

**eMemory Technology Inc.**  
**2020 General Shareholders' Meeting**

**Agenda**  
(Translation)

Time: 9:00 AM, June 10, 2020

Place: Multifunction Meeting Room, 2F., No.3 Tai-Yuan 1<sup>st</sup> Street, Jhubei City,  
Hsinchu County, Taiwan

*Notice to Readers*

*This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.*

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# **I. Meeting Procedure**

# **eMemory Technology Inc.**

## **Meeting Procedure of 2020 General Shareholders' Meeting**

1. Commencement of the Meeting
2. Chairman's Address
3. Report Items
4. Matters to be Acknowledged
5. Matters to be Discussed
6. Extemporaneous Motions
7. Adjournment

## **II. Meeting Agenda**

**eMemory Technology Inc.**  
**Meeting Agenda of 2020 General Shareholders' Meeting**

Time : 9:00 AM (on Wednesday) June, 10, 2020

Place : Multifunction Meeting Room, 2F., No.3 Tai-Yuan 1<sup>st</sup> Street, Jhubei City, Hsinchu County,  
Taiwan.

Chairman : Dr. Charles Hsu, the Chairman of Board of Directors

1. Commencement of the Meeting

2. Chairman's Address

3. Report Items

- (1) Report on the Business of 2019.
- (2) Audit Committee's Review Report of 2019.
- (3) Report on the Distribution of Employees' Compensation and the Remuneration of Directors of 2019.
- (4) Report on the Amended "Rules for the Third Time Shares Repurchase and Transfer to Employee".
- (5) Report on the Execution of Fourth Time Share Repurchase.

4. Matters to be Acknowledged

- (1) Adoption of the Business Report of 2019 and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2019 Profit.

5. Matters to be Discussed

- (1) Proposal to Distribute the Cash from Capital Surplus.
- (2) Amendment to the "Rules of Procedure for Shareholders Meetings".
- (3) Amendment to the "Procedures for Acquisition or Disposal of Assets".
- (4) Amendment to the "Procedures for Lending Funds to Other Parties".
- (5) Amendment to the "Procedures for Endorsement and Guarantee".
- (6) Proposal of Removing the Prohibition on Directors from Participation in Competitive Business Newly Added.

6. Extemporaneous Motions

7. Adjournment

### 3. Report Items

Report No. 1 Proposed by the Board of Directors

- Subject : Report on the Business of 2019.  
Explanation : 1. The status of business operation in 2019 is reported by the President.  
2. Please refer to the 2019 Business Report (Attachment 1, page 13 to 14).

Report No. 2 Proposed by the Board of Directors

- Subject : Audit Committee's Review Report of 2019.  
Explanation : Please refer to the Audit Committee's Review Report (Attachment 2, page 15).

Report No. 3 Proposed by the Board of Directors

- Subject : Report on the Distribution of Employees' Compensation and the Remuneration of Directors of 2019.  
Explanation : 1. The employees' compensation and remuneration of Directors of 2019 is resolved by the Board of Directors on February 19, 2020, the mentioned compensation and remuneration shall be distributed by cash.  
2. 15% is set aside as the employees' compensation, which is in a total amount of NT\$ 113,745,684.  
3. 1.5% is set aside as the remuneration of Directors, which is in a total amount of NT\$ 11,374,568.  
4. There is no difference between the assessed amounts and distributed amounts of employees' compensation and remuneration of Directors.

Report No. 4 Proposed by the Board of Directors

- Subject : Report on the Amended "Rules for the Third Time Shares Repurchase and Transfer to Employee".  
Explanation : 1. According to paragraph 4, Article 28-2 of the Securities and Exchange Act, the "Rules for the Third Time Shares Repurchase and Transfer to Employee" of the Company is amended.  
2. Please refer to the Comparison Table for Content of Articles Before and After Revisions of the Rules for the Third Time Shares Repurchase and Transfer to Employee (Attachment 3, page 16).

Subject : Report on the Execution of Fourth Time Share Repurchase.

Explanation : 1. According to Article 28-2 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, the Company processed the fourth time share repurchase and the execution status is set forth below:

Number of times	Fourth time
Date of Borad Resolution	March 19, 2020
Purpose	Transferring the shares to employees
Estimated period of the repurchase	March 20, 2020 ~ May 19, 2020
The amount of actually repurchased shares (shares)	Note
The total amount of actually repurchased shares (NT\$)	
Average repurchased price per share (NT\$)	
Subsequence	
Cumulative holding (shares)	
Cumulated holding as a percentage of total issued shares (%)	

Note: The execution of the above actual share repurchase will be reported at the General Shareholders’ Meeting on June 10, 2020.

2. Please refer to the “Rules for the Fourth Time Shares Repurchase and Transfer to Employee” (Attachment 4, page 17 to 18).



#### 4. Matters to be Acknowledged

Proposal No. 1

Proposed by the Board of Directors

- Subject : Adoption of the Business Report of 2019 and Financial Statements.
- Explanation : 1. The Business Report of 2019 and Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows) have been approved by the eleventh Meeting of the Board of Directors of the Seventh Term on February 19, 2020, and audited by the certified public accountants Yu-Feng Huang and Su-Li Fang of Deloitte & Touche with the proposed audit report.
2. The preceding mentioned Business Report and Financial Statements had been submitted to the Audit Committee for review, and the review report was issued accordingly.
3. Please refer to the 2019 Business Report (Attachment 1, page 13 to 14), Independent Auditors' Report and Financial Statements (Attachment 5, page 19 to 36).
- Resolution :

Proposal No. 2

Proposed by the Board of Directors

- Subject : Adoption of the Proposal for Distribution of 2019 Profit.
- Explanation : 1. The net profit of the Company is NT\$ 542,072,418 for the year of 2019, according to Article 25-1 of the Articles of Incorporation of the Company, by deducting the make up for former pension liability provision by the amount of NT\$ 1,604,141 pursuant to the actuarial report of retirement funds, setting aside 10% legal reserve in an amount of NT\$ 54,046,828, setting aside special reserve by the amount of NT\$ 3,653,957 pursuant to the law, adding the beginning balance of unappropriated retained earnings by the amount of NT\$ 5,186,112, the aggregated distributable profit in this year is NT\$ 487,953,604.
2. It is proposed to set aside shareholders' dividends in an amount of NT\$ 408,465,981 from the surplus earnings, and all of the dividends are proposed to be distributed in cash. (cash dividends will be distributed by NT\$ 5.5 per share, this is calculated by basing on the issued 74,266,542 outstanding shares up to February 18, 2020, and rounded down to the nearest whole number, the fractional balance less than NT\$ 1 shall be summed up and recognized as other income of the Company.)

3. The preceding mentioned distribution of cash dividends is proposed to be authorized to the Chairman by the General Shareholders' Meeting to set the ex-dividend date and handle the affairs related to cash dividends distribution.
4. In the event that the number of outstanding shares is influenced due to the employee's execution of stock option, granting the restricted stock awards, repurchase of the Company's common share or transfer the repurchased shares, cancellation of the shares which causes the ratio of dividend distribution per share changed, it is proposed to authorize the Chairman by the General Shareholders' Meeting to make any adjustment and proceed on the relevant matters.
5. Please refer to the proposed 2019 Statement of Profit Distribution (Attachment 6, page 37).

Resolution :

## 5. Matters to be Discussed

Proposal No. 1

Proposed by the Board of Directors

Subject : Proposal to Distribute the Cash from Capital Surplus.

Explanation : 1. In accordance with Article 241 of the Company Act, it is proposed that a cash distribution of NT\$ 111,399,813 be made from the capital surplus derived from the Company's issuance of common stock above par value. (the amount to be distributed is NT\$ 1.5 per share, this is calculated by basing on the issued 74,266,542 outstanding shares up to February 18, 2020, and rounded down to the nearest whole number, the fractional balance less than NT\$ 1 shall be summed up and recognized as other income of the Company.)

2. The preceding mentioned distribution of cash is proposed to be authorized to the Chairman by the General Shareholders' Meeting to set the distribution closing date and handle the affairs related to cash distribution.

3. In the event that the number of outstanding shares is influenced due to the employee's execution of stock option, granting the restricted stock awards, repurchase of the Company's common share or transfer the repurchased shares, cancellation of the shares which causes the ratio of cash distribution changed, it is proposed to authorize the Chairman by the General Shareholders' Meeting to make any adjustment and proceed on the relevant matters.

Resolution :

Proposal No. 2

Proposed by the Board of Directors

Subject : Amendment to the "Rules of Procedure for Shareholders Meetings".

Explanation : 1. According to the amended "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" set forth in the Rule No. 10900500261 issued by the Taipei Exchange on January 13, 2020, the " Rules of Procedure for Shareholders Meetings" of the Company is amended.

2. Please refer to the Comparison Table for Content of Articles Before and After Revisions of the Rules of Procedure for Shareholders Meetings (Attachment 7, page 38 to 45).

Resolution :

Proposal No. 3

Proposed by the Board of Directors

- Subject : Amendment to the “Procedures for Acquisition or Disposal of Assets”.
- Explanation : 1. For the demands of business operation stratagem made by the Company, and to comply with the provisions of Article 5 of the Articles of Incorporation of the Company, the “Procedures for Acquisition or Disposal of Assets” of the Company is amended.
2. Please refer to the Comparison Table for Content of Articles Before and After Revisions of the Procedures for Acquisition or Disposal of Assets (Attachment 8, page 46 to 47).
- Resolution :

Proposal No. 4

Proposed by the Board of Directors

- Subject : Amendment to the “Procedures for Lending Funds to Other Parties”.
- Explanation : 1. For the demands of business operation stratagem made by the Company, and according to the provisions of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the “Procedures for Lending Funds to Other Parties” of the Company is amended.
2. Please refer to the Comparison Table for Content of Articles Before and After Revisions of the Procedures for Lending Funds to Other Parties (Attachment 9, page 48 to 57).
- Resolution :

Proposal No. 5

Proposed by the Board of Directors

- Subject : Amendment to the “Procedures for Endorsement and Guarantee”.
- Explanation : 1. For the demands of business operation stratagem made by the Company, and according to the provisions of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the “Procedures for Endorsement and Guarantee” of the Company is amended.
2. Please refer to the Comparison Table for Content of Articles Before and After Revisions of the Procedures for Endorsement and Guarantee (Attachment 10, page 58 to 68).
- Resolution :

- Subject : Proposal of Removing the Prohibition on Directors from Participation in Competitive Business Newly Added.
- Explanation : 1. This is processed pursuant to the provision in Article 209 of the Company Act that “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.
2. To coordinate the actual need for business, and subject to the benefit of the Company is not impacted, it is proposed to remove the prohibition on Directors form participation in competitive business, please refer to the Update of Concurrent Positions Held by the Directors (Attachment 11, page 69).
- Resolution :

## **6. Extemporary Motions**

## **7. Adjournment**

## **III. Attachments**

**2019 Business Report  
of  
eMemory Technology Inc.**

Dear Shareholders,

In 2019, although eMemory suffered a slight decline in revenue due to the dramatic changes in the global political and economic environment and the replacement of customer products, but it still has considerable results in product applications and technology platforms:

In the following we will report our operation results of 2019.

Operation results: The overall revenue is NT\$ 1,410.09 million, license fee contribute NT\$ 430.27 million which is accounts for 30.5% of revenue, whereas royalty contribute NT\$ 979.82 million which is accounts for 69.5% of the revenue. As compared to 2018, the license fee down 4.3% and the royalty down 4.6%. The royalty from NeoFuse technology grows 50.7% because of increasing production from advanced node. In addition, NeoPUF has begun to generate revenue which is very exciting to us.

Financial results: Our operating profit is NT\$ 621.32 million and down 7.6% as compared to 2018, and net income is NT\$ 542.07 million and down 11.6% yearly, the earning per share is NT\$ 7.30 which down 10.2% as compared to 2018.

The net cash flow is reduced by NT\$ 38.15 million due to the payment of cash dividends.

eMemory has developed various new embedded non-volatile memory process platforms to meet the demands of different applications among them:

For technology platform ready for production. OTP / PUF has been advanced to 7 nm, 12/14 nm and 22/28 nm. We are now the only IP provider to provide 7 nm OTP IP. And, 0.13 um MTP in BCD process with automotive-grade also moves into production phase.

For new technology development. We continue developing more OTP platforms from 14 nm to 5 nm across foundries. In addition, we continue to develop MTP in BCD and provide solutions for Power Management applications. Besides the progress in OTP and MTP, our disruptive innovation in PUF (Physical Unclonable Function) has also been verified in 7 nm, which is a very significant milestone for eMemory to move into security era.

Due to wide availability of OTP & MTP process platforms, in 2019, we have achieved more than 400 design licenses and more than 3.92 million of wafers manufactured using our technologies.

Looking forward in 2020 and beyond, our IPs will keep deployed widely in the applications of OLED/LCD Driver IC, TDDI, PMIC, Type-C, DTV, Surveillance and STB IC's. In the meantime, eMemory IP solutions will penetrate into the application segments of DRAM, under-glass fingerprint sensors, wireless charger and connectivity IC's. The applications in more chips with the security functions of PUF are also highly expected.

eMemory is ranked as the top 10 IP companies in the world, receives TSMC's IP Partner Award for 10 consecutive years, and is the No.1 player in the logic NVM technology. Regarding corporate governance, eMemory was awarded the "Top 5 Percent Companies" by the 5th Corporate Governance Evaluation by the Securities and Futures Market Development Foundation. The competence is attributed to the spirit of teamwork and innovation, excellent service quality, and professional operation flows. We are very confident that our technologies and IP's will continue to add values to our customers, and our disruptive technology, NeoPUF, will lead us to expand our business greatly in the emerging markets, such as IoT, AI, Autonomous driving and Blockchain.

At last not the least, we thank you all for the long term support to eMemory. We will continue to move forward to make eMemory become world -leading technology and IP company.

Chairman:  
Charles Hsu

President:  
Rick Shen

Accounting Officer:  
Teresa Kuo



## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2019 business report, financial statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit eMemory's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To eMemory Technology Inc. 2020 General Shareholders' Meeting

eMemory Technology Inc.

Chairman of the Audit Committee: Ming-To Yu

February 19, 2020

**Rules for the Third Time Shares Repurchase and Transfer to Employee  
of  
eMemory Technology Inc.  
(the “Company”)**

**Comparison Table for Content of Articles Before and After Revisions**

Before Revision	After Revision	Explanation
<p>Article 3 (Transfer Period) The shares repurchased this time, pursuant to these rules, may be transferred once at a time or in installments within <b>three</b> years from the day when they are repurchased.</p>	<p>Article 3 (Transfer Period) The shares repurchased this time, pursuant to these rules, may be transferred <b>to employees</b> once at a time or in installments within <b>five</b> years from the day when they are repurchased.</p>	<p>The restricted period for transferring shares repurchased is extended from 3years to 5 years pursuant to the amended provisions of Paragraph 4 of Article 28-2 in Securities and Exchange Act which was promulgated by the President on April 17, 2019; and the wordings were correspondingly revised according to the sample of rules for transferring shares repurchased to employees set forth in “Table of Concentrate Q&amp;A for the Doubts about Shares Repurchased” revised by Financial Supervisory Commission in April of 2019.</p>
<p>Article 10 (Miscellaneous) The treasury shares repurchased by the Company for transferring to employees shall be completely transferred within <b>three</b> years from the day of repurchase, the shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration of cancellation of shares shall be processed pursuant to the laws.</p>	<p>Article 10 (Miscellaneous) The treasury shares repurchased by the Company for transferring to employees shall be completely transferred within <b>five</b> years from the day of repurchase, the shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration of cancellation of shares shall be processed pursuant to the laws.</p>	<p>This Article is amended for the same causes as setting forth in the explanation of amendment to Article 3.</p>

**Rules for the Fourth Time Shares Repurchase and Transfer to Employee  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted on March 19, 2020

- Article 1 In order to encourage the employees and improve their coherence, the Company adopted the Rules for Shares Repurchase and Transfer to Employee pursuant to relevant regulations of subparagraph 1, paragraph 1 in Article 28-2 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” promulgated by the Financial Supervisory Commission (FSC). Except otherwise provided in the laws and regulations, the Company repurchases and transfers shares to employee shall be conducted pursuant to the rules set forth herein.
- Article 2 (Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.)  
All the shares to be transferred to employees this time are ordinary shares, except otherwise provided in the laws and regulations, the rights and obligations shall be the same with the other outstanding ordinary shares.
- Article 3 (Transfer Period)  
The shares repurchased this time, pursuant to these rules, may be transferred to employees once at a time or in installments within five years from the day when they are repurchased.
- Article 4 (Eligibility requirements for transferees)  
Formal employees (including formal employees of domestic or overseas subsidiaries; the term of “subsidiaries” refers to the company in which is held directly or indirectly more than 50% voting shares of the same invested company) who started working before the subscription day or have unique contribution that had been reported and approved by the Board of Directors are eligible to subscribe for the amount pursuant to Article 5.
- Article 5 (Procedures for transfer of shares)  
The number of shares which employees may subscribe  
The Company may consider the level, working seniority, performance, unique contribution, etc. of an individual employee as standards to determine the number of shares that the employee may be transferred, and also the Chairman further determines the number of shares that the employee may be transferred by contemplating the factors of the total number of repurchased shares which are possessed by the Company on the prescription day and the maximum of the shares for an individual employee to subscribe. In the event that the subscription period becomes expired and the employee fails to subscribe and make payment shall be deemed to have waived his/her privilege; the Chairman is authorized to negotiate with other employees to subscribe the shares left unsubscribed.

Article 6 Procedures for this transfer of shares to employees

1. Pursuant to the resolution of the Board of Directors, announcing and reporting the repurchase of shares and completing it within the execution period.
2. With the authorization granted by the Board of Directors, the Chairman shall specify and announce the operation affairs of employees' subscription day, standards of the number of shares which employees may subscribe, the period for subscribing and making payment and the rights attaching to the shares, etc.
3. Calculating the number of shares which are actually subscribed and paid off, and completing the shares transfer register.

