or the acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an appraisal report should be obtained prior to the Date of Occurrence of the transaction from a Professional Appraiser and the transaction should comply with Article 18 of these Procedures.</p> <p>3. Omitted.</p>	<p>Article 17</p> <p>1. Omitted.</p> <p>2. Except for transactions with the government institutions, or the acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, an appraisal report should be obtained prior to the Date of Occurrence of the transaction from a Professional Appraiser and the transaction should comply with Article 18 of these Procedures.</p> <p>3. Omitted.</p>	<p>The language of this article was slightly modified to reflect relevant terms relating to government agency used in these Procedures so as to conform to the letter issued by the Financial Supervisory Commission on February 9, 2017 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1060001296).</p>
<p>Article 19</p> <p>Omitted.</p> <p>If the transaction amount of the preceding paragraph reaches 20% of the company's paid-in capital or exceeds NT\$300 million, except for transactions with government</p>	<p>Article 19</p> <p>Omitted.</p> <p>2. If the transaction amount of the preceding paragraph reaches 20% of the company's paid-in capital or exceeds NT\$300 million, except for transactions with</p>	<p>The language of this article was slightly modified to reflect relevant terms relating to government agency used in these</p>

Amended Provisions	Current Provisions	Notes
<p>agencies, an opinion on the reasonableness of the transaction price issued by a certified public accountant in accordance with the Statement of General Auditing Procedures No. 20 published by the ARDF is required prior to the Date of Occurrence of the transaction.</p>	<p>government institutions, an opinion on the reasonableness of the transaction price issued by a certified public accountant in accordance with the Statement of General Auditing Procedures No. 20 published by the ARDF is required prior to the Date of Occurrence of the transaction.</p>	<p>Procedures so as to conform to the letter issued by the Financial Supervisory Commission on February 9, 2017 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1060001296).</p>
<p>Article 22</p> <p>Where the Company conducts a merger, spin-off, acquisition, or assignment of shares, the Responsible Unit shall attach evaluation explanation which shall be approved by the Chairman and, prior to convening the board meeting for resolution, retain a certified public accountant, attorney-at-law or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board meeting for discussion and resolution. No such fairness opinion of experts is required for a merger between the Company and a subsidiary whose issued shares or capital is directly or indirectly wholly-owned by the Company or a merger between two subsidiaries both of whose issued shares or capital is directly or indirectly wholly-owned by the Company.</p> <p>(Omitted) ...</p>	<p>Article 22</p> <p>Where the Company conducts a merger, spin-off, acquisition, or assignment of shares, the Responsible Unit shall attach evaluation explanation which shall be approved by the Chairman and, prior to convening the board meeting for resolution, retain a certified public accountant, attorney-at-law or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board meeting for discussion and resolution.</p> <p>(Omitted) ...</p>	<p>Revisions were made based on the letter issued by the Financial Supervisory Commission on February 9, 2017 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1060001296) and the actual needs.</p>

Amended Provisions	Current Provisions	Notes
<p>Article 25</p> <p>Upon acquisition or disposal of assets, the Company shall, in the following circumstances, publicly announce and report relevant information in the appropriate format as prescribed by regulations based on the event's nature to the website designated by the Financial Supervisory Commission within two days counting inclusively from the date of occurrence of the event:</p> <p>Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 % or more of the Company's paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>Merger, spin-off, acquisition, or transfer of shares.</p> <p>Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>Article 25</p> <p>Upon acquisition or disposal of assets, the Company shall, in the following circumstances, publicly announce and report relevant information in the appropriate format as prescribed by regulations (as per Attachment 2 to Attachment 8) based on the event's nature to the website designated by the Financial Supervisory Commission within two days counting inclusively from the date of occurrence of the event:</p> <p>Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 % or more of the Company's paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>Merger, spin-off, acquisition, or transfer of shares.</p> <p>Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>Revisions were made based on the letter issued by the Financial Supervisory Commission on February 9, 2017 (Ref. No.: Jin-Guan-Jeng-Fa-Tze-1060001296) and the actual needs.</p>