Article 7 (Agreed transfer price per share)

The transfer price for this transfer of repurchased shares to employees shall be the average actual share repurchase price, however, prior to the transfer, if the number of the company's issued ordinary shares increases or decreases the transfer price may be correspondingly adjusted with the ratio of the increase or decrease.

Transfer Price Adjustment Formula:

Adjusted transfer price = Average actual share repurchase price X (Total number of the issued ordinary shares while reporting the repurchase of shares ÷ Total number of the issued ordinary shares prior to the transfer of shares to employees)

Article 8 (Rights and obligations subsequent to execution of the transfer)

After the transfer of repurchase shares to employees and completion of transfer register, except as provided otherwise, the rights and obligations adhering to the shares shall be identical to the original shares.

Article 9 (Other rights and obligations related to the Company and its employees)

In terms of transferring the treasury shares to employees, the transfer register will be made after the relevant taxes have been paid pursuant to the laws.

Article 10 (Miscellaneous)

The treasury shares repurchased by the Company for transferring to employees shall be completely transferred within five years from the day of repurchase, the shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration of cancellation of shares shall be processed pursuant to the laws.

Article 11 These rules shall become effective after the approval of Board of Directors' resolution, and may be amended by reporting to the Board of Directors for resolution.

Article 12 These rules shall be reported to the Shareholders' Meeting, the amendment shall be subject to the same requirements.



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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
eMemory Technology Inc.

#### Opinion

We have audited the accompanying consolidated financial statements of eMemory Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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 matter for the Group's consolidated financial statements for the year ended December 31, 2019 is stated as follows:

1. The major revenue source of the Group is royalty revenue, refer to Note 20 for related information. To elaborate, when IC design houses' products with the silicon intellectual property of the Group are expected to be mass produced and shipped from the wafer foundries, the wafer foundries will pay a certain percentage of royalty fee based on the wafer price.

2. The Group recognizes royalty revenue based on the contracts and the time when the royalty reports are signed back. The related risks may exist if the royalty revenue from wafer foundries is not recognized at the appropriate time.
3. To verify the accuracy and recognition timing of the royalty revenue, we established the revenue recognition policy of the Group, assessed the reasonableness of the revenue recognition timing, performed relevant control tests and analytical procedures, as well as traced a certain number of royalty revenue transactions before and after the end of reporting period with relevant supporting documents and accounting records.

#### **Other Matter**

We have also audited the parent company only financial statements of eMemory Technology Inc. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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 Yu-Feng Huang and Su-Li Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 19, 2020

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.*

**EMEMORY TECHNOLOGY INC. AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

ASSETS	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash (Notes 4, 6 and 26)	\$ 1,263,858	62	\$ 1,302,003	62	\$ 32,837	2	\$ 37,822	2
Accounts receivable - net (Notes 4, 9, 20 and 26)	126,812	7	158,335	8	80,914	4	94,104	5
Other receivables (Notes 4 and 26)	1,929	-	225	-	125,120	6	138,092	7
Other receivables - related parties (Notes 4, 26 and 27)	410	-	251	-	4,861	-	6,241	-
Prepayments (Note 15)	19,472	1	19,889	1	56,576	3	71,897	3
Other current assets (Notes 4, 15 and 26)	4,275	-	2,902	-	3,114	-	-	-
Total current assets	1,416,756	70	1,483,605	71	1,731	-	1,616	-
<b>NON-CURRENT ASSETS</b>								
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 26)	15,530	1	19,180	1	4,246	-	-	-
Financial assets at amortized cost - noncurrent (Notes 4, 8, 26 and 28)	33,613	2	33,612	2	21,384	1	20,334	1
Investment accounted for using equity method (Notes 4 and 11)	5,382	-	6,046	-	530	-	530	-
Property, plant and equipment (Notes 4 and 12)	477,171	23	491,533	23	26,160	1	20,864	1
Right-of-use assets (Notes 3, 4 and 13)	7,287	-	-	-	331,313	16	370,636	18
Intangible assets (Notes 4 and 14)	73,805	4	67,162	3	-	-	-	-
Deferred tax assets (Notes 4 and 22)	3,434	-	2,708	-	-	-	-	-
Refundable deposits	349	-	331	-	-	-	-	-
Total non-current assets	616,571	30	620,572	29	758,336	37	757,908	36
					404,446	20	416,537	20
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 18 and 19)</b>								
Ordinary shares					401,471	20	340,160	16
Capital surplus					61,932	3	926	-
Retained earnings					545,653	27	684,180	32
Legal reserve					1,009,056	50	1,025,266	48
Special reserve					-	-	-	-
Unappropriated earnings					(4)	-	-	-
Other equity					(65,582)	(3)	(61,932)	(3)
Exchange differences on translating the financial statements of foreign operations					(65,586)	(3)	(61,932)	(3)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income					(404,238)	(20)	(404,238)	(19)
Total other equity					1,702,014	84	1,733,541	82
Treasury shares								
Total equity					2,033,327	100	2,104,177	100
<b>TOTAL</b>	<b>\$ 2,033,327</b>	<b>100</b>	<b>\$ 2,104,177</b>	<b>100</b>	<b>\$ 2,033,327</b>	<b>100</b>	<b>\$ 2,104,177</b>	<b>100</b>

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



## EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 1,410,085	100	\$ 1,476,516	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>1,410,085</u>	<u>100</u>	<u>1,476,516</u>	<u>100</u>
OPERATING EXPENSES (Notes 4, 13, 21 and 27)				
Selling and marketing expenses	122,545	9	120,678	8
General and administrative expenses	162,986	11	169,610	11
Research and development expenses	506,215	36	505,475	34
Expected credit (gain) loss (Notes 4 and 9)	<u>(2,984)</u>	<u>-</u>	<u>8,018</u>	<u>1</u>
Total operating expenses	<u>788,762</u>	<u>56</u>	<u>803,781</u>	<u>54</u>
OPERATING INCOME	<u>621,323</u>	<u>44</u>	<u>672,735</u>	<u>46</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 13, 21 and 27)	19,760	1	25,024	2
Other gains and losses (Notes 4, 21, 24 and 27)	(3,384)	-	5,428	-
Financial costs (Note 21)	(179)	-	-	-
Share of loss of associates (Notes 4 and 11)	<u>(4,336)</u>	<u>-</u>	<u>(4,356)</u>	<u>-</u>
Total non-operating income and expenses	<u>11,861</u>	<u>1</u>	<u>26,096</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	633,184	45	698,831	48
INCOME TAX EXPENSE (Notes 4 and 22)	<u>91,112</u>	<u>7</u>	<u>85,725</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>542,072</u>	<u>38</u>	<u>613,106</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	(1,604)	-	(1,650)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 18)	(3,650)	-	1,060	-

(Continued)

## EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method (Notes 4 and 18)	\$ (4)	-	\$ -	-
Other comprehensive loss for the year	(5,258)	-	(590)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>\$ 536,814</u></b>	<b><u>38</u></b>	<b><u>\$ 612,516</u></b>	<b><u>42</u></b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 542,072	38	\$ 613,106	42
Non-controlling interests	-	-	-	-
	<b><u>\$ 542,072</u></b>	<b><u>38</u></b>	<b><u>\$ 613,106</u></b>	<b><u>42</u></b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 536,814	38	\$ 612,516	42
Non-controlling interests	-	-	-	-
	<b><u>\$ 536,814</u></b>	<b><u>38</u></b>	<b><u>\$ 612,516</u></b>	<b><u>42</u></b>
<b>EARNINGS PER SHARE (Note 23)</b>				
Basic	<u>\$ 7.30</u>		<u>\$ 8.13</u>	
Diluted	<u>\$ 7.26</u>		<u>\$ 8.07</u>	

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

(Concluded)

**EMEMORY TECHNOLOGY INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)

	Ordinary Shares		Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Total	Other Equity			Treasury Shares	Total Equity
	Shares (In Thousands)	Amount				Unappropriated Earnings	Foreign Operations		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares		
BALANCE, JANUARY 1, 2018	75,783	\$ 757,823	\$ 427,496	\$ 280,298	\$ 926	\$ 671,322	\$ 952,546	\$ -	\$ (62,992)	\$ -	\$ -	\$ 2,074,873	
Appropriation of 2017 earnings	-	-	-	-	-	(59,862)	-	-	-	-	-	-	
Legal reserve	-	-	-	59,862	-	(538,736)	(538,736)	-	-	-	-	(538,736)	
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	
Change in capital surplus from investments in associates accounted for by using equity method	-	-	9	-	-	-	-	-	-	-	-	9	
Issuance of cash dividends from capital surplus	-	-	(29,631)	-	-	-	-	-	-	-	-	(29,631)	
Net profit for the year ended December 31, 2018	-	-	-	-	-	613,106	613,106	-	-	-	-	613,106	
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(1,650)	(1,650)	-	1,060	-	-	(590)	
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	611,456	611,456	-	1,060	-	-	612,516	
Issuance of ordinary shares under employee share options	8	85	2,794	-	-	-	-	-	-	-	-	2,879	
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(404,238)	(404,238)	
Share-based payment	-	-	15,869	-	-	-	-	-	-	-	-	15,869	
BALANCE, DECEMBER 31, 2018	75,791	\$ 757,908	\$ 416,537	\$ 340,160	\$ 926	\$ 684,180	\$ 1,025,266	\$ -	\$ (61,932)	\$ (404,238)	\$ -	\$ 1,733,541	
Appropriation of 2018 earnings	-	-	-	-	-	(61,311)	-	-	-	-	-	-	
Legal reserve	-	-	-	61,311	-	(61,006)	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	61,006	(536,678)	(536,678)	-	-	-	-	(536,678)	
Change in capital surplus from investments in associates accounted for by using equity method	-	-	3,676	-	-	-	-	-	-	-	-	3,676	
Issuance of cash dividends from capital surplus	-	-	(37,112)	-	-	-	-	-	-	-	-	(37,112)	
Net profit for the year ended December 31, 2019	-	-	-	-	-	542,072	542,072	-	-	-	-	542,072	
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	(1,604)	(1,604)	-	(4)	-	-	(5,238)	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	540,468	540,468	-	(4)	-	-	536,814	
Issuance of ordinary shares under employee share options	43	428	13,554	-	-	-	-	-	-	-	-	13,982	
Share-based payment	-	-	7,791	-	-	-	-	-	-	-	-	7,791	
BALANCE, DECEMBER 31, 2019	75,834	\$ 758,336	\$ 404,446	\$ 401,471	\$ 61,932	\$ 545,653	\$ 1,009,056	\$ (4)	\$ (65,582)	\$ (404,238)	\$ -	\$ 1,702,014	

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

# EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 633,184	\$ 698,831
Adjustments for:		
Depreciation expenses	40,678	37,402
Amortization expenses	14,495	13,202
Expected credit (gain) loss	(2,984)	8,018
Finance costs	179	-
Interest income	(9,631)	(10,663)
Dividend income	(291)	(943)
Share-based payment	7,791	15,869
Share of loss of associates	4,336	4,356
Loss on disposal of property, plant and equipment	-	278
Intangible asset reclassified as operating expenses	10	-
Gain on disposal of investments	(95)	(79)
Net loss (gain) on foreign currency exchange	4,321	(1,015)
Changes in operating assets and liabilities		
Accounts receivable	32,484	(83,763)
Other receivables	(1,691)	-
Other receivables - related parties	(159)	326
Prepayments	426	(1,895)
Other current assets	(1,373)	(879)
Contract liabilities	(4,985)	4,351
Other payables	(13,204)	13,176
Other current liabilities	115	165
Net defined benefit liabilities	(554)	(558)
Bonuses payable to employees and directors	(12,972)	4,467
Cash generated from operations	690,080	700,646
Interest received	9,618	10,676
Income tax paid	(107,168)	(75,900)
Net cash generated from operating activities	<u>592,530</u>	<u>635,422</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(1)	(1)
Acquisition of financial assets at fair value through profit or loss	(592,000)	(600,000)
Proceeds from disposal of financial assets at fair value through profit or loss	592,095	600,079
Acquisition of property, plant and equipment	(24,601)	(11,335)
Increase in refundable deposits	(18)	(16)
Acquisition of intangible assets	(21,148)	(17,934)
Dividend received	291	943
Net cash used in investing activities	<u>(45,382)</u>	<u>(28,264)</u>

(Continued)

## EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (3,022)	\$ -
Dividends paid	(593,780)	(568,353)
Exercise of employee share options	13,982	2,879
Payments for buy-back of ordinary shares	-	(404,238)
Interest paid	<u>(179)</u>	<u>-</u>
Net cash used in financing activities	<u>(582,999)</u>	<u>(969,712)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,294)</u>	<u>873</u>
NET DECREASE IN CASH	(38,145)	(361,681)
CASH AT THE BEGINNING OF THE YEAR	<u>1,302,003</u>	<u>1,663,684</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,263,858</u>	<u>\$ 1,302,003</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
eMemory Technology Inc.

### Opinion

We have audited the accompanying parent company only financial statements of eMemory Technology Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2019 and 2018, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2019 and 2018, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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 parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2019 is stated as follows:

1. The major revenue source of the Company is royalty revenue, refer to Note 19 for related information. To elaborate, when IC design houses' products with the silicon intellectual property of the Company are expected to be mass produced and shipped from the wafer foundries, the wafer foundries will pay a certain percentage of royalty fee based on the wafer price.
2. The Company recognizes royalty revenue based on the contracts and the time when the royalty reports are signed back. The related risks may exist if the royalty revenue from wafer foundries is not recognized at the appropriate time.

3. To verify the accuracy and recognition timing of the royalty revenue, we established the revenue recognition policy of the Company, assessed the reasonableness of the revenue recognition timing, performed relevant control tests and analytical procedures, as well as traced a certain number of royalty revenue transactions before and after the end of reporting period with relevant supporting documents and accounting records.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 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 Yu-Feng Huang and Su-Li Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 19, 2020

#### Notice to Readers

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*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*



**EMEMORY TECHNOLOGY INC.**

**PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

ASSETS	2019		2018		LIABILITIES AND EQUITY		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>										
Cash (Notes 4, 6 and 25)	\$ 1,234,930	61	\$ 1,302,003	62			\$ 32,837	2	\$ 37,822	2
Accounts receivable - net (Notes 4, 9, 19 and 25)	126,812	6	158,335	8	Contract liabilities - current (Notes 19 and 26)		78,364	4	94,104	5
Accounts receivable - related parties (Notes 4, 25 and 26)	787	-	-	-	Bonuses payable to employees and directors (Note 20)		125,120	6	138,092	7
Other receivables (Notes 4 and 25)	1,926	-	225	-	Payables on equipment (Note 25)		4,659	-	6,241	-
Other receivables - related parties (Notes 4, 25 and 26)	419	-	251	-	Current tax liabilities (Notes 4 and 21)		56,576	3	71,897	3
Prepayments (Note 14)	19,242	1	19,889	1	Lease liabilities - current (Notes 3, 4, 12 and 25)		3,114	-	-	-
Other current assets (Notes 4, 14, 25 and 26)	4,278	-	2,902	-	Other current liabilities (Notes 15 and 26)		1,686	-	1,616	-
Total current assets	1,388,394	68	1,483,605	71	Total current liabilities		302,356	15	349,772	17
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>					
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 25)	15,530	1	19,180	1	Lease liabilities - noncurrent (Notes 3, 4, 12 and 25)		4,246	-	-	-
Financial assets at amortized cost - noncurrent (Notes 4, 8, 25 and 27)	33,613	2	33,612	2	Net defined benefit liabilities - noncurrent (Notes 4 and 16)		21,384	1	20,334	1
Investment accounted for using equity method (Notes 4 and 10)	33,055	2	6,046	-	Guarantee deposits received (Note 26)		530	-	530	-
Property, plant and equipment (Notes 4 and 11)	475,318	23	491,533	23	Total non-current liabilities		26,160	1	20,864	1
Right-of-use assets (Notes 3, 4 and 12)	7,287	-	-	-	Total liabilities		328,516	16	370,636	18
Intangible assets (Notes 4 and 13)	73,584	4	67,162	3	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 17 and 18)</b>					
Deferred tax assets (Notes 4 and 21)	3,434	-	2,708	-	Ordinary shares		758,336	37	757,908	36
Refundable deposits	315	-	331	-	Capital surplus		404,446	20	416,537	20
Total non-current assets	642,136	32	620,572	29	Retained earnings		401,471	20	340,160	16
					Legal reserve		61,932	3	926	-
					Special reserve		545,653	27	684,180	32
					Unappropriated earnings		1,009,056	50	1,025,266	48
					Other equity		(4)	-	-	-
					Exchange differences on translating the financial statements of foreign operations		(65,582)	(3)	(61,932)	(3)
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(65,586)	(3)	(61,932)	(3)
					Total other equity		(404,238)	(20)	(404,238)	(19)
					Treasury shares		1,702,014	84	1,733,541	82
TOTAL	2,030,530	100	2,104,177	100	Total equity		2,030,530	100	2,104,177	100

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

## EMEMORY TECHNOLOGY INC.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	\$ 1,409,329	100	\$ 1,476,516	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>1,409,329</u>	<u>100</u>	<u>1,476,516</u>	<u>100</u>
OPERATING EXPENSES (Notes 4, 12, 20 and 26)				
Selling and marketing expenses	112,644	8	120,678	8
General and administrative expenses	162,721	11	169,610	11
Research and development expenses	493,106	35	505,475	34
Expected credit (gain) loss (Notes 4 and 9)	<u>(2,984)</u>	<u>-</u>	<u>8,018</u>	<u>1</u>
Total operating expenses	<u>765,487</u>	<u>54</u>	<u>803,781</u>	<u>54</u>
OPERATING INCOME	<u>643,842</u>	<u>46</u>	<u>672,735</u>	<u>46</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 12, 20 and 26)	19,622	1	25,024	2
Other gains and losses (Notes 4, 20, 23 and 26)	(3,381)	-	5,428	-
Finance costs (Note 20)	(179)	-	-	-
Share of loss of associates (Notes 4 and 10)	<u>(26,720)</u>	<u>(2)</u>	<u>(4,356)</u>	<u>-</u>
Total non-operating income and expenses	<u>(10,658)</u>	<u>(1)</u>	<u>26,096</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	633,184	45	698,831	48
INCOME TAX EXPENSE (Notes 4 and 21)	<u>91,112</u>	<u>7</u>	<u>85,725</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>542,072</u>	<u>38</u>	<u>613,106</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	(1,604)	-	(1,650)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 17)	(3,650)	-	1,060	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method (Notes 4 and 17)	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive loss for the year	<u>(5,258)</u>	<u>-</u>	<u>(590)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 536,814</u>	<u>38</u>	<u>\$ 612,516</u>	<u>42</u>

(Continued)

## EMEMORY TECHNOLOGY INC.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	2019		2018	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 7.30</u>		<u>\$ 8.13</u>	
Diluted	<u>\$ 7.26</u>		<u>\$ 8.07</u>	

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

(Concluded)

**EMEMORY TECHNOLOGY INC.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares		Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Total	Other Equity			Treasury Shares	Total Equity
	Shares (In Thousands)	Amount				Unappropriated Earnings	Total		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE, JANUARY 1, 2018	75,783	\$ 757,823	\$ 427,496	\$ 280,298	\$ 926	\$ 671,322	\$ 952,546	\$ -	\$ (62,992)	\$ -	\$ 2,074,873		
Appropriation of 2017 earnings	-	-	-	59,862	-	(59,862)	-	-	-	-	-		
Legal reserve	-	-	-	-	-	(538,736)	(538,736)	-	-	-	(538,736)		
Cash dividends distributed by the Company for by using equity method	-	-	-	-	-	-	-	-	-	-	-		
Change in capital surplus from investments in associates accounted for by using equity method	-	-	9	-	-	-	-	-	-	-	9		
Issuance of cash dividends from capital surplus	-	-	(29,631)	-	-	-	-	-	-	-	(29,631)		
Net profit for the year ended December 31, 2018	-	-	-	-	-	613,106	613,106	-	-	-	613,106		
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(1,650)	(1,650)	-	1,060	-	(590)		
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	611,456	611,456	-	1,060	-	612,516		
Issuance of ordinary shares under employee share options	8	85	2,794	-	-	-	-	-	-	-	2,879		
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	(404,238)	(404,238)		
Share-based payment	-	-	15,869	-	-	-	-	-	-	-	15,869		
BALANCE, DECEMBER 31, 2018	75,791	757,908	416,537	340,160	926	684,180	1,025,266	-	(61,932)	(404,238)	1,733,541		
Appropriation of 2018 earnings	-	-	-	61,311	-	(61,311)	-	-	-	-	-		
Legal reserve	-	-	-	-	61,006	(61,006)	-	-	-	-	-		
Special reserve	-	-	-	-	-	(556,678)	(556,678)	-	-	-	(556,678)		
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-		
Change in capital surplus from investments in associates accounted for by using equity method	-	-	3,676	-	-	-	-	-	-	-	3,676		
Issuance of cash dividends from capital surplus	-	-	(37,112)	-	-	-	-	-	-	-	(37,112)		
Net profit for the year ended December 31, 2019	-	-	-	-	-	542,072	542,072	-	-	-	542,072		
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	(1,604)	(1,604)	(4)	(3,650)	-	(5,258)		
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	540,468	540,468	(4)	(3,650)	-	536,814		
Issuance of ordinary shares under employee share options	43	428	13,554	-	-	-	-	-	-	-	13,982		
Share-based payment	-	-	7,791	-	-	-	-	-	-	-	7,791		
BALANCE, DECEMBER 31, 2019	75,834	\$ 758,336	\$ 404,446	\$ 401,471	\$ 61,932	\$ 545,653	\$ 1,009,056	\$ (4)	\$ (65,582)	\$ (404,238)	\$ 1,702,014		

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

# EMEMORY TECHNOLOGY INC.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 633,184	\$ 698,831
Adjustments for:		
Depreciation expenses	40,477	37,402
Amortization expenses	14,495	13,202
Expected credit (gain) loss	(2,984)	8,018
Finance costs	179	-
Interest income	(9,493)	(10,663)
Dividend income	(291)	(943)
Share-based payment	7,734	15,869
Share of loss of associates	26,720	4,356
Loss on disposal of property, plant and equipment	-	278
Intangible asset reclassified as operating expenses	10	-
Gain on disposal of investments	(95)	(79)
Net loss (gain) on foreign currency exchange	4,288	(1,015)
Changes in operating assets and liabilities		
Accounts receivable	32,484	(83,763)
Accounts receivable - related parties	(794)	-
Other receivables	(1,691)	-
Other receivables - related parties	(168)	326
Prepayments	656	(1,895)
Other current assets	(1,376)	(879)
Contract liabilities	(4,985)	4,351
Other payables	(15,754)	13,176
Other current liabilities	70	165
Net defined benefit liabilities	(554)	(558)
Bonuses payable to employees and directors	(12,972)	4,467
Cash generated from operations	709,140	700,646
Interest received	9,483	10,676
Income tax paid	(107,168)	(75,900)
Net cash generated from operating activities	<u>611,455</u>	<u>635,422</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(1)	(1)
Acquisition of financial assets at fair value through profit or loss	(592,000)	(600,000)
Proceeds from disposal of financial assets at fair value through profit or loss	592,095	600,079
Net cash outflow on acquisition of subsidiaries	(50,000)	-
Acquisition of property, plant and equipment	(22,749)	(11,335)
Increase in refundable deposits	-	(16)
Decrease in refundable deposits	16	-
Acquisition of intangible assets	(20,927)	(17,934)
Dividend received	291	943
Net cash used in investing activities	<u>(93,275)</u>	<u>(28,264)</u>

(Continued)

## EMEMORY TECHNOLOGY INC.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (3,022)	\$ -
Dividends paid	(593,780)	(568,353)
Exercise of employee share options	13,982	2,879
Payments for buy-back of ordinary shares	-	(404,238)
Interest paid	<u>(179)</u>	<u>-</u>
Net cash used in financing activities	<u>(582,999)</u>	<u>(969,712)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,254)</u>	<u>873</u>
NET DECREASE IN CASH	(67,073)	(361,681)
CASH AT THE BEGINNING OF THE YEAR	<u>1,302,003</u>	<u>1,663,684</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,234,930</u>	<u>\$ 1,302,003</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

**eMemory Technology Inc.**  
**Statement of Profit Distribution**  
**2019**

Unit: NT\$

Item	Amount	
	Subtotal	Total
<b>Beginning Balance of Unappropriated Retained Earnings</b>		<b>\$ 5,186,112</b>
Net Profit of 2019	542,072,418	
Remeasurement of Defined Benefit Plans Counted in Retained Earnings	<u>(1,604,141)</u>	540,468,277
10% Legal Reserve Appropriated		(54,046,828)
Special Reserve Appropriated		<u>(3,653,957)</u>
<b>Retained Earnings Available for Distribution</b>		<b>487,953,604</b>
<b>Distribution of Shareholder Dividends - Cash (NT\$ 5.5 per share)</b>		<u>(408,465,981)</u>
<b>Ending Balance of Unappropriated Retained Earnings</b>		<b><u>\$ 79,487,623</u></b>

Chairman: Charles Hsu

President: Rick Shen

Accounting Officer: Teresa Kuo

- Remarks: 1. According to the Rule No.871941343 issued by the Ministry of Finance on April 30, 1998, when distributing earnings, it shall be identified respectively; the earnings distributed in this year shall be those of the latest year.
2. The shareholder cash dividends is in a total amount of NT\$ 408,465,981, to be distributed by NT\$ 5.5 per share, this is calculated by basing on the issued 74,266,542 outstanding shares up to February 18, 2020, and rounded down to the nearest whole number, the fractional balance less than NT\$ 1 shall be summed up and recognized as other income of the Company.

**Rules of Procedure for Shareholders Meetings  
of  
eMemory Technology Inc.  
(the “Company”)  
Comparison Table for Content of Articles Before and After Revisions**

Before Revision	After Revision	Explanation
<p>Article 3 The Convention and Meeting Notice of Shareholders’ Meeting</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, <b><u>Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u></b> shall be set out in the notice of the reasons for convening the Shareholders’ Meeting. None of the above matters may be raised by an extraordinary motion.</p>	<p>Article 3 The Convention and Meeting Notice of Shareholders’ Meeting</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. Election or dismissal of directors, amendments to the Articles of Incorporation, <b><u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, using earnings to increase capitalization, using reserve to increase capitalization,</u></b> the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the Shareholders’ Meeting, <b><u>as well as the essential contents shall be explained.</u></b> None of the above matters may be raised by an extemporary motions; <b><u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company,</u></b></p>	<p>Paragraph 4 is amended for complying with the revision of Paragraph 5 in Article 172 of the Company Act.</p>



Before Revision	After Revision	Explanation
<p><u>5.</u> A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a <b>written</b> proposal for discussion at a regular Shareholders’ Meeting. Such proposals, <b>however, are</b> limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when any one of the circumstances set forth in each subparagraph of <b>Article 172-1, paragraph 4</b> of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p>	<p><b><u>and such website shall be indicated in the above notice.</u></b></p> <p><b><u>5. Where the matter of that all directors of the Company will be re-elected has been set out in the causes of a meeting of shareholders to be convened, and the date for the elected directors to assume their office is also indicated in, after the re-election is completed in such a shareholders’ meeting, the date for the elected directors to assume their office shall not be altered by bring up as extemporary motions or by other means.</u></b></p> <p><u>6.</u> A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular Shareholders’ Meeting. Such proposal <b>is</b> limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <b><u>However, the proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at the shareholders’ meeting by the Board of Directors.</u></b> In addition, when any one of the circumstances set forth in each subparagraph of <b>paragraph 4, Article 172-1</b> of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p>	<p>Paragraph 5 is supplemented according to the Jing-Shang-Tzu No. 10702417500 Administrative rule dated August 6, 2018.</p> <p>Revising the item number to 6, and certain wordings are revised correspondingly for complying with the newly amended Paragraph 1 and supplemented Paragraph 5 in Article 172-1 of the Company Act.</p>

Before Revision	After Revision	Explanation
<p><b>6.</b> Prior to the book closure date before a regular Shareholders’ Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may 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 shareholder making the proposal shall be present in person or by proxy at the regular Shareholders’ Meeting and take part in discussion of the proposal.</p> <p><b>7.</b> Prior to the date for issuance of notice of a Shareholders’ Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders’ Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p><b>7.</b> Prior to the book closure date before a regular Shareholders’ Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, <b><u>methods of acceptance in writing or by way of electronic transmission</u></b> and the location and time period for their submission; the period for submission of shareholder 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 shareholder making the proposal shall be present in person or by proxy at the regular Shareholders’ Meeting and take part in discussion of the proposal.</p> <p><b>8.</b> Prior to the date for issuance of notice of a Shareholders’ Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders’ Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>Revising the item number to 7, and the paragraph is revised for complying with the Paragraph 2 in Article 172-1 of the Company Act.</p> <p>Revising the item number to 8.</p>
<p>Article 10 Discussion of Proposals</p> <p>1. If a Shareholders’ Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda,</p>	<p>Article 10 Discussion of Proposals</p> <p>1. If a Shareholders’ Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. <b><u>The proposals (including extemporary motion and</u></b></p>	<p>Paragraph 1 is amended in response to the vote by electronic means</p>

Before Revision	After Revision	Explanation
<p>which may not be changed without a resolution of the Shareholders' Meeting.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p> <p>5. (Omitted)</p>	<p><b><u>the amendment to original proposal) shall require a voting by poll on every resolution.</u></b> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote <b><u>with arranging sufficient time for the vote.</u></b></p> <p>5. (Omitted)</p>	<p>which has been adopted by all of the TWSE/GTSM listed companies from 2018, and also to fulfill the principle of voting by poll on every resolution.</p> <p>Paragraph 4 is amended to prevent shareholders' rights from being impacted for the voting time is extremely constrained by the person having the right of convening the shareholders' meeting that causes shareholders could not make it on time.</p>
<p>Article 11 Shareholder Speech</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal (<b><u>including extraordinary motions</u></b>), and a single</p>	<p>Article 11 Shareholder Speech</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5</p>	<p>It has been interpreted in paragraph 1 of Article 10 that</p>

Before Revision	After Revision	Explanation
<p>speech may not exceed 5 minutes. If the shareholder’s speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. (Omitted)</p>	<p>minutes. If the shareholder’s speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. (Omitted)</p>	<p>the scope of proposal shall include extemporary motion and the amendment to original proposal.</p>
<p>Article 13 Method for Monitoring and Counting the Vote on a Proposal</p> <p>1. (Omitted)</p> <p>2. When the Company holds a shareholders’ meeting, it <b><u>may allow</u></b> the shareholders to exercise voting rights by <b><u>correspondence or</u></b> electronic means. 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 means 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 extraordinary motions and amendments to original proposals.</p> <p>3. (Omitted)</p> <p>4. Except as otherwise provided in the Company Act and in the Company’s Articles of Incorporation, the passage of a proposal shall require an</p>	<p>Article 13 Method for Monitoring and Counting the Vote on a Proposal</p> <p>1. (Omitted)</p> <p>2. When the Company holds a shareholders’ meeting, it <b><u>shall make</u></b> the shareholders to exercise voting rights by electronic means <b><u>and may make it by correspondence means.</u></b> 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 means 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 extraordinary motions and amendments to original proposals.</p> <p>3. (Omitted)</p> <p>4. Except as otherwise provided in the Company Act and in the Company’s Articles of Incorporation, the passage of a proposal shall require an</p>	<p>Paragraph 2 is amended in response to the vote by electronic means which has been adopted by all of the TWSE/GTSM listed companies from 2018.</p> <p>The wordings are slightly adjusted.</p>

Before Revision	After Revision	Explanation
<p>affirmative vote of a majority of the voting rights represented by the attending shareholders. <b><u>At the time of</u></b> 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, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p><b><u>5. A proposal which is inquired of all the attending shareholders by the chair and there is not any objection shall be deemed as being passed with the same effectiveness as a vote; if there is any objection, it shall be determined by a vote pursuant to the procedures provided in the preceding paragraph.</u></b></p> <p><b><u>6.</u></b> When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p><b><u>7.</u></b> Vote monitoring and counting personnel for the voting on a proposal</p>	<p>affirmative vote of a majority of the voting rights represented by the attending shareholders. <b><u>During</u></b> 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, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p><b><u>5.</u></b> When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p><b><u>6.</u></b> Vote monitoring and counting personnel for the voting on a proposal</p>	<p>Deleting Paragraph 5 in response to the vote by electronic means which has been adopted by all of the TWSE/GTSM listed companies from 2018.</p> <p>Revising the item number to 5.</p> <p>Revising the item number to</p>

Before Revision	After Revision	Explanation
<p>shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	<p>shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	<p>6.</p>
<p>Article 15 Meeting Minutes <b>and Signing</b></p> <p>1. (Omitted)</p> <p>2. 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 <b>their</b> results, <b>and</b> shall be retained for the duration of the existence of the Company.</p> <p><b><u>3. The methods by which resolutions were adopted which is referred in the preceding paragraph shall mean a proposal which is inquired of all the attending shareholders by the chair and there is not any objection, it shall be recorded as "It had been</u></b></p>	<p>Article 15 Meeting Minutes</p> <p>1. (Omitted)</p> <p>2. 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 <b>the results of voting (including the statistical weights of the numbers of votes). In the event of Director election, the number of the votes to each candidate shall be disclosed. The meeting minutes</b> shall be retained for the duration of the existence of the Company.</p>	<p>The wordings are slightly adjusted.</p> <p>Paragraph 2 is amended by taking the suggestion of ACGA to fulfill the principle of voting by poll on every resolution.</p> <p>Paragraph 3 is deleted in response to the vote by electronic means which has been</p>

Before Revision	After Revision	Explanation
<p><b><u>inquired of all the attending shareholders by the chair and there was no objection”; however, if there is any objection, it shall be recorded as being determined by a vote and the ratio of the numbers of consenting shares to the attending shares.</u></b></p>		<p>adopted by all of the TWSE/GTSM listed companies from 2018.</p>
<p>Article 21 These Rules were adopted by the Shareholders’ Meeting on June 14, 2001. The first amendment was made on September 29, 2009. The second amendment was made on June 19, 2012. The third amendment was made on June 18, 2014. The fourth amendment was made on June 9, 2015.</p>	<p>Article 21 These Rules were adopted by the Shareholders’ Meeting on June 14, 2001. The first amendment was made on September 29, 2009. The second amendment was made on June 19, 2012. The third amendment was made on June 18, 2014. The fourth amendment was made on June 9, 2015. <b><u>The fifth amendment was made on June 10, 2020.</u></b></p>	<p>The date of this amendment is added.</p>

**Procedures for Acquisition or Disposal of Assets  
of  
eMemory Technology Inc.  
(the “Company”)  
Comparison Table for Content of Articles Before and After Revisions**