Amended Provisions	Current Provisions	Notes
<p>4. Where the type of the asset acquired or disposed of is equipment for operational use and the transaction counterpart is not a Related Party and the transaction amount reaches any of the following:</p> <p>(1) Where the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million; or</p> <p>(2) Where the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion.</p> <p>5. Where real property is acquired under an arrangement for commissioned construction on self-owned land or on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>6. Where an asset transaction other than those referred to in the preceding five subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements or</p>	<p>4. Where an asset transaction other than those referred to in the preceding three subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:</p> <p>(1) Buying and selling government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or securities subscribed by securities firms in the primary market or in accordance with relevant regulations.</p> <p>(3) Trading of bonds under repurchase/resale agreements or subscription/purchase or redemption of domestic money market funds.</p> <p>(4) Where the type of asset acquired or disposed of is equipment for operational use, the trading counterpart is not a Related Party, and the transaction amount is less than NT\$500 million.</p> <p>(5) Where real property is acquired under an arrangement for commissioned construction on self-owned land or on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the</p>	

Amended Provisions	Current Provisions	Notes
<p>subscription/purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>... (Omitted) ...</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct such error, all the items shall be publicly announced again within two days from the day of acknowledgement of the error and reported in their entirety.</p> <p>... (Omitted) ...</p>	<p>transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>... (Omitted) ...</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct such error, all the items shall be publicly announced again and reported in their entirety.</p> <p>... (Omitted) ...</p>	
<p>Article 30:</p> <p>These Procedures were set up on July 14, 2008.</p> <p>First revision on June 10, 2009.</p> <p>Second revision on June 5, 2012.</p> <p>Third revision on June 14, 2013.</p> <p>Forth revision on June 12, 2014.</p> <p>Fifth revision on June 15, 2016.</p> <p>Sixth revision on June 14, 2017.</p>	<p>Article 30:</p> <p>These Procedures were set up on July 14, 2008.</p> <p>First revision on June 10, 2009.</p> <p>Second revision on June 5, 2012.</p> <p>Third revision on June 14, 2013.</p> <p>Forth revision on June 12, 2014.</p> <p>Fifth revision on June 15, 2016.</p>	<p>Added the date of this revision.</p>

Explanations of Involvement of Directors in Acts for Themselves or Others Which Fall into the Field of the Company's Business

Title	Name	Company Where The Company's Director Concurrently Acts as Director or Manager		
		Name	Title	Business Items
Corporate Directors	Winbond Electronics Corporation	Winbond Electronics (H.K.) Limited	Director	This company mainly engages in sale and service of semiconductor parts and components that are within the Company's business scope.
		Walton Advanced Engineering, Inc.	Director	This company mainly engages in manufacture of semiconductor parts and components that is within the Company's business scope.
		Mobile Magic Design Corp.	Director	This company mainly engages in manufacture of semiconductor parts and components that is within the Company's business scope.
		NOUVEAU CORP.	Director	This company mainly engages in international trade, software design services and product design that are within the Company's business scope.
		Winbond Technology Ltd.	Director	This company mainly engages in design, sale and service of semiconductor parts and components that are within the Company's business scope.
Director	Legal Representative of Winbond Electronics Corporation Arthur Yu-Cheng Chiao	Winbond Electronics Corporation	Chairman of Board of Directors and Chief Executive Officer	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, manufacture and duplication of data storage media, international trade, software design services and product design that are within the scope of the Company's business.
		Walsin Technology Corporation	Director	This company mainly engages in manufacture of semiconductor parts and components that is within the Company's business scope.
		United Industrial Gases Co., Ltd.	Director	This company mainly engages in international trade that is within the Company's business scope.
		Winbond Electronics Corporation America	Director	This company mainly engages in design, sale and service of semiconductor parts and components that are within the Company's business scope.

Title	Name	Company Where The Company's Director Concurrently Acts as Director or Manager		
		Name	Title	Business Items
		Taiwan Cement Corporation	Independent Director	This company mainly engages in international trade that is within the Company's business scope.
		Synnex Technology International Corporation	Independent Director	This company mainly engages in manufacture of computers and computing peripheral equipment, international trade and software design services that are within the scope of the Company's business.
Director	Robert Hsu	Winbond Electronics Corporation Japan	Director	This company mainly engages in R&D and sale of and after-sale services for semiconductor parts and components that are within the scope of the Company's business.
Director	Yung Chin	Winbond Electronics Corporation	Director	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, manufacture and duplication of data storage media, international trade, software design services and product design that are within the scope of the Company's business.
		Winbond Electronics (H.K.) Limited	Chairman of Board of Directors	This company mainly engages in sale and service of semiconductor parts and components that are within the Company's business scope.
		Winbond Electronics Corporation America	Director	This company mainly engages in design, sale and service of semiconductor parts and components that are within the Company's business scope.
Independent Director	Royce Yu-Chun Hong	Panasonic Taiwan Co., Ltd.	Chairman of Board of Directors	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, international trade and software design services that are within the scope of the Company's business.

Title	Name	Company Where The Company's Director Concurrently Acts as Director or Manager		
		Name	Title	Business Items
Independent Director	Allen Hsu	Winbond Electronics Corporation	Independent Director	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, manufacture and duplication of data storage media, international trade, software design services and product design that are within the scope of the Company's business.
Independent Director	Jerry Hsu	Winbond Electronics Corporation	Independent Director	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, manufacture and duplication of data storage media, international trade, software design services and product design that are within the scope of the Company's business.
		CAL-COMP Big Data, Inc.	Director	This company mainly engages in international trade that is within the Company's business scope.
		PK Venture Capital Corp.	Director	This company mainly engages in venture capital that is within the Company's business scope.
		Prudence Venture Investment Corp.	Director	This company mainly engages in venture capital that is within the Company's business scope.
		Breeze Integrated Development Co., Ltd.	Director	This company may engaged in all business items that are not prohibited or restricted by law except for those that are subject to approval, that is within the Company's business scope.
		AcBel Polytech Inc.	Senior Executive Vice President	This company mainly engages in manufacture of electronic parts and components, manufacture of computers and computing peripheral equipment, international trade and software design services that are within the scope of the Company's business.

Appendix

<Appendix 1>

(English Translation)

Nuvoton Technology Corporation
Rules Governing the Conduct of Shareholders Meeting³

Amended and enacted by the Shareholders Meeting on June 15th 2016

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 Article 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 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 as according to relevant laws. 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 as according to relevant laws.

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 election or discharge of directors, amendment of the Company's Articles of Incorporation, dissolution, merger, or spin-off of the Company, or the matters specified in Paragraph 1 of

³ 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 185 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 for 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 submit 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 these Rules. 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 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 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 booklet, 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 in election ballot as well.

Shareholders or their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, 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 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 and voting 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 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 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 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 chair shall stop any violations.

When a legal-entity shareholder has appointed two or more representatives to attend the shareholders meeting, only one representative can speak for each 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

Attendance and 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, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power 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 Article 179, paragraph 2 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 means, 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 extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the 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 this Corporation before 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, and by 2 business 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 or by way of electronic transmission, the Company shall finish the counting and verification of the votes cast in writing 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 or by way of electronic transmission, the Company shall compile the number of votes cast in writing or by way of electronic transmission and prepare a statement of information and disclose such statement of information in an explicit manner at the place of the shareholders meeting.

Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, resolutions agreed upon through majority vote 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 the Company Act or the Company's Articles of Incorporation. At the time of a vote, for each proposal, the chair or a person designated by the chair 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 or by way of electronic transmission, unless the number of votes cast in writing 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 chair.

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 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 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 Sub-paragraph 7 of the preceding paragraph, as well as in compliance with the regulations of the relevant 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 and supervisors of the Company and the results of the election shall be announced on the spot.

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 MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained 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 place of the shareholders meeting.

Article 17

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

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

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

Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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.

<Appendix 2>

<English Translation>
Nuvoton Technology Corporation
Articles of Incorporation⁴

Amended and enacted by the Shareholders Meeting on June 15th 2016

I. General Provisions

Article 1

The Company is incorporated as a Company limited by shares under the Company Act and shall have the named 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 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 and act as a guarantor.

Article 4

The total amount of the Company’s investments shall not be subject to the restriction of not more than 40% of the Company’s paid-up capital.