Before Revision	After Revision	Explanation
<p>Article 4: The restrictions of total amount for acquiring the real property and the right-of-use assets or securities by the Company for non-operational purposes</p> <p>1. The total amount for acquisition of real property and the right-of-use assets for non-operational purposes by the Company and each subsidiary shall not exceed 50% of each company's net value set forth in the latest financial <b>report</b> certified <b>and</b> reviewed by a certified public accountant.</p> <p>2. The acquisition of investments in financial assets other than quasi money market fund by the Company shall not exceed <b>40%</b> of the company's net value set forth in the latest financial <b>report</b> certified <b>and</b> reviewed by a certified public accountant; the respective investment amount for the investment in financial assets other than quasi money market fund by the Company shall not exceed <b>15%</b> of the company's net value set forth in the latest financial <b>report</b> certified <b>and</b> reviewed by a certified public accountant.</p> <p>3. (Omitted)</p> <p>4. The acquisition of an individual</p>	<p>Article 4: The restrictions of total amount for acquiring the real property and the right-of-use assets or securities by the Company for non-operational purposes</p> <p>1. The total amount for acquisition of real property and the right-of-use assets for non-operational purposes by the Company and each subsidiary shall not exceed 50% of each company's net value set forth in the latest financial <b>statements</b> certified <b>or</b> reviewed by a certified public accountant.</p> <p>2. The acquisition of investments in financial assets other than quasi money market fund by the Company shall not exceed <b>50%</b> of the company's net value set forth in the latest financial <b>statements</b> certified <b>or</b> reviewed by a certified public accountant; the respective investment amount for the investment in financial assets other than quasi money market fund by the Company shall not exceed <b>30%</b> of the company's net value set forth in the latest financial <b>statements</b> certified <b>or</b> reviewed by a certified public accountant.</p> <p>3. (Omitted)</p> <p>4. The acquisition of an individual</p>	<p>The restricted investment amount and authority for approval with respect to securities are adjusted in response to the demands for establishing the subsidiaries of the Company and the business operation stratagem of long-term investment to the subsidiaries, as well as complying with the provision of Article 5 of the Articles of Incorporation</p>



Before Revision	After Revision	Explanation
<p>investment in financial assets other than quasi money market fund by the Company and each subsidiary <b><u>under the amount of NT\$ 60 million (including NT\$ 60 million) shall be proceeded by authorizing the Board of Directors' meeting for resolution; in the case of an amount over NT\$ 60 million (excluding NT\$ 60 million)</u></b> shall be submitted to the <b><u>Shareholders' Meeting</u></b> for resolution.</p>	<p>investment in financial assets other than quasi money market fund by the Company and each subsidiary shall be submitted to the <b><u>Board of Directors' meeting</u></b> for resolution. <b><u>However, the investments made by the Company to the securities of subsidiaries are authorized to the Chairman for determination and execution subject to the accumulated invested amount is under NT\$ 100 million (including NT\$ 100 million) within the same fiscal year, and thereafter shall be submitted to the latest Board of Directors' meeting for ratification.</u></b></p>	<p>of the Company, which provides for "Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board."</p>
<p>Article 16: These procedures are adopted by the Shareholders' Meeting on May 2, 2006. The first amendment was made on May 16, 2007. The second amendment was made on May 18, 2010. The third amendment was made on June 19, 2012. The fourth amendment was made on June 14, 2013. The fifth amendment was made on June 18, 2014. The sixth amendment was made on June 9, 2015. The seventh amendment was made on June 13, 2017. The eighth amendment was made on June 13, 2019.</p>	<p>Article 16: These procedures are adopted by the Shareholders' Meeting on May 2, 2006. The first amendment was made on May 16, 2007. The second amendment was made on May 18, 2010. The third amendment was made on June 19, 2012. The fourth amendment was made on June 14, 2013. The fifth amendment was made on June 18, 2014. The sixth amendment was made on June 9, 2015. The seventh amendment was made on June 13, 2017. The eighth amendment was made on June 13, 2019. <b><u>The ninth amendment was made on June 10, 2020.</u></b></p>	<p>The date of this amendment is added.</p>

**Procedures for Lending Funds to Other Parties  
of  
eMemory Technology Inc.  
(the “Company”)  
Comparison Table for Content of Articles Before and After Revisions**

Before Revision	After Revision	Explanation
<p>Article 3: Reasons and Necessities for Loaning of Funds to Other Parties</p> <p>Lending funds to other companies or firms by the Company for business relationship shall follow the provisions set forth in paragraph 2 of Article 4; lending funds for the necessity of short-term financing shall be restricted to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The <b><u>companies in which the Company holds 50% or more voting shares</u></b> need a short-term period financing necessary for the business.</li> <li>2. The other companies or firms need a short-term period financing necessary for purchasing materials or business operation.</li> <li>3. The other loans of funds which are approved by the Board of Directors of the Company.</li> </ol>	<p>Article 3: Reasons and Necessities for Loaning of Funds to Other Parties</p> <p>Lending funds to other companies or firms by the Company for business relationship shall follow the provisions set forth in paragraph 2 of Article 4; lending funds for the necessity of short-term financing shall be restricted to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The <b><u>subsidiaries of the Company which</u></b> need a short-term period financing necessary for the business.</li> <li>2. The other companies or firms need a short-term period financing necessary for purchasing materials or business operation.</li> <li>3. The other loans of funds which are approved by the Board of Directors of the Company.</li> </ol> <p><b><u>The subsidiary mentioned in these procedures shall be defined according to the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p>	<ol style="list-style-type: none"> <li>1. The wording of companies in which the Company holds 50% or more voting shares is changed to subsidiaries.</li> <li>2. The definition of subsidiary provided in paragraph 3 in Article 10 is added to this Article for interpretation, and the wordings are slightly amended.</li> </ol>
<p>Article 4: The Total Amount of Loans and the Limited Amount for Individuals</p>	<p>Article 4: The Total Amount of Loans and the Limited Amount for Individuals</p>	<ol style="list-style-type: none"> <li>1. For the demands of business</li> </ol>

Before Revision	After Revision	Explanation
<p>The total amount of funds lent by the Company shall not exceed <b>20%</b> of the Company's net value; and the limited amounts of funds lent to the individuals are set forth below:</p> <p>1. For companies or firms who have business relationship with the Company, the total amount of funds lent by the Company shall not exceed <b>10%</b> of the Company's net value, and the amount lent to an individual shall be limited to the business amount between such individual and the Company within latest one year, and by basing on considering the risk, shall not exceed <b>5%</b> of the Company's net value.</p> <p>The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.</p> <p>2. The total amount of funds lent by the Company to companies or firms for the necessity of short-term financing shall not exceed <b>10%</b> of the Company's net value, and the amount lent to an individual shall be limited to <b>5%</b> of the Company's net value.</p> <p>The limited amounts lent to an individual by the Company, except being restricted pursuant to subparagraph 1 and 2 of paragraph 1 under this Article, shall also not exceed 30% of the borrower's net value, but this restriction shall not apply to the circumstance of loaning of funds to the subsidiaries <b>in which</b> the Company <b>holds 100% of voting shares</b>.</p>	<p>The total amount of funds lent by the Company shall not exceed <b>40%</b> of the Company's net value; and the limited amounts of funds lent to the individuals are set forth below:</p> <p>1. For companies or firms who have business relationship with the Company, the total amount of funds lent by the Company shall not exceed <b>40%</b> of the Company's net value, and the amount lent to an individual shall be limited to the business amount between such individual and the Company within latest one year, and by basing on considering the risk, shall not exceed <b>10%</b> of the Company's net value.</p> <p>The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.</p> <p>2. The total amount of funds lent by the Company to companies or firms for the necessity of short-term financing shall not exceed <b>40%</b> of the Company's net value, and the amount lent to an individual shall be limited to <b>10%</b> of the Company's net value.</p> <p>The limited amounts lent to an individual by the Company, except being restricted pursuant to subparagraph 1 and 2 of paragraph 1 under this Article, shall also not exceed 30% of the borrower's net value, but this restriction shall not apply to the circumstance of loaning of funds to the subsidiaries <b>of</b> the Company.</p> <p><b><u>The financial report of the Company is prepared according to the International</u></b></p>	<p>operation stratagem made by the Company to its subsidiaries, and to comply with the content of subparagraph 2, paragraph 2 of Article 6, therefore adjust the restriction of total amount of funds lent by the Company and the limited amount for the respective counterparty.</p> <p>2. The definition of net value provided in paragraph 4 of Article 10 is added to this Article for interpretation, and the wordings are slightly amended.</p>

Before Revision	After Revision	Explanation
	<p><b><u>Financial Reporting Standards; and the net value mentioned herein is defined as the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The net value shall be calculated based on the latest financial statements certified or reviewed by a certified public accountant.</u></b></p>	
<p>Article 6: The Company's Procedures for Lending Funds to Other Parties</p> <p>1. Credit Assessment</p> <p>(1) When the Company deals with the matters of loaning of funds, the borrower shall provide necessary information regarding the corporation and finance in advance for <b><u>applying to the Company in writing for the quota of loaning of funds.</u></b></p> <p>(2) After <b><u>the Company</u></b> accepted the application, <b><u>Finance Department shall investigate and assess the operated business, financial status, solvency and credit, profitability and financing purpose of the borrower, and prepare a report. When finance division investigates and assesses the borrower</u></b> in detail, the assessment items shall <b><u>at least</u></b> include:</p> <p>I. The necessity and reasonableness of loans to others.</p> <p>II. <b><u>Considering whether the</u></b></p>	<p>Article 6: The Company's Procedures for Lending Funds to Other Parties</p> <p>1. Credit Assessment</p> <p>(1) When the Company deals with the matters of loaning of funds, the borrower shall provide necessary information regarding the corporation and finance in advance, <b><u>and fill in the application form setting forth with financing purpose, loan period and amount, and then submit it to the Finance Department of the Company.</u></b></p> <p>(2) After the <b><u>Finance Department</u></b> accepted the application, <b><u>the examination</u></b> in detail <b><u>shall be performed</u></b>, and the assessment items shall include:</p> <p>I. The necessity and reasonableness of loans to others.</p> <p>II. <b><u>Borrower's credit status and</u></b></p>	<p>This Article is adjusted pursuant to the provisions in Article 9 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and the operational procedures of the Company correspondingly.</p>

Before Revision	After Revision	Explanation
<p><u>amount of loaning of fund is necessary by evaluating the financial status of the borrower.</u></p> <p><u>III. Whether the accumulated amount of the lent fund is still under the limited amount.</u></p> <p><u>IV.</u> The impact of such loaning of fund upon the Company's business operation, financial condition and shareholders' equity.</p> <p><u>V.</u> Whether the collateral is required and the assessment of the collateral.</p> <p><u>VI. The borrower's credit status and risk assessment record.</u></p> <p>2. Approval of Loan</p> <p>(1) In terms of the case with good credit assessment and proper loaning purpose as shown in the credit audit and investigation result, <u>the personnel in charge shall deal with it by filling in a credit investigation report and audit opinion</u> and propose the conditions for loaning of fund, after being permitted by the Chairman and submitting them to the Board of Directors meeting for resolution <u>and approval.</u></p>	<p><u>risk assessment. Credit status auditing may be exempted if the borrower is a subsidiary of the Company.</u></p> <p><u>III.</u> The impact of such loaning of fund upon the Company's business operation, financial condition and shareholders' equity.</p> <p><u>IV.</u> Whether the collateral is required and the assessment of the collateral.</p> <p>2. Approval of Loan</p> <p>(1) <u>After the examination,</u> in terms of the case with good credit assessment and proper loaning purpose as shown in the credit audit and investigation result, <u>the Finance Department shall make records of the examination information</u> and propose the conditions for loaning of fund, after being permitted by the Chairman and <u>approved by more than one-half of all the Audit Committee members, then</u> submitting them to the Board of Directors meeting for resolution. <u>If the approval of more than one-half of all the Audit Committee members is not obtained, it may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit</u></p>	

Before Revision	After Revision	Explanation
<p>(2) Loans between the Company and its parent company or between the subsidiaries of the Company, the Chairman may be authorized, within a certain limited amount resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>Unless as provided <b><u>by paragraph 4 of Article 2</u></b> hereof, the “limited amount” referred in the previous subparagraph lent by the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net value of the Company based on its latest financial statements.</p> <p>(3) The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when lending funds to the other party.</p> <p>3. The Guarantee and Insurance of Loan <b><u>The certificate of indebtedness, promissory note and collateral shall</u></b></p>	<p><b><u>Committee shall be recorded in the minutes of the Board of Directors meeting.</u></b></p> <p>(2) Loans between the Company and its parent company or between the subsidiaries of the Company <b><u>shall be submitted to the Board of Directors meeting for resolution pursuant to the preceding paragraph</u></b>, the Chairman may be authorized, within a certain limited amount resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>Unless as <b><u>conforming to the requirements provided in Article 4</u></b> hereof, the “limited amount” referred in the previous subparagraph lent by the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net value of the Company based on its latest financial statements.</p> <p>(3) The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when lending funds to the other party.</p> <p>3. The Guarantee and Insurance of Loan <b><u>A loan contract shall be signed</u></b> when lending funds to the other party, <b><u>in</u></b></p>	

Before Revision	After Revision	Explanation
<p><u>be acquired</u> when lending funds to the other party. Except the subsidiaries <u>directly or indirectly possessed by</u> the Company may be exempted from providing the collaterals, the other borrowers shall provide sufficient collaterals (ex. equivalent real properties, securities or issuing negotiable instruments for guarantee), and a lien or mortgage has to be created on them, so the rights of the Company are protected.</p> <p>Except land and securities, the collaterals shall be insured pursuant to the rules, the insurance coverage shall not less than the replacement cost of the collaterals. If the collateral is a vehicle, the insurance shall cover all risk. When the collaterals are insured, the Company shall be the insurance beneficiary.</p> <p>When issuing a negotiable instrument for guarantee, the date of maturity for the negotiable instruments shall be the appointed repayment date, and it shall be delivered to and in custody of the Company to ensure the rights.</p> <p>4.Appropriation The appropriation of lending fund will be made subject to <u>it is approved and the borrower had signed the certificate of indebtedness and promissory note</u>, the creating of a lien or mortgage on the collaterals had been registered, <u>after all the processes are checked without any error</u>.</p> <p>5.Interest Calculation</p>	<p><u>which the items of loaning quota, period, interest rate and collateral shall be included</u>. Except the subsidiaries <u>of</u> the Company may be exempted from providing the collaterals, the other borrowers shall provide sufficient collaterals (ex. equivalent real properties, securities or issuing negotiable instruments for guarantee), and a lien or mortgage has to be created on them, so the rights of the Company are protected.</p> <p>Except land and securities, the collaterals shall be insured pursuant to the rules, the insurance coverage shall not less than the replacement cost of the collaterals. If the collateral is a vehicle, the insurance shall cover all risk. When the collaterals are insured, <u>the insured period shall cover the entire loan period and</u> the Company shall be the insurance beneficiary.</p> <p>When issuing a negotiable instrument for guarantee, the date of maturity for the negotiable instruments shall be the appointed repayment date, and it shall be delivered to and in custody of the Company to ensure the rights.</p> <p>4.Appropriation The appropriation of lending fund will be made subject to <u>the loan contract had been signed and</u> the creating of a lien or mortgage on the collaterals had been registered.</p> <p>5.Interest Calculation</p>	

Before Revision	After Revision	Explanation
<p>Except it is provided otherwise, the interest shall be calculated and paid once a month in principle, by informing the borrower to pay off within one week from the appointed pay day. If there is any special circumstance, it can be adjusted according to the actual condition after <b>approved by the</b> Board of Directors. The interest shall be calculated by a rate no less than the short-term loaning rate for the Company makes short-term financing from the financial institutions but restricted to the highest rate among them.</p> <p>6.Documentation Filing and Preservation After appropriation, the <b>personnel in charge of the loaning of funds</b> shall collate <b>and examine</b> the certificates of the obligatory claim such as contract, <b>promissory note, etc.,</b> and the certificates of the collateral, the correspondence, etc. <b>Then the documents shall be sealed by the personnel in charge and the supervisor after being examined correct,</b> and preserved <b>after being recorded in the register book.</b></p>	<p>Except it is provided otherwise, the interest shall be calculated and paid once a month in principle, by informing the borrower to pay off within one week from the appointed pay day. If there is any special circumstance, it can be adjusted according to the actual condition after <b>a decision being made by the Chairman under the authorization of</b> Board of Directors. The interest shall be calculated by a rate no less than the short-term loaning rate for the Company makes short-term financing from the financial institutions but restricted to the highest rate among them.</p> <p>6.Documentation Filing and Preservation After appropriation, the <b>Finance Department</b> shall collate the certificates of the obligatory claim such as <b>loan</b> contract, and the certificates of the collateral, the correspondence, etc., and <b>properly</b> preserve.</p>	
<p>Article 7: The Consecutive Measures for Control and Management of the Lent Funds, Procedures for Handling Overdue Performance After the appropriation of loaning of funds, the borrower’s financial, business and credit status shall be watched from time to time, if the collateral is provided, whether</p>	<p>Article 7: The Consecutive Measures for Control and Management of the Lent Funds, Procedures for Handling Overdue Performance <b>1.</b> After the appropriation of loaning of funds, the borrower’s financial, business and credit status shall be watched from time to time, if the collateral is provided,</p>	<p>1. Numbering the original provisions as paragraphs 1 to 3. 2. The adjusted paragraph 1 is supplemented</p>



Before Revision	After Revision	Explanation
<p>there is any change to the ensured value shall be watched as well. <b><u>Before the loan becomes due, the borrower shall be informed to pay off the principal and interest or apply for the extension of the period.</u></b></p> <p>When making a repayment on the due day, the borrower shall first calculate the interest payable, and make it paid off together with the principal; after that, the certificates of the obligatory claim such as <b><u>promissory note, certificate of indebtedness,</u></b> etc. shall be canceled and returned to the borrower.</p> <p><b><u>If the borrower fails to repay the interest and principle or apply for the extension of period when due, after providing necessary notification, the Company shall enforce the right to preserve its obligatory right pursuant to the law.</u></b></p>	<p>whether there is any change to the ensured value shall be watched as well. <b><u>For any significant change, it shall be reported to the Chairman immediately and properly handled by following the instruction.</u></b></p> <p><b><u>2. When making a repayment on or before the due day, the borrower shall first calculate the interest payable, and make it paid off together with the principal; after that, the certificates of the obligatory claim such as loan contract,</u></b> etc. shall be canceled and returned to the borrower.</p> <p><b><u>3. On the due day, the borrower shall make the principal and interest paid off immediately. If the borrower fails to repay the interest and principle on the due day and needs an extension of period, it shall be made by submitting a prior written application and subject to the consent of the Board of Directors after it is reported. Each extension of period shall not exceed 3 months and is limited to one time, where the restriction of period provided for in Article 2 shall not be exceeded as well. For any violation of the provision, the Company may enforce the right to directly dispose of the collateral or get recovered from the guarantee pursuant to the law.</u></b></p>	<p>with the provision of control procedure for significant change to the collateral.</p> <p>3. The adjusted paragraph 2 is supplemented with the provision of repayment made before the due day, and slightly amend the wordings.</p> <p>4. The adjusted paragraph 3 is supplemented with the provision of the frequency and period of extension for loaning of funds.</p>
<p>Article 9: Public Disclosure and Report for Loaning of Funds</p> <p>1. (Omitted)</p> <p>2. <b><u>A public</u></b> company whose loans of funds reach one of the following levels shall</p>	<p>Article 9: Public Disclosure and Report for Loaning of Funds</p> <p>1. (Omitted)</p> <p>2. <b><u>The Company</u></b> whose loans of funds reach one of the following levels shall</p>	<p>The wordings are slightly revised.</p>

Before Revision	After Revision	Explanation
<p>announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20% or more of the Company's net value as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net value as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net value as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	<p>announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20% or more of the Company's net value as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net value as stated in its latest financial statement.</p> <p>(3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net value as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p>	
<p>Article 10: Control Procedure to Subsidiaries in Loaning of Funds to Other Parties</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p><b><u>The “Subsidiary” mentioned in these procedures shall be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p>	<p>Article 10: Control Procedure to Subsidiaries in Loaning of Funds to Other Parties</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p>	<p>The paragraph 3 and paragraph 4 of this Article are separately amended to Article 3 and Article 4 for interpretation.</p>

Before Revision	After Revision	Explanation
<p><b><u>The financial report of the Company is prepared according to the International Financial Reporting Standards; and the Net Value mentioned herein is defined as the equity attributable to the owners of the parent company, which is set forth in the balance sheet which is prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p>		
<p>Article 13:  These procedures were enacted on November 28, 2002.  The first amendment was made on March 25, 2003.  The second amendment was made on May 18, 2006.  The third amendment was made on May 26, 2009.  The fourth amendment was made on June 14, 2013.  The fifth amendment was made on June 9, 2015.  The sixth amendment was made on June 13, 2019.</p>	<p>Article 13:  These procedures were enacted on November 28, 2002.  The first amendment was made on March 25, 2003.  The second amendment was made on May 18, 2006.  The third amendment was made on May 26, 2009.  The fourth amendment was made on June 14, 2013.  The fifth amendment was made on June 9, 2015.  The sixth amendment was made on June 13, 2019.  <b><u>The seventh amendment was made on June 10, 2020.</u></b></p>	<p>The date of this amendment is added.</p>

**Procedures for Endorsement and Guarantee  
of  
eMemory Technology Inc.  
(the "Company")  
Comparison Table for Content of Articles Before and After Revisions**

Before Revision	After Revision	Explanation
<p>Article 2: The Words "Endorsement and Guarantee" Used Herein Shall Include the Following</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. (Omitted)</li> <li>3. Other endorsement and guarantee: shall mean those cannot be categorized in items (1) and (2) as mentioned above. The lien or mortgage provided by the Company against its chattel and real property for guaranteeing another company's loan or other matter which is resided in the endorsement and guarantee of its character should also comply with these procedures.</li> </ol>	<p>Article 2: The Words "Endorsement and Guarantee" Used <b><u>in these procedures</u></b> Shall Include the Following</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. (Omitted)</li> <li>3. Other endorsement and guarantee: shall mean those cannot be categorized in items (1) and (2) as mentioned above.</li> <li><b>4.</b> The lien or mortgage provided by the Company against its chattel and real property for guaranteeing another company's loan or other matter which is resided in the endorsement and guarantee of its character should also comply with these procedures.</li> </ol>	<p>The wordings are slightly amended.</p>
<p>Article 3: The Parties to be Endorsed and Guaranteed</p> <p>The party to whom the Company may provide endorsement or guarantee is required to satisfy the following conditions:</p> <ol style="list-style-type: none"> <li>1. Companies who have business <b><u>relationship</u></b> with the Company.</li> <li>2. <b><u>Companies</u></b> whose outstanding voting shares are owned by the Company directly and indirectly by more than 50%.</li> <li>3. A company that directly and indirectly</li> </ol>	<p>Article 3: The Parties to be Endorsed and Guaranteed</p> <p>The party to whom the Company may provide endorsement or guarantee is required to satisfy the following conditions:</p> <ol style="list-style-type: none"> <li>1. Companies who have business <b><u>dealings</u></b> with the Company.</li> <li>2. <b><u>The subsidiaries</u></b> whose outstanding voting shares are owned by the Company directly and indirectly by more than 50%.</li> <li>3. A company that directly and indirectly</li> </ol>	<p>The definition of subsidiary provided in paragraph 3 of Article 11 is added to this Article for interpretation, and the wordings are slightly amended.</p>

Before Revision	After Revision	Explanation
<p>owns more than 50% of the outstanding voting shares of the Company.</p> <p>The <b>companies</b> whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more may provide endorsement and guarantee for one another.</p> <p>In the event, by basing on a joint investment relation, that the Company endorses or guarantees for the invested company by the amount determined according to the proportion to their shareholding percentages, such endorsement or guarantee may be exempted from the restrictions under the preceding paragraphs.</p> <p>The investment referred in the preceding paragraph shall mean the investment made directly by the Company or by a company in which the Company holds 100% of its outstanding voting shares.</p>	<p>owns more than 50% of the outstanding voting shares of the Company.</p> <p>The <b>subsidiaries</b> whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more may provide endorsement and guarantee for one another.</p> <p>In the event, by basing on a joint investment relation, that the Company endorses or guarantees for the invested company by the amount determined according to the proportion to their shareholding percentages, such endorsement or guarantee may be exempted from the restrictions under the preceding paragraphs.</p> <p>The investment referred in the preceding paragraph shall mean the investment made directly by the Company or by a company in which the Company holds 100% of its outstanding voting shares.</p> <p><b><u>The subsidiary mentioned under these procedures shall be determined pursuant to the provisions of Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p>	
<p>Article 4: The Limited Amount and Authorization for Endorsement or Guarantee</p> <p>1. The total amount of endorsement or guarantee provided by the Company shall not exceed <b>20%</b> of the Company's net value; the total amount of endorsement or guarantee provided by the Company for any single entity</p>	<p>Article 4: The Limited Amount and Authorization for Endorsement or Guarantee</p> <p>1. The total amount of endorsement or guarantee provided by the Company shall not exceed <b>40%</b> of the Company's net value; the total amount of endorsement or guarantee provided by the Company for any single entity</p>	<p>1. For the demands of business operation stratagem made by the Company to its subsidiaries, the limited amount and</p>

Before Revision	After Revision	Explanation
<p>shall not exceed 10% of the Company's net value, <b>and</b> shall not exceed the net value of such entity.</p> <p>2. (Omitted)</p> <p>3. The amount of endorsement and guarantee provided by the <b>companies</b> whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more shall not exceed 10% of the Company's net value; this restriction shall not apply to the endorsement and guarantee provided by the <b>companies</b> whose outstanding voting shares are owned by the Company directly and indirectly by 100%.</p> <p>4. (Omitted)</p> <p>5. The total amount of endorsement or guarantee provided by the Company and <b>its</b> subsidiaries shall not exceed <b>30%</b> of the Company's net value, and the amount of endorsement or guarantee provided by the Company for a single entity shall not exceed 15% of the Company's net value.</p> <p>6. To apply to the Company for providing <b>or canceling</b> the endorsement or guarantee, it shall be <b>approved pursuant to the provided procedure, and</b> submitted to the Board of Directors for approval. However, in order to satisfy the requirement for</p>	<p>shall not exceed 10% of the Company's net value. <b><u>And the total amount of endorsement or guarantee provided by the Company for any single entity shall not exceed the net value of such endorsed or guaranteed entity, but the restrictions provided herein shall not apply to the subsidiaries of the Company.</u></b></p> <p>2. (Omitted)</p> <p>3. The amount of endorsement and guarantee provided by the <b>subsidiaries</b> whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more shall not exceed 10% of the Company's net value; this restriction shall not apply to the endorsement and guarantee provided by the <b>subsidiaries</b> whose outstanding voting shares are owned by the Company directly and indirectly by 100%.</p> <p>4. (Omitted)</p> <p>5. The total amount of endorsement or guarantee provided by the Company and subsidiaries shall not exceed <b>40%</b> of the Company's net value, and the amount of endorsement or guarantee provided by the Company for a single entity shall not exceed 15% of the Company's net value.</p> <p>6. To apply to the Company for providing the endorsement or guarantee, <b><u>after being approved by more than one-half of all the Audit Committee members,</u></b> it shall be submitted to the Board of Directors for approval. <b><u>If the approval of more than one-half of all</u></b></p>	<p>authorization for endorsement or guarantee are adjusted.</p> <p>2. Adding the explanation for paragraph 8 of this Article about the exemption of collateral if the endorsed or guaranteed company is a subsidiary of the Company.</p> <p>3. The definition of net value provided in paragraph 4 of Article 11 is added to paragraph 9 of this Article for interpretation, and the wordings are slightly amended.</p>

Before Revision	After Revision	Explanation
<p>timing, a pre-determined amount may be delegated to the Chairman by the Board of Directors to facilitate the execution, and such endorsement or guarantee shall be later reported to the Board of Directors' meeting for ratification, <u>the situation and related matters shall be also provided to the Shareholders' Meeting for reference.</u></p> <p>The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when providing <u>or canceling</u> the endorsement or guarantee by the Company.</p> <p>7. In case that an excess of the limited amounts provided <u>herein</u> is necessary for accommodating business needs and such excess is conform to the conditions provided <u>hereunder</u>, it shall be approved by the Board of Directors and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limited amounts, <u>this Procedures for Endorsement and Guarantee has</u> to be revised as well, and has it ratified at the Shareholders' Meeting; If it is not ratified at the Shareholders' Meeting, a</p>	<p><u>the Audit Committee members is not obtained, it may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u> However, in order to satisfy the requirement for timing, a pre-determined amount may be delegated to the Chairman by the Board of Directors to facilitate the execution, and such endorsement or guarantee shall be later reported to the Board of Directors' meeting for ratification.</p> <p>The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when providing the endorsement or guarantee by the Company.</p> <p>7. In case that an excess of the limited amounts provided <u>in these procedures</u> is necessary for accommodating business needs and such excess is conform to the conditions provided <u>in these procedures</u>, it shall be approved by the Board of Directors and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limited amounts, <u>these procedures have</u> to be revised as well, and has it ratified at the Shareholders' Meeting; If it is not ratified at the Shareholders' Meeting, a</p>	

Before Revision	After Revision	Explanation
<p>plan containing a timetable to withdraw the excess portion shall be furnished. During the discussion in the board meeting <b><u>provided in the preceding paragraph</u></b>, the Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinions and the opposing reasons.</p> <p>8. When providing endorsement or guarantee to another company, the Company may require the <b><u>endorsee</u></b> or <b><u>guarantee</u></b> company for providing lien or mortgage against chattel and real property or other collaterals.</p>	<p>plan containing a timetable to withdraw the excess portion shall be furnished. During the discussion in the board meeting, the Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinions and the opposing reasons.</p> <p>8. When providing endorsement or guarantee to another company, the Company may require the <b><u>endorsed</u></b> or <b><u>guaranteed</u></b> company for providing lien or mortgage against chattel and real property or other collaterals. <b><u>This requirement may be exempted in the event that the endorsed or guaranteed company is a subsidiary of the Company.</u></b></p> <p><b><u>9. The financial report of the Company is prepared according to the International Financial Reporting Standards; and the net value mentioned herein is defined as the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The net value shall be calculated based on the latest financial statements certified or reviewed by a certified public accountant.</u></b></p>	



Before Revision	After Revision	Explanation
<p>Article 5: Operation Procedures of Making Endorsements or Guarantees</p> <p>1. When making endorsee or guarantee for the other company, the Finance Department shall <b><u>specifically state the name of the company endorsed or guaranteed, the scope endorsed or guaranteed, stipulations, date, amount, risk assessment, the collateral acquired and the condition for and date of relieving the endorsement or guarantee liability</u></b> and submit to the Chairman for approval.</p> <p>2. <b><u>When the application for endorsement or guarantee is rendered by a qualified company, the related information provided by the company shall be examined by finance division and legal division,</u></b> the following items <b><u>shall be included</u></b> in the examination:</p> <p>(1) The necessity and reasonableness of the endorsement or guarantee.</p> <p>(2) The credit status and risk assessment of the entity for which the endorsement or guarantee will be made.</p> <p><b><u>(3) Whether the accumulated amount of endorsement or guarantee is still within the limited amount.</u></b></p> <p><b><u>(4)The assessment of whether the amount of endorsement or guarantee and the amount of business is still under the limited</u></b></p>	<p>Article 5: Operation Procedures of Making Endorsements or Guarantees</p> <p>1. When making endorsement or guarantee for the other company, <b><u>the company to be endorsed or guaranteed shall submit an application to the Finance Department of the Company.</u></b> The Finance Department shall <b><u>investigate the credit status of the company to be endorsed or guaranteed, assess the risk and prepare the assessment records. After it passed the examination,</u></b> submit <b><u>it</u></b> to the Chairman for approval.</p> <p>2. Finance <b><u>Department shall include</u></b> the following items in the examination:</p> <p>(1) The necessity and reasonableness of the endorsement or guarantee.</p> <p>(2) The credit status and risk assessment of the entity for which the endorsement or guarantee will be made.</p>	<p>1. This Article is amended pursuant to the provisions in Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and the operational procedures of the Company correspondingly.</p> <p>2. The content with respect to matters related to endorsement and guarantee which shall be registered for examination in paragraph 3 under this Article is deleted because it has been explained in paragraph 1 of Article 9.</p>

Before Revision	After Revision	Explanation
<p><b><u>amount when the endorsement or guarantee is provided due to business relationship.</u></b></p> <p>(5) The impact on the operation risk, financial status and shareholder's equity.</p> <p>(6) Whether the collateral shall be acquired and the assessed value of the collateral.</p> <p><b><u>(7) The attachment of the record of credit survey and risk assessment of the endorsement or guarantee.</u></b></p> <p><b><u>3. Finance Department's person who is in charge of the case shall record the information of the scope endorsed and guaranteed, date, stipulations, amount, the name of the company endorsed and guaranteed, risk assessment, the collateral acquired, and the condition for and date of relieving the endorsement or guarantee liability, the accurate date of and reason for relieving the endorsement or guarantee liability and the retrieved negotiable instrument or the content of deeds etc. for reference.</u></b></p>	<p>(3) The impact on the operation risk, financial status and shareholder's equity.</p> <p>(4) Whether the collateral shall be acquired and the assessed value of the collateral.</p>	
<p>Article 8: Preservation and Procedure of the Seal</p> <p>The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsement and guarantee; the dedicated seal shall be kept by an appointed person, that either applying for sealing or issuing negotiable instruments, the procedures of applying for sealing stipulated by the</p>	<p>Article 8: Preservation and Procedure of the Seal</p> <p>The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsement and guarantee; the dedicated seal shall be kept by an appointed person, that either applying for sealing or issuing negotiable instruments, the procedures of applying for sealing stipulated by the</p>	<p>This Article is amended pursuant to the provisions in Article 17 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public</p>

Before Revision	After Revision	Explanation
<p>Company have to be followed. The person who keeps the seal for endorsement and guarantee shall be reported to the Board of Directors’ meeting for approval, any change of the person shall be reported the same.</p>	<p>Company have to be followed. The person who keeps the seal for endorsement and guarantee shall be reported to the Board of Directors’ meeting for approval, any change of the person shall be reported the same.</p> <p><b><u>When making a guarantee for an overseas company, the Chairman is authorized by the Board of Directors to sign the guarantee agreement for the Company.</u></b></p>	<p>Companies.</p>
<p>Article 9: Internal Control</p> <p>1. A memorandum book for the record of endorsement and guarantee shall be established, in which the information of the entity for which the endorsement and guarantee are made, amount, date of approval by the Board of Directors, endorsement and guarantee date and matters to be carefully evaluated under the rule shall be recorded in detail for reference.</p> <p>2. (Omitted)</p> <p>3. Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement and guarantee becomes a disqualified entity <b><u>hereunder</u></b> or the amount of endorsement and guarantee exceeds the limited amount, the Company shall adopt rectification plans, submit the relevant rectification plans to the Audit Committee and complete the rectification on schedule for enhancing the internal control of the Company.</p>	<p>Article 9: Internal Control</p> <p>1. A memorandum book for the record of endorsement and guarantee shall be established, in which the information of the entity for which the endorsement and guarantee are made, amount, date of approval by the Board of Directors <b><u>or of authorization by the Chairman,</u></b> endorsement and guarantee date and matters to be carefully evaluated under the rule shall be recorded in detail for reference</p> <p>2. (Omitted)</p> <p>3. Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement and guarantee becomes a disqualified entity <b><u>under these procedures</u></b> or the amount of endorsement and guarantee exceeds the limited amount, the Company shall adopt rectification plans, submit the relevant rectification plans to the Audit Committee and complete the rectification on schedule for enhancing the internal control of the Company.</p>	<p>This Article is amended pursuant to the provisions in Articles 18 and 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p>

Before Revision	After Revision	Explanation
<p>4. In the event that the entity for which the Company provides endorsement and guarantee is a subsidiary whose net value is lower than half of its paid-in capital, the President of such subsidiary shall report the operation status to the Board of Directors' periodical meeting of the Company until the net value of such subsidiary is higher than half of its paid-in capital, and the consequents hereof shall be determined by the Board of Directors of the Company.</p>	<p>4. In the event that the entity for which the Company provides endorsement and guarantee is a subsidiary whose net value is lower than half of its paid-in capital, the President of such subsidiary shall report the operation status to the Board of Directors' periodical meeting of the Company until the net value of such subsidiary is higher than half of its paid-in capital, and the consequents hereof shall be determined by the Board of Directors of the Company. <b><u>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding provision, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</u></b></p>	
<p>Article 10: The Company shall evaluate or record the contingent loss for endorsement and guarantee and shall adequately disclose the information of endorsement and guarantee in its financial reports, and provide the certified public accountant with the relevant information to conduct necessary audit procedures. <b><u>The Company shall provide the information with respect to endorsement and guarantee to the certified public accountant to adequately disclose in the financial reports.</u></b></p>	<p>Article 10: The Company shall evaluate or record the contingent loss for endorsement and guarantee and shall adequately disclose the information of endorsement and guarantee in its financial reports, and provide the certified public accountant with the relevant information to conduct necessary audit procedures.</p>	<p>The paragraph 2 under this Article is deleted because it is identical to paragraph 1.</p>

Before Revision	After Revision	Explanation
<p>Article 11: If the subsidiary of the Company intends to endorse and guarantee for others due to business need, the procedures of endorsement and guarantee shall be established and followed.</p> <p>Before providing the endorsement and guarantee pursuant to Article 3 by the subsidiaries in which the Company directly and indirectly holds 90% or more of its outstanding voting shares, it shall be reported to the Board of Directors of the Company for approval. This restriction shall not apply to the endorsement and guarantee provided by the companies whose outstanding voting shares are owned by the Company directly and indirectly by 100%.</p> <p><b><u>The “Subsidiary” mentioned in these procedures shall be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p> <p><b><u>The financial report of the Company is prepared according to the International Financial Reporting Standards; and the Net Value mentioned herein is defined as the equity attributable to the owners of the Company, which is set forth in the balance sheet which is prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></b></p>	<p>Article 11: If the subsidiary of the Company intends to endorse and guarantee for others due to business need, the procedures of endorsement and guarantee shall be established and followed.</p> <p>Before providing the endorsement and guarantee pursuant to Article 3 by the subsidiaries in which the Company directly and indirectly holds 90% or more of its outstanding voting shares, it shall be reported to the Board of Directors of the Company for approval. This restriction shall not apply to the endorsement and guarantee provided by the companies whose outstanding voting shares are owned by the Company directly and indirectly by 100%.</p>	<p>Paragraphs 3 and 4 under this Article are added to Articles 3 and 4 for interpretation.</p>

Before Revision	After Revision	Explanation
<p>Article 14:            These procedures were enacted on November 28, 2002.            The first amendment was made on March 25, 2003.            The second amendment was made on May 18, 2006.            The third amendment was made on May 26, 2009.            The fourth amendment was made on June 14, 2013.            The fifth amendment was made on June 9, 2015.            The sixth amendment was made on June 13, 2019.</p>	<p>Article 14:            These procedures were enacted on November 28, 2002.            The first amendment was made on March 25, 2003.            The second amendment was made on May 18, 2006.            The third amendment was made on May 26, 2009.            The fourth amendment was made on June 14, 2013.            The fifth amendment was made on June 9, 2015.            The sixth amendment was made on June 13, 2019.  <u><b>The seventh amendment was made on June 10, 2020.</b></u></p>	<p>The date of this amendment is added.</p>

**eMemory Technology Inc.**

**Update of Concurrent Positions Held by the Directors**

<b>Title</b>	<b>Name</b>	<b>Concurrent Positions</b>
Chairman	Charles Hsu	Chairman, PUFsecurity Corporation Director, SecuX Technology Inc.
Director	How-Han Investment Corporation	Director, SecuX Technology Inc.
Representative of Director	Teresa Cheng	Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Synergy Tech Corp.
Independent Director	Ming-To Yu	Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Cyber Security Inc. Director, ULSee Co, Ltd. Director, GIXIA GROUP CO. Chairman, Yishing Technology Ltd.

## **IV. Appendices**



**Articles of Incorporation  
of  
eMemory Technology Inc.  
(the “Company”)**

Section I      General Provisions

- Article 1                    The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 力旺電子股份有限公司 in the Chinese language, and eMemory Technology Inc. in the English language.
- Article 2                    The scope of business of the Company shall be as follows:  
CC01080 Electronic Parts and Components Manufacturing  
I501010 Product Designing  
F601010 Intellectual Property (IP)  
CC01050 Data Storage and Processing Equipment Manufacturing  
Research, development, manufacturing and sales of the following products:  
1.    Flash memory Integrated Circuits (IC)  
2.    Embedded flash memory IC IP  
3.    Memory card output/input controllers  
4.    Memory card and digital film related products
- Article 3                    The registered head office shall be in Hsinchu Science-Based Industrial Park, Taiwan, Republic of China. Upon approval of government authorities in charge, the Company may also have branch offices at such other places both within and without the territory of the Republic of China as the Board of Directors (hereinafter, “the Board”) may from time to time determine or the business of the Company may require.
- Article 4                    The Company may provide endorsement and guarantee and act as a guarantor. The relevant rules shall be effective from the date it is approved by the Shareholders' Meeting (hereinafter, “the Meeting”). The same applies to any amendments thereto.
- Article 5                    The total amount of the Company’s reinvestment shall not be subject to the restriction as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board.
- Article 6                    Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## Section II Capital Stock

- Article 7 The total capital stock of the Company shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares, at ten (10) New Taiwan Dollars each, within which the Board is authorized to issue shares in installments.  
The Company may issue employee stock options from time to time by resolutions of the Board. A total of 8,000,000 shares among the above total capital stock should be reserved for the issuance of employee stock options.
- Article 7-1 With the approval of two-thirds or more of attending shareholders representing more than 50% of the total issued and outstanding shares at the Meeting, subscription price of employee warrants can be exempted from the restriction included in Article 53 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers.” The issuance can be carried out in several batches within one year after the resolution is adopted at the Meeting.
- Article 8 The share certificates of the Company shall all be name-bearing and consecutively numbered, and shall be signed by or affixed with the seals of three or more directors, and authenticated by the competent authority of the government or the certification organization approved by the competent authority. The Company may be exempted from printing share certificates if the shares are registered with a domestic securities depository enterprise.
- Article 9 The Company shall attend to affairs pertinent to its shares in accordance with relevant laws and regulations.
- Article 10 The Company may issue new shares in accordance with relevant rules and regulations.

## Section III Meetings of Shareholders

- Article 11 Shareholders’ Meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with relevant laws, rules, and regulations.  
Each shareholder holding 1% or more of the total issued and outstanding stock of the Company may submit a proposal to request the Board to include such proposal as an agenda of a regular shareholders’ meeting, provided that only one proposal may be submitted by the same shareholder and that if more than one proposals are submitted, none shall be included in the agenda. Each proposal shall not exceed 300 words in length; otherwise, it shall be excluded from the agenda.

- Article 12 Shareholders may assign proxy to attend the Meeting on his or her behalf. The proxy shall present the proxy statement, specifying the scope of proxy, issued by the Company and affixed with the Company's seal. Each shareholder may also vote at the Meeting by electronic means of communication. According to regulatory requirements, shareholder who votes electronically shall be deemed as attending the Meeting in person. Electronic voting shall be conducted in accordance with relevant laws and regulations.
- Article 13 Unless otherwise provided by the Company Act, each shareholder shall, at every meeting of the shareholders, be entitled to one (1) vote in person or by proxy for each share of the capital stock having voting power held by such shareholder.
- Article 14 Shareholders' Meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the Meeting with the concurrence of a majority of the votes held by shareholders present at the Meeting.
- Article 15 The resolutions of the Meeting shall be recorded in the minutes, and such minutes shall be signed by or affixed with the seal of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Company.

#### Section IV Directors and Management of the Company

- Article 16 The Company shall have nine (9) to eleven (11) directors to be elected at the Meeting through a nominating system from persons of legal capacity to serve a term of three years. A director may be re-elected. At least three (3) directors shall be independent directors. The compensation for the Chairman and Directors shall be determined by the Board and shall be based on each director's participation and contribution to the Company's operation and shall take global industry standards into account. The percentage of shares held by the directors shall be governed by the competent authority. The Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act. Election of directors of the Company shall be held at the Meeting. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act.
- Article 16-1 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all

independent directors. The Audit Committee or the members of Audit Committee shall be held accountable for responsibilities specified under the Company Act, the Securities and Exchange Act and other regulations.

Article 17 The institutional shareholders of the Company reserve the rights to appoint representatives as candidates for director nomination, and replace appointed representatives serving as directors prior to the end of their terms.

Article 18 The Board shall be organized by the Directors. The Chairman shall be elected among the Directors by approval of a majority of the Directors present at a meeting attended by two-thirds or more of all Directors. The Chairman shall have the authority to represent the Company. In the case where the Chairman is on leave or cannot exercise his or her authority with due cause, a proxy shall be appointed in accordance with Article 208 of the Company Act.

Article 19 Unless otherwise specified by law, the Board meetings shall be convened by the Chairman. The director with the majority of the votes shall convene the first meeting in each new term of the Board.  
Directors shall attend all Board meetings in person. If the meeting is conducted through video conferencing, any director attending the meeting via video conference shall be deemed present at the meeting in person.  
A director may, by written authorization, appoint another director to attend on his or her behalf any meeting of the Board, and to vote for him or her on all matters presented at the meeting, but no director may act as proxy for more than one director. A director residing overseas may appoint other shareholders to attend the Board meetings on his or her behalf, granted that he or she has notified the competent authority of the appointment.  
Meetings of the Board shall be convened upon written notice mailed, e-mailed, or fax to all directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and the agenda. The meeting of the Board shall be held at least once every quarter, or at any time.

Article 20 Each director shall, for every resolution for which a vote is required, entitled to one (1) vote. Unless otherwise specified in the Company Act or the Articles of Incorporation, the resolutions of the Board shall be adopted by a majority vote of those Directors present at a meeting attended by a majority of all Directors. The resolutions of every Board Meeting shall be recorded in the meeting minutes.

Article 21 The Company shall indemnify its directors by reason of the fact that he or she is or was a director of the Company. The Company shall purchase insurance on behalf of its directors to mitigate loss and manage risks.

Article 22 The Company may, by resolution of the Board, appoint one Chief Executive Officer and one or more Vice President(s) or such officer(s) to meet the

Company's operational or managerial needs. The appointment, dismissal, and remuneration packages for the officers are determined in accordance with Article 29 of the Company Act.

## Section V Financial Reports

Article 23 The fiscal year of the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Company shall prepare final accounts for that year.

Article 24 After the close of each fiscal year, the following reports shall be prepared by the Board, and be submitted to the Meeting for acceptance, and be reviewed by the competent authority.

1. Business Report
2. Financial Statements
3. Proposal Concerning Appropriation of Profits or Losses

Article 25 If there is any pre-tax profit, 1% to 25% of the profit shall be distributed to eligible employees in the form of cash or stock for profit sharing. No more than 2% of the profit shall be distributed to directors for compensation. The Board shall prepare separate distribution proposals for employees and directors and present both at the Meeting for approval.

If there is accumulated losses, the pre-tax profit should offset the accumulated losses and the remainder shall be distributed to employees and directors using the aforementioned thresholds.

Article 25-1 If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses, if any.
3. Legal reserve, which is 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and retained earnings from previous years will be allocated as shareholders' dividend. The Board will prepare a distribution proposal and submit it to the Meeting for review and approval by a resolution.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment and capital needs, and capital budgeting plans. The proposal should strike a balance between the shareholders' benefits and the Company's long-term financial plans. Dividends to shareholders shall not be less than 50% of the remaining retained earnings available for distribution and may be

distributed in cash or in stock. Cash dividends shall not be lower than 10% of total dividends to shareholders. Each year the Board shall prepare a profit distribution proposal and present it at the Meeting for approval.

Article 26 Dividends will be paid to the shareholders of record as of the ex-dividend date.

Section VI Supplementary Provisions

Article 27 Detailed procedures of business operations shall be determined by the Board.

Article 28 In regard to all matters not provided for in these Articles of Incorporation, the Company Act and relevant rules and regulations of the Republic of China shall govern.

Article 28-1 The Company may withdraw from public offering upon shareholder approval at the Meeting and submission of a request for withdrawal to the competent authority.

Article 29 These Articles of Incorporation were enacted on August 8, 2000.  
The first amendment was made on June 15, 2001.  
The second amendment was made on June 5, 2002.  
The third amendment was made on May 7, 2003.  
The fourth amendment was made on May 18, 2004.  
The fifth amendment was made on May 18, 2006.  
The sixth amendment was made on May 16, 2007.  
The seventh amendment was made on May 15, 2008.  
The eighth amendment was made on May 26, 2009.  
The ninth amendment was made on May 18, 2010.  
The tenth amendment was made on June 10, 2011.  
The eleventh amendment was made on June 19, 2012.  
The twelfth amendment was made on June 18, 2014.  
The thirteenth amendment was made on June 9, 2015.  
The fourteenth amendment was made on June 14, 2016.  
The fifteenth amendment was made on June 13, 2017.

**Rules of Procedure for Shareholders Meetings  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted by the Shareholders’ Meeting on June 9, 2015

**Article 1** Scope of the Rules

The rules of procedure for the Shareholders Meetings of the Company, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

**Article 2** The "shareholder" referred to in the Rules of Procedure means the shareholder himself/herself/itself and the proxy appointed by the shareholder in accordance with the laws and regulations.

**Article 3** The Convention and Meeting Notice of Shareholders’ Meeting

1. The Shareholders’ Meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.
2. The Company shall prepare electronic versions of the Shareholders’ Meeting notice and proxy forms, and the origins, as well as explanatory materials, relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular Shareholders’ Meeting or 15 days before the date of a special Shareholders’ Meeting. The Company shall prepare electronic versions of the Shareholders’ Meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular Shareholders’ Meeting or 15 days before the date of the special Shareholders’ Meeting. In addition, 15 days before the date of the Shareholders’ Meeting, the Company shall also have prepared the Shareholders’ Meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
3. The reasons for convening a Shareholders’ Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
4. Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the Shareholders’ Meeting. None of the above matters may be raised by an extraordinary motion.

5. A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular Shareholders' Meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when any one of the circumstances set forth in each subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.
6. Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may 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 shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.
7. Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4 Delegation of Attendance at Shareholders' Meeting and Authorization

1. For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company before 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5 Principles Determining the Time and Place of a Shareholders' Meeting

The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

#### Article 6 Matters related to Attendance and Preparation of Documents such as the Attendance Book



1. The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
3. Shareholders and 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 soliciting proxy forms shall also bring identification documents for verification.
4. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials; where there is an election of directors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

#### Article 7 The Chair and Non-voting Participants of a Shareholders' Meeting

1. If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.
2. When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
3. It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
4. If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

#### Article 8 Documentation of a Shareholders' Meeting by Audio or Video

1. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.
2. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Article 9 Calculation of Attending Share Number and Calling a Meeting

1. Attendance at Shareholders' Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

#### Article 10 Discussion of Proposals

1. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.
2. The provisions of the preceding paragraph apply *mutatis mutandis* to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of

the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
5. After the meeting is adjourned, the shareholders shall not elect a new chair to continue the meeting at the same place or another place. However, if the chair declares the meeting adjourned in violation of the rules of procedure, a new chair may be elected by agreement of a majority of the votes represented by the attending shareholders.

#### Article 11 Shareholder Speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal (including extraordinary motions), and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### Article 12 Calculation of Voting Shares and Recusal System

1. Voting at a Shareholders' Meeting shall be calculated based the number of shares.
2. With respect to resolutions of Shareholders' Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
4. The number of shares for which voting rights may not be exercised under the

preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 13 Method for Monitoring and Counting the Vote on a Proposal

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.
2. When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. 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 means 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 extraordinary motions and amendments to original proposals.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, 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 by which the voting rights were exercised, 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 means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.
4. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. 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, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
5. A proposal which is inquired of all the attending shareholders by the chair and there

is not any objection shall be deemed as being passed with the same effectiveness as a vote; if there is any objection, it shall be determined by a vote pursuant to the procedures provided in the preceding paragraph.

6. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
7. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for Shareholders' Meeting proposals or elections shall be conducted in public at the place of the Shareholders' Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14 Election of Directors

1. The election of directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
2. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15 Meeting Minutes and Signing

1. Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes and dealt with pursuant to Article 183 of the Company Act.
2. 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.
3. The methods by which resolutions were adopted which is referred in the preceding paragraph shall mean a proposal which is inquired of all the attending shareholders by the chair and there is not any objection, it shall be recorded as "It had been inquired of all the attending shareholders by the chair and there was no objection"; however, if there is any objection, it shall be recorded as being determined by a vote and the ratio of the numbers of consenting shares to the attending shares.

#### Article 16 Public Disclosure

1. 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.
2. If matters put to a resolution at a Shareholders' Meeting constitute material

information under applicable laws or regulations or under GreTai Securities Market regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintaining Order at the Meeting Place

1. Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.
2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
3. People who attend to the Shareholders' Meeting shall not bring anything which will harm to the life, body, freedom of others or safety of the property.
4. During the Shareholders' Meeting, the chair may ask the police for helping maintain order at the meeting place.
5. 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 the Company, the chair may prevent the shareholder from so doing.
6. 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 Recess and Resumption of a Shareholders' Meeting

1. 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.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 Anything not provided herein shall be governed by the related statutes and regulations.

Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Article 21 These Rules were adopted by the Shareholders' Meeting on June 14, 2001. The first amendment was made on September 29, 2009. The second amendment was made on June 19, 2012. The third amendment was made on June 18, 2014. The fourth amendment was made on June 9, 2015.

**Rules for the Third Time Shares Repurchase and Transfer to Employee  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted on September 13, 2018

First Amendment was approved by the Board of Directors on October 24, 2018

- Article 1 In order to encourage the employees and improve their coherence, the Company adopted the Rules for Shares Repurchase and Transfer to Employee pursuant to relevant regulations of subparagraph 1, paragraph 1 in Article 28-2 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” promulgated by the Financial Supervisory Commission (FSC). Except otherwise provided in the laws and regulations, the Company repurchases and transfers shares to employee shall be conducted pursuant to the rules set forth herein.
- Article 2 (Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.)  
All the shares to be transferred to employees this time are ordinary shares, except otherwise provided in the laws and regulations, the rights and obligations shall be the same with the other outstanding ordinary shares.
- Article 3 (Transfer Period)  
The shares repurchased this time, pursuant to these rules, may be transferred once at a time or in installments within three years from the day when they are repurchased.
- Article 4 (Eligibility requirements for transferees)  
Formal employees (including formal employees of domestic or overseas subsidiaries; the term of “subsidiaries” refers to the company in which is held directly or indirectly more than 50% voting shares of the same invested company) who started working before the subscription day or have unique contribution that had been reported and approved by the Board of Directors are eligible to subscribe for the amount pursuant to Article 5.
- Article 5 (Procedures for transfer of shares)  
The number of shares which employees may subscribe  
The Company may consider the level, working seniority, performance, unique contribution, etc. of an individual employee as standards to determine the number of shares that the employee may be transferred, and also the Chairman further determines the number of shares that the employee may be transferred by contemplating the factors of the total number of repurchased shares which are possessed by the Company on the prescription day and the maximum of the shares for an individual employee to subscribe. In the event that the subscription period becomes expired and the employee fails to subscribe and make payment shall be deemed to have waived his/her privilege; the Chairman is authorized to negotiate with other employees to subscribe the shares left unsubscribed.

Article 6 Procedures for this transfer of shares to employees

1. Pursuant to the resolution of the Board of Directors, announcing and reporting the repurchase of shares and completing it within the execution period.
2. With the authorization granted by the Board of Directors, the Chairman shall specify and announce the operation affairs of employees' subscription day, standards of the number of shares which employees may subscribe, the period for subscribing and making payment and the rights attaching to the shares, etc.
3. Calculating the number of shares which are actually subscribed and paid off, and completing the shares transfer register.

Article 7 (Agreed transfer price per share)

The transfer price for this transfer of repurchased shares to employees shall be the average actual share repurchase price, however, prior to the transfer, if the number of the company's issued ordinary shares increases or decreases the transfer price may be correspondingly adjusted with the ratio of the increase or decrease.

Transfer Price Adjustment Formula:

Adjusted transfer price = Average actual share repurchase price X (Total number of the issued ordinary shares while reporting the repurchase of shares ÷ Total number of the issued ordinary shares prior to the transfer of shares to employees)

Article 8 (Rights and obligations subsequent to execution of the transfer)

After the transfer of repurchase shares to employees and completion of transfer register, except as provided otherwise, the rights and obligations adhering to the shares shall be identical to the original shares.

Article 9 (Other rights and obligations related to the Company and its employees)

In terms of transferring the treasury shares to employees, the transfer register will be made after the relevant taxes have been paid pursuant to the laws.

Article 10 (Miscellaneous)

The treasury shares repurchased by the Company for transferring to employees shall be completely transferred within three years from the day of repurchase, the shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration of cancellation of shares shall be processed pursuant to the laws.

Article 11 These rules shall become effective after the approval of Board of Directors' resolution, and may be amended by reporting to the Board of Directors for resolution.

Article 12 These rules shall be reported to the Shareholders' Meeting, the amendment shall be subject to the same requirements.



**Procedures for Acquisition or Disposal of Assets  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted by the Shareholders’ Meeting on June 13, 2019

Article 1: Purposes

These Procedures are enacted for the Purposes of enhancing the management of assets and making full public disclosure, so that there are rules can be followed during the acquisition or disposal of the assets.

Unless otherwise provided in the laws and regulations, the acquisition or disposal of the assets by the Company shall be processed in accordance with these procedures.

Article 2: Definition

1. The term "Assets" as used herein includes the following:
  - (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  - (2) Real property (including land, houses and buildings, and investment property) and equipment.
  - (3) Memberships.
  - (4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - (5) Right-of-use assets.
  - (6) Derivatives.
  - (7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  - (8) Other major assets.
2. The term of “Derivatives” hereunder shall mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
3. The term of “Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares in accordance with law” hereunder means assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "Transfer of shares") under Article 156-3 of the Company Act.

4. The term of "Related Party", "Subsidiary" hereunder shall be as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. The term of "Professional Appraiser" hereunder refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
6. The term of "Date of Occurrence" hereunder principally refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or any other date that can confirm the counterparty and monetary amount of the transaction (whichever date is earliest); provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. The term of "Mainland China area investment" hereunder refers to investments in the mainland China area which are conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area promulgated by the Ministry of Economic Affairs Investment Commission.

#### Article 3: Exclusion of Related Party

Professional appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall be subject to the following requirements:

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

#### Article 4: The restrictions of total amount for acquiring the real property and the right-of-use assets or securities by the Company for non-operational purposes

1. The total amount for acquisition of real property and the right-of-use assets for non-operational purposes by the Company and each subsidiary shall not exceed 50% of each company's net value set forth in the latest financial report certified and reviewed by a certified public accountant.
2. The acquisition of investments in financial assets other than quasi money market fund by the Company shall not exceed 40% of the company's net value set forth in the

latest financial report certified and reviewed by a certified public accountant; the respective investment amount for the investment in financial assets other than quasi money market fund by the Company shall not exceed 15% of the company's net value set forth in the latest financial report certified and reviewed by a certified public accountant.

3. The acquisition of investments in financial assets other than quasi money market fund by each subsidiary of the Company shall not exceed 100% of each company's paid-in capital. The respective investments in financial assets other than quasi money market fund by each subsidiary of the Company shall not exceed 50% of each company's paid-in capital.
4. The acquisition of an individual investment in financial assets other than quasi money market fund by the Company and each subsidiary under the amount of NT\$ 60 million (including NT\$ 60 million) shall be proceeded by authorizing the Board of Directors' meeting for resolution; in the case of an amount over NT\$ 60 million (excluding NT\$ 60 million) shall be submitted to the Shareholders' Meeting for resolution.

#### Article 5: The Appraisal and Operating Procedures for Acquisition or Disposal of Securities

1. The means of price determination and supporting reference materials  
When acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain the latest financial reports of the issuing company which is certified or reviewed by a certified public accountant for reference in appraising the transaction price:
  - (1) When the securities are acquired or disposed of through stock exchange market or over-the-counter, shall be determined by the then current market prices.
  - (2) In acquiring or disposing of securities which are not traded on any stock exchange market or over-the-counter, its net value per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its then current market price shall be evaluated.
2. Inquiring the Experts for Opinions  
In acquiring or disposing of securities which the dollar amount of the transaction is 20 % of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant, prior to the date of occurrence of the event, to provide an opinion regarding the reasonableness of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to public quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).  
Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or opinion of the certified public accountant.
3. The Units responsible for Implementation

Finance Department of the Company shall be the execution unit for the implementation of acquiring or disposing the securities.

4. Transaction Process

The transaction process for acquiring or disposing of securities shall follow the provisions of the operation regarding Investment Cycle of the Internal Control System.

5. The management of securities shall take a reference to the "Procedures for Investment Management" of the Company.

Article 6: The Appraisal and Operating Procedures for Acquisition or Disposal of Real Property, Equipment or the right-of-use assets

1. The means of price determination and supporting reference materials

In acquiring or disposing of real property, equipment or the right-of-use assets, the unit who makes use of that shall submit an application, and the unit who is in charge of assets management, the unit who is in charge of procurement shall take a reference to the government assessed value, appraised value, the actual transaction price of real property located in neighborhood, the recent transaction price of the identical property etc., and make it by one of the means of comparing the price, negotiating the price or call for tenders.

2. Inquiring the Experts for Appraisal Report

In acquiring or disposing of real property, equipment or the right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or above, unless transacting with a domestic government agency, contracting others to build on its own land, or contracting others to build on rented land, or acquiring or disposing of equipment or the right-of-use assets held for business use, an appraisal report should be obtained prior to the date that the transaction occurred from a Professional Appraiser and the transaction shall comply with the following provisions:

(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed if there is any change to the terms and conditions of the transaction in the future.

(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- I. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - II. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or opinion of the certified public accountant.

3. The degree of authority delegated, the levels to which authority is delegated, and the Units responsible for Implementation

The acquisition or disposal of real property, equipment or the right-of-use assets shall be executed by the department who makes use of such assets and the unit being in charge of assets management, and submitted to the authorized officer for approval.

4. Transaction Process

The transaction process for acquiring or disposing of real property, equipment or right-of-use assets shall follow the provisions of the operation regarding real property, factory building or equipment cycle of the Internal Control System.

#### Article 7: Related Party Transactions

1. In terms of the acquisition or disposal of the assets between the Company and related party except the related resolution procedure and evaluation regarding the reasonableness of the transaction price etc. shall be made pursuant to Article 5, Article 6, Article 8 and provisions hereunder, where the transaction amount is 10% or more of the total assets of the Company, appraisals from professional appraisers or opinions from certified public accountant shall be also obtained pursuant to Article 5, Article 6 and Article 8.

The amount set forth in the preceding paragraph shall be calculated pursuant to Article 8-1.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. When the Company acquires or disposes of real property or the right-of-use assets from or to a related party, or when it acquires or disposes of assets or the right-of-use assets other than real property from or to a related party and 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, except in trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following information is submitted to the audit committee for approval, as well as being approved by the Board of Directors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) With respect to the acquisition of real property or the right-of-use assets from a related party, information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the provisions under paragraph 3 to paragraph 6 in this Article 7.
- (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or opinion of the certified public accountant which shall be obtained in compliance with this Article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 11, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The amounts that have been submitted to the audit committee for approval and approved by the Board of Directors are exempted to be counted toward the transaction amount.

With respect to the transactions set forth below between the Company and its parent or subsidiaries, or between the subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters subject to a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors' meeting:

- (1) The acquisition or disposal of equipment or the right-of-use assets thereof held for business use.
- (2) The acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the Board of Directors pursuant to preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

3. When the Company acquires real property or the right-of-use assets from the related party, it shall evaluate the reasonableness of the transaction costs by following means (where the land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the following means):

- (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term of "Necessary interest on funding" hereunder is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum of non-financial industry lending rate announced by the Ministry of Finance.
  - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. The Company that acquires real property or the right-of-use assets from a related party and appraises the cost of the real property or the right-of-use assets in accordance with the provisions set forth in the preceding paragraph, shall also engage a certified public accountant to check the appraisal and render a practical opinion.
5. Where the Company acquires real property or the right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 2 of this Article 7, and the preceding two paragraphs do not apply:
  - (1) The related party acquired the real property or the right-of-use assets through inheritance or as a gift.
  - (2) More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or the right-of-use assets to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party or by engaging the Company's related party to construct the real property on the Company's owned land or leased land.
  - (4) The acquisition of real property right-of-use assets held for business use between the Company and its parent or subsidiaries, or between the subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or authorized capital.
6. When the Company acquires real property from a related party and the results of the Company's appraisal conducted in accordance with the provisions of paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in accordance with paragraph 7 of this Article. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:
  - (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

- I. Where undeveloped land is appraised in accordance with the means in paragraph 3 of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term of "Reasonable Construction Profit" shall be deemed to be the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - II. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property trading or leasing market practices.
- (2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the subparagraph 1 and subparagraph 2 of this paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels of similar land area in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; the term of "within the preceding year" refers to the year preceding the actual date of acquisition of the real property or the right-of-use assets.

7. Where the Company acquires real property or the right-of-use assets from a related party and the results of the Company's appraisal conducted in accordance with the provisions of paragraph 3 and paragraph 6 of this Article are uniformly lower than the transaction price, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property or the right-of-use assets, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under paragraph 1, Article 41, of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. The special reserve set aside under the preceding paragraph shall not be utilized until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, the lease has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has given its consent.



- (2) Audit committee shall comply with the provisions of Article 218 of the Company Law.
  - (3) Actions taken pursuant to subparagraph 1 and subparagraph 2 under this paragraph shall be reported to Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
8. The Company shall also comply with the provisions of paragraph 7 in this Article when obtaining real property or the right-of-use assets from a related party if there is other evidence indicating that the transaction was not an arm's length transaction.

**Article 8: Acquisition or Disposal of Intangible Assets or the right-of-use assets or Membership**

In acquiring or disposing of the intangible assets or the right-of-use assets or membership where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or above, unless transacting with a domestic government agency, the Company shall engage a certified public accountant, prior to the date of occurrence of the event, to provide an opinion regarding the reasonableness of the transaction price. The certified public accountant shall conduct it in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.

**Article 8-1:** The calculation of the transaction amount referred to in Article 5, Article 6 and Article 8 shall be made in accordance with paragraph 2 of Article 11, and the term of "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In term of the amounts that the appraisals from professional appraisers or opinions from certified public accountant have been obtained pursuant to these Procedures shall be exempted to be counted toward the transaction amount.

**Article 9: Engaging in Derivatives Trading**

1. Trading Principles and Policies:

(1) Trading Type

The Derivatives traded by the Company hereunder shall mean forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.

(2) Operating or Hedging Strategies

The Company engages in derivatives trading principally in order to hedge the fluctuation in exchange rate or interest rate not for the purposes of creating the profit. Therefore, the trading object shall be chosen mainly for hedging the risk derived from the business operation of the Company, the trading currency shall be limited to the foreign currency that derived from the import or export transactions by the Company, and by basing on the Company's internal netting of the whole trading position (which refers to the income and expense of foreign currency), to reduce the whole risk of the Company regarding foreign currency, and save the

trading costs of foreign currency.

(3) Segregation of Duties

- I. Financing Personnel: Who is the center of the Derivatives Trading management system, operates the matters of derivatives for the Company, the estimate and occurrence of the position shall be made by collecting the information provided by Purchase and Sales Department, and from time to time, collecting the market information, ascertaining the trend and risks, getting familiar with financial instruments, regulations and statutes, and operation skills to support him/herself and other related departments during the operation as a reference. The personnel being in charge of the operation of derivatives in transaction, confirmation and settlement shall be independent respectively.
- II. Accounting Personnel: Accurately calculate the position having been realized or may occur in the future, and keep the account book according to the settlement vouchers and related transaction documents.
- III. Archiving: All the trading slip, bank statement, transaction authorization and appraisal shall be archived by accounting division.

(4) Total amount of Derivatives contracts that may be traded and the maximum loss limit on total trading and for individual contracts.

- I. Hedging Operation: The total hedged amount of the Company is limited to an amount less than two-third of the net position for all transaction. The limitation of losses for contract shall be 10% of the contract price, and this applies to respective contract and all contracts.
- II. Trading Operation: The Company does not engage in trading operation.

(5) Performance Evaluation

The derivatives which the Company trades in are financial hedging transactions that derived from the operation correspondingly; however, the personnel taking charge of the transaction shall report the transaction results to the Board of Directors periodically.

2. Operation Procedures

(1) Authorized Amount and Level

Level	Each transaction
Board of Directors	Above USD 3 million
Chairman	USD 1~3 million (included)
President	Under USD 1 million (included)

- (2) The personnel authorized to trade makes a phone call to the bank to place an order within the authorized amount, and fill in the application form for derivatives transaction by indicating the transaction, purchase/sell amount, period, trading purpose, transaction details, charges, counterparty, trader, and submit to the manager authorized by the Board of Directors for approval.
- (3) After receiving the transaction documentations from the bank, the confirmation personnel shall immediately confirm the transaction details with counterparty through the phone, if any defect is found shall be clarified with the trader promptly.
- (4) After the confirmation personnel confirmed the transaction, the settlement

personnel proceeds the settlement matters according to the details set forth in the trading slip.

(5) Accounting personnel make accounting entries and keep the account book according to the settlement vouchers and related transaction documents.

### 3. Risk Management Measures

#### (1) Credit Risk Management

The counterparty shall be internationally well-known bank with good credit in principle.

#### (2) Market Risk Management

Mainly targeting global financial products which are commonly traded, and preventing from implementing specifically designed product.

#### (3) Liquidity Risk Management

To ensure the market liquidity, the targeted chosen financial products shall have better liquidity (i.e. that they can be cashed out in the market anytime), the financial institutions delegated to trade shall have sufficient information and are capable to trade in any market anytime.

#### (4) Cash Flow Risk Management

To ensure the stability of the Company's cash flow, the sources of funds used for the derivatives transaction shall be the Company's owned funds, and in terms of the trading amount, the demand of funds which is estimated by basing on the cash income and expense three months in the future shall be considered.

#### (5) Operation Risk Management

I. Strictly complying with the transaction procedures to avoid the operation risk.

II. The respective functions of trading, confirmation and settlement with respect to derivatives shall be performed by different persons.

III. The risk-assessment, risk-supervision, and risk-control personnel shall belong to a different department from the above personnel, and report to the Board of Directors or high-ranking officers who are not in charge of trading or a position being relevant to decision making.

IV. The possessed position of derivatives shall be evaluated at least once a week, however, the hedging transactions made for the demand of business shall be evaluated at least twice a month, the evaluation report shall be submitted to the high-ranking officers who are authorized by the Board of Directors.

V. The confirmation personnel shall take charge of registering the transaction documents or contract, reconcile the account book or verify with the corresponding bank, and check whether the total transaction amount exceeds the stipulated limitation.

#### (6) Legal Risk Management

The documents signed with the counterparty shall be the contracts which are generally used in the market, that any specific contract shall be reviewed by the legal personnel or attorneys.

### 4. Internal Audit System

The internal auditor shall periodically check whether the internal control system for derivatives transaction is proper or not, and an audit report shall be made by auditing

the trading department to examine the compliance of the procedures for derivatives transactions each month. The audit report shall be filed together with the implementation report of internal audit operation annual examination plan to Financial Supervisory Commission in the prescribed format and via the Internet-based information system before the end of February of the next year, and file the rectification report to Financial Supervisory Commission in the prescribed format and via the Internet-based information system before the end of May of the next year. If any material violation is found, the internal auditor shall give written notice to the audit committee.

5. Supervisory and Management of the Board of Directors

(1) The Board of Directors shall supervise and manage based on the following principles:

I. The Board of Directors shall appoint a high-ranking officer to take notice of the supervision and control of the risks of derivatives transactions anytime, the management principles are:

i. Periodically evaluating whether the risk management measures currently used are proper and conform to this Article.

ii. Supervising the transaction and its profit and loss, If anything is found unusual, the necessary measures shall be taken, and it shall be reported to the Board of Directors promptly, the independent director shall attend to the Board of Directors' meeting and express his/her opinions.

II. Periodically, to evaluate whether the performance of derivatives transactions meets the operating strategy and the risk to be assumed is within the affordable range.

III. If the transaction of derivatives is made by authorized personnel pursuant to the provisions of subparagraph 1, under paragraph 2 in this Article, shall be reported to the latest Board of Directors' meeting.

(2) The Company engaging in derivatives trading shall establish a memorandum book in which the details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under this Article shall be recorded in detail in the memorandum book.

Article 10: Mergers, Demergers, Acquisitions, and Transfer of Shares

1. The Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give 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 of Directors for discussion and resolution. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, as well as in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

2. Where the Company participates in a merger, demerger or acquisition, a public report to shareholders shall be prepared detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and such report should be included along with the expert opinion referred to in the preceding paragraph of this Article when sending convention notice of the Shareholders' Meeting for reference in deciding whether to approve such merger, demerger, or acquisition; provided, where a provision of another act exempts the Company from convening the Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the proposed date of the next Shareholders' Meeting.

3. The Company participating in a merger, demerger, or acquisition shall convene the Board of Directors' meeting and the Shareholders' Meeting on the day of the transaction to resolve relevant matters of the merger, demerger, or acquisition, unless otherwise provided in another Act or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants approval.

The Company participating in a transfer of shares shall call a Board of Directors' meeting on the day of the transaction, unless otherwise provided in another Act or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants approval.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors' meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of the resolution of the Board of Directors approving such transaction, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the

Financial Supervisory Commission in the prescribed format and via the Internet-based information system for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of preceding paragraphs.

4. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
5. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - (2) An action, such as a disposal of major assets, that affects the company's financial operations.
  - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
6. The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
  - (1) Handling of breach of contract.
  - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (4) The manner of handling changes in the number of participating entities or

companies.

- (5) Preliminary progress schedule for plan execution, and anticipated completion date.
- (6) Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.
7. After public disclosure of the information, if the Company participating in the merger, demerger, acquisition, or transfer of shares intends further to carry out a merger, demerger, acquisition, or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or transfer of shares; except that where the number of participating companies is decreased and a participating company's Shareholders' Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another Shareholders' Meeting to resolve on the matter anew.
8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions in paragraph 3, paragraph 4 and paragraph 7 of this Article.

#### Article 11: Public Announce and Report Procedures

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission in the prescribed format within two days commencing immediately from the date of occurrence of such event:
  - (1) Acquisition or disposal of real property or the right-of-use assets from or to a related party, or acquisition or disposal of assets or the right-of-use assets other than real property from or to a related party where the transaction amount reaches 20% or more of 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
  - (4) Where the asset acquired or disposed is equipment or the right-to-use assets held for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
  - (5) Real property acquired by means of engaging others to build on the company's own land, engaging others to build 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 trading counterparty

is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million or more (which is calculated by basing on the estimated investment amount shall be made by the Company).

- (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 or more; provided, that this shall not apply in the following circumstances:
  - I. Trading of domestic government bonds.
  - II. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
  - (1) The amount of any individual transaction.
  - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - (3) The cumulative transaction amount of acquisitions and disposals of the real property or the right-of-use assets (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. The term of "within the preceding year" as mentioned in the preceding paragraph shall be calculated as one year before the date of occurrence of the current transaction. The portion which is duly announced in accordance with these procedures shall be exempted.
4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission by the 10th day of each month.
5. 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 it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
6. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and the opinions of certified public accountant, attorney, and securities underwriter at the Company, where they shall be retained for 5 years except where another act provides otherwise.
7. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the regulations, a public report of relevant information shall be made on the



information reporting website designated by the Financial Supervisory Commission within 2 days counting inclusively from the date of occurrence of the event:

- (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
- (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- (3) Change to the originally publicly announced and reported information.

Article 12: The Company's controlling procedure on the acquisition or disposal of assets implemented by its subsidiary

1. The subsidiaries of the Company shall also establish its "Procedures for Acquisition or Disposal of Assets" pursuant to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and so implement.
2. Information required to be public disclosed and reported in accordance with the standards of public disclosure and report provided in Article 11 on acquisitions and disposals of assets by any subsidiary of the Company that is not a domestic public company shall be public disclosed and reported by the Company. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to the requirement for a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20% of paid-in capital or 10% of the total assets.
3. When auditors of the Company perform the annual audit plan in auditing its subsidiaries, they also have to realize the acquisition or disposal of assets implemented by the subsidiaries.

Article 12-1: Provisions with respect to 10% of the total assets under these procedures shall be calculated based on the total amount of assets in the most recent parent company only financial report or individual financial report issued in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In the case of an issuer whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amount of 20% of paid-in capital under these procedures, 10% of equity attributable to owners of the parent company shall be substituted.

Article 13: Penalty

The concerned personnel who is in charge of the acquisition and disposal of the assets shall follow these procedures, if any material violation is found shall be reported pursuant to the personnel management procedures and disciplined according to the circumstances.

Article 14: Miscellaneous

Anything not provided herein shall be governed by the related statutes and relevant

rules of the Company.

Article 15: Enforcement and Amendment

These procedures for acquisition or disposal of assets of the Company shall be approved by one half or more of all audit committee members and submitted to the Board of Directors for resolution, subject to the approval of the Board of Directors and then submitted to the Shareholders' Meeting for approval, these procedures become effective, the amendment shall be subject to the same requirements.

The position of independent director has been created by the Company, when the procedures for acquisition or disposal of assets are submitted for discussion by the Board of Directors pursuant to preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

Article 16: These procedures are adopted by the Shareholders' Meeting on May 2, 2006. The first amendment was made on May 16, 2007. The second amendment was made on May 18, 2010. The third amendment was made on June 19, 2012. The fourth amendment was made on June 14, 2013. The fifth amendment was made on June 18, 2014. The sixth amendment was made on June 9, 2015. The seventh amendment was made on June 13, 2017. The eighth amendment was made on June 13, 2019.

**Procedures for Lending Funds to Other Parties  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted by the Shareholders’ Meeting on June 13, 2019

**Article 1: Purpose**

Unless otherwise provided in the laws and regulations, the funds lent to others by the Company shall be processed in accordance with these procedures.

**Article 2: Counterparty to Whom the Funds are Lent**

1. Companies or firms that have business relationship with the Company.
2. Companies or firms in need of short-term financing.

The term of “short-term” referred in the preceding paragraph shall mean one year.

The limited amount and period of loans between the foreign companies in which the Company directly or indirectly holds 100% voting shares or between the foreign companies in which the Company directly or indirectly holds 100% voting shares and the Company shall follow Article 4 and Article 5 under these procedures.

**Article 3: Reasons and Necessities for Loaning of Funds to Other Parties**

Lending funds to other companies or firms by the Company for business relationship shall follow the provisions set forth in paragraph 2 of Article 4; lending funds for the necessity of short-term financing shall be restricted to the following circumstances:

1. The companies in which the Company holds 50% or more voting shares need a short-term period financing necessary for the business.
2. The other companies or firms need a short-term period financing necessary for purchasing materials or business operation.
3. The other loans of funds which are approved by the Board of Directors of the Company.

**Article 4: The Total Amount of Loans and the Limited Amount for Individuals**

The total amount of funds lent by the Company shall not exceed 20% of the Company's net value; and the limited amounts of funds lent to the individuals are set forth below:

1. For companies or firms who have business relationship with the Company, the total amount of funds lent by the Company shall not exceed 10% of the Company's net value, and the amount lent to an individual shall be limited to the business amount between such individual and the Company within latest one year, and by basing on considering the risk, shall not exceed 5% of the Company's net value.

The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.

2. The total amount of funds lent by the Company to companies or firms for the necessity of short-term financing shall not exceed 10% of the Company's net value, and the amount lent to an individual shall be limited to 5% of the Company's net value.

The limited amounts lent to an individual by the Company, except being restricted pursuant to subparagraph 1 and 2 of paragraph 1 under this Article, shall also not exceed 30% of the borrower's net value, but this restriction shall not apply to the circumstance of loaning of funds to the subsidiaries in which the Company holds 100% of voting shares.

#### Article 5: The Period of Loan

The period of loan is determined according to the term which the borrower needs for the loan, however, it shall not exceed one year from the day that the loan was made.

#### Article 6: The Company's Procedures for Lending Funds to Other Parties

##### 1. Credit Assessment

- (1) When the Company deals with the matters of loaning of funds, the borrower shall provide necessary information regarding the corporation and finance in advance for applying to the Company in writing for the quota of loaning of funds.
- (2) After the Company accepted the application, Finance Department shall investigate and assess the operated business, financial status, solvency and credit, profitability and financing purpose of the borrower, and prepare a report. When finance division investigates and assesses the borrower in detail, the assessment items shall at least include:
  - I. The necessity and reasonableness of loans to others.
  - II. Considering whether the amount of loaning of fund is necessary by evaluating the financial status of the borrower.
  - III. Whether the accumulated amount of the lent fund is still under the limited amount.
  - IV. The impact of such loaning of fund upon the Company's business operation, financial condition and shareholders' equity.
  - V. Whether the collateral is required and the assessment of the collateral.
  - VI. The borrower's credit status and risk assessment record.

##### 2. Approval of Loan

- (1) In terms of the case with good credit assessment and proper loaning purpose as shown in the credit audit and investigation result, the personnel in charge shall deal with it by filling in a credit investigation report and audit opinion and propose the conditions for loaning of fund, after being permitted by the Chairman and submitting them to the Board of Directors meeting for resolution and approval.
- (2) Loans between the Company and its parent company or between the subsidiaries of the Company, the Chairman may be authorized, within a certain limited amount resolved by the Board of Directors, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

Unless as provided by paragraph 4 of Article 2 hereof, the “limited amount” referred in the previous subparagraph lent by the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net value of the Company based on its latest financial statements.

(3) The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when lending funds to the other party.

### 3. The Guarantee and Insurance of Loan

The certificate of indebtedness, promissory note and collateral shall be acquired when lending funds to the other party. Except the subsidiaries directly or indirectly possessed by the Company may be exempted from providing the collaterals, the other borrowers shall provide sufficient collaterals (ex. equivalent real properties, securities or issuing negotiable instruments for guarantee), and a lien or mortgage has to be created on them, so the rights of the Company are protected.

Except land and securities, the collaterals shall be insured pursuant to the rules, the insurance coverage shall not less than the replacement cost of the collaterals. If the collateral is a vehicle, the insurance shall cover all risk. When the collaterals are insured, the Company shall be the insurance beneficiary.

When issuing a negotiable instrument for guarantee, the date of maturity for the negotiable instruments shall be the appointed repayment date, and it shall be delivered to and in custody of the Company to ensure the rights.

### 4. Appropriation

The appropriation of lending fund will be made subject to it is approved and the borrower had signed the certificate of indebtedness and promissory note, the creating of a lien or mortgage on the collaterals had been registered, after all the processes are checked without any error.

### 5. Interest Calculation

Except it is provided otherwise, the interest shall be calculated and paid once a month in principle, by informing the borrower to pay off within one week from the appointed pay day. If there is any special circumstance, it can be adjusted according to the actual condition after approved by the Board of Directors. The interest shall be calculated by a rate no less than the short-term loaning rate for the Company makes short-term financing from the financial institutions but restricted to the highest rate among them.

### 6. Documentation Filing and Preservation

After appropriation, the personnel in charge of the loaning of funds shall collate and examine the certificates of the obligatory claim such as contract, promissory note, etc., and the certificates of the collateral, the correspondence, etc. Then the documents shall be sealed by the personnel in charge and the supervisor after being examined correct, and preserved after being recorded in the register book.

Article 7: The Consecutive Measures for Control and Management of the Lent Funds, Procedures for Handling Overdue Performance

After the appropriation of loaning of funds, the borrower's financial, business and credit status shall be watched from time to time, if the collateral is provided, whether there is any change to the ensured value shall be watched as well. Before the loan becomes due, the borrower shall be informed to pay off the principal and interest or apply for the extension of the period.

When making a repayment on the due day, the borrower shall first calculate the interest payable, and make it paid off together with the principal; after that, the certificates of the obligatory claim such as promissory note, certificate of indebtedness, etc. shall be canceled and returned to the borrower.

If the borrower fails to repay the interest and principle or apply for the extension of period when due, after providing necessary notification, the Company shall enforce the right to preserve its obligatory right pursuant to the law.

Article 7-1: Evaluation of Allowance for Doubtful Debts and Properly Disclosed in the Financial Statement

If the funds are lent by the Company, it shall be evaluated and make sufficient allowances for doubtful debts, and properly disclosed in the financial statement, the related information shall be provided to the certified public accountant for necessary audit procedures.

Article 8: Internal Control

1. A memorandum book for the record of lending funds shall be established, in which the information of the entity for which the funds are lent, amount, date of approval by the Board of Directors, funds lent date and matters to be carefully evaluated under the rule shall be recorded in detail for reference.
2. The internal auditors of the Company shall at least quarterly audit the procedure and implementation of lending funds to the other parties, and prepare the written record accordingly, should any material breach of these procedures is found, the auditors shall promptly notify the Audit Committee with a written notice.
3. Where changes in circumstances of the Company result in that the entity to which the Company lent fund becomes a disqualified entity hereunder or the amount of lent fund exceeds the limited amount, the Company shall adopt rectification plans, submit the relevant rectification plans to the Audit Committee and complete the rectification on schedule for enhancing the internal control of the Company.

Article 9: Public Disclosure and Report for Loaning of Funds

1. The Company shall disclose and report the loan balances of the Company and its subsidiaries for the previous month by the tenth day of each month.
2. A public company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the

date of occurrence:

- (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20% or more of the Company's net value as stated in its latest financial statement.
- (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net value as stated in its latest financial statement.
- (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net value as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

#### Article 10: Control Procedure to Subsidiaries in Loaning of Funds to Other Parties

1. The subsidiaries of the Company intend to lend funds to other parties shall establish their own procedures for loaning of funds to other parties in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", and follow the procedures in handling loaning of funds to other parties.
2. When auditors of the Company perform the annual audit plan in auditing its subsidiaries, they also have to realize the implementation status of procedures for lending funds to other parties by the subsidiaries. If any fault is found the rectifying status shall be tracked continuingly, and a follow-up report shall be made and reported to the Board of Directors.

The "Subsidiary" mentioned in these procedures shall be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The financial report of the Company is prepared according to the International Financial Reporting Standards; and the Net Value mentioned herein is defined as the equity attributable to the owners of the parent company, which is set forth in the balance sheet which is prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Article 11: Penalty

The Company shall lend funds to other parties pursuant to these procedures, should managers and personnel in charge violate the rules of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and these procedures shall be disciplined or transferred from the position according to the related regulations of the competent authority and the Company.

Where the responsible person of the Company has acted contrary to the provisions set out in Article 2 of the Procedures, the responsible person of the Company shall be liable for the restitution jointly with the lender; if any damage caused to the Company, the

responsible person of the Company shall be also liable for the damage to the Company.

Article 12: These procedures shall be approved by one half or more of all the Audit Committee members and then submitted to the Board of Directors for resolution. After being approved by the Board of Directors, these procedures shall be submitted to the Shareholders' Meeting for approval and enforced after the approval of Shareholders' Meeting; any amendment to these procedures is subject to the same processes.

In the event that it is not approved by one half or more of all the audit committee members, it may be approved by two-third or more of all the Directors, and the resolution of the audit committee shall be definitely recorded in the meeting minute of the board meeting.

The all the audit committee members and all the Directors mentioned in the preceding paragraph shall be subject to the members who are actually at their post.

The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite dissenting or preserved opinion when proposing these procedures to the board meeting for discussion.

Article 13: These procedures were enacted on November 28, 2002.

The first amendment was made on March 25, 2003.

The second amendment was made on May 18, 2006.

The third amendment was made on May 26, 2009.

The fourth amendment was made on June 14, 2013.

The fifth amendment was made on June 9, 2015.

The sixth amendment was made on June 13, 2019.



**Procedures for Endorsement and Guarantee  
of  
eMemory Technology Inc.  
(the “Company”)**

Adopted by the Shareholders’ Meeting on June 13, 2019

Article 1: Purposes

Unless otherwise provided in the statutes and regulations, the Company to provide endorsement and guarantee required for the business shall be processed in accordance with these procedures.

Article 2: The Words "Endorsement and Guarantee" Used Herein Shall Include the Following

1. Financing endorsement and guarantee: shall mean financing to customers' checks for cash with a discount, endorsement or guarantee for another company for its financing needs and endorsement or guarantee to the negotiable instruments issued by the Company to non-financial institutions and entities for the Company's own financing needs.
2. Endorsement or guarantee of customs duties: shall mean endorsements or guarantees made for the Company or other companies with respect to matters involving customs duty.
3. Other endorsement and guarantee: shall mean those cannot be categorized in items (1) and (2) as mentioned above. The lien or mortgage provided by the Company against its chattel and real property for guaranteeing another company's loan or other matter which is resided in the endorsement and guarantee of its character should also comply with these procedures.

Article 3: The Parties to be Endorsed and Guaranteed

The party to whom the Company may provide endorsement or guarantee is required to satisfy the following conditions:

1. Companies who have business relationship with the Company.
2. Companies whose outstanding voting shares are owned by the Company directly and indirectly by more than 50%.
3. A company that directly and indirectly owns more than 50% of the outstanding voting shares of the Company.

The companies whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more may provide endorsement and guarantee for one another.

In the event, by basing on a joint investment relation, that the Company endorses or guarantees for the invested company by the amount determined according to the proportion to their shareholding percentages, such endorsement or guarantee may be exempted from the restrictions under the preceding paragraphs.

The investment referred in the preceding paragraph shall mean the investment