⁴ 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 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 NT\$ 3000000000 New Taiwan Dollar, divided into 300 million shares, at ten New Taiwan Dollars each, and may be paid-up by installments. The Board of Directors may pay the unpaid shares whenever it deems necessary. In the aforesaid total capital, shares within the scope of NT\$ 180 million may be reserved for warrants, preferred shares with warrants or corporate bonds with warrants, consisting of NT\$ 18 million shares, with a par value of NT\$ 10 per share, which may be issued by separate installments. The respective amount of stock options with warrants, preferred shares with warrants or corporate bonds with warrants be adjusted by the Board of Directors in consideration of factors concerning capital market and operation needs.

Article 8

Shares certificates of the Company shall be in registered form and shall be signed or sealed by at least three directors and then be printed in the form as requested by the government authority and be legally authenticated before being issued in accordance with laws and regulations. In the case where issuance of shares does not require issuing of share certificates, the Company shall register the shares with the central securities depository institution.

Article 9

The transfer, registration, loss or destruction of share certificates shall be handled in accordance with the Company Act and relevant regulations. Taiwan Securities Central Depository Co., Ltd. may request the Company to combine its share certificates in exchange for issuance of share certificates of large denomination.

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.

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 laws, 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 those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.

Article 13-1

After the public issuance of its shares of the company the revocation of public issuance shall be reported to the shareholders meeting for a resolution, and shall not be changed while the Company is publicly listed or OTC-listed.

Article 14

In the case that the Company is organized by a single government shareholder or a single juristic person shareholder, the functional duties and power of the shareholders meeting of such company shall be exercised by its Board of Directors, to which the provisions governing the shareholders meeting as set out in this Act shall not apply.

IV Board of Directors and Audit Committee

Article 15

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, professional qualifications, requirements relating to

shareholdings, restrictions on concurrent positions held, and other compliance matters with respect to independent directors shall conform to the Company Act, the Securities and Exchange Act, and other 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 member 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

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 directors seven days prior to the meeting; provided that a meeting may be convened at any time in case of emergency.

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 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 Company capital.
5. Propose profit distribution or a plan for recovery of losses.
6. Review, approve, amend and terminate material contracts and contracts relating to procurement, transfer, licensing of important technology and patents and of important technical cooperation.
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 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 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 re-investments or transfers of shares whose value is above NT\$100 million (included). The chairman 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, provide guarantees, acceptances and credit extension, and raise debts from and to financial institutions or third persons, whose value is above NT\$100 million (included). The chairman is authorized to review and approve those whose values are less than the aforesaid amount.
17. Decide in the name of the Company the amount of endorsements, guarantees, and acceptances.
18. Examine and approve major business transactions between relevant parties (including relevant enterprises).
19. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.

The chairman may review, approve, or implement the aforementioned paragraphs which meet practical requirements and the laws before reporting to the Board of Directors. When used for the same purposes, the regulations specified in item 11, 14, and 16 of this Article shall not be divided for contracting, applied for, or arbitrarily implemented.

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. Appointment, removal, and remuneration of the president and vice presidents 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 the 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. Financial Reports

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 24-1

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 remuneration of employees may be distributed in stock or cash upon resolution of the majority of the directors representing two thirds of the directors of the Board of Directors, and shall be reported to the shareholders meeting of the Company.

The remuneration of employees may be distributed to the employees of subsidiaries of the Company meeting certain criteria. The Board of Directors is authorized to determine the "employees of subsidiaries of the Company meeting certain criteria" above or the Board of Directors may authorize the Chairman of the Board of Directors to ratify the "employees of subsidiaries of the Company meeting certain criteria" set forth above.

Before establishment of the audit committee, the remuneration of directors and supervisors shall be handled in accordance with the distribution percentage ceiling of remuneration of directors provided in Paragraph 1.

Article 25

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 above and undistributed earnings of previous years or 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 as undistributed earnings. 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 percentage of cash dividends to shareholders shall not be less than 10% of the total amount of dividends to shareholders.

Article 26

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, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. Distributable earnings may be retained undistributed or 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 distributable retained earnings of the current year shall be distributed to shareholders as dividends. 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 sufficiently provided for in these Articles of Incorporation shall be handled in accordance with the Company Act and other applicable laws or regulations.

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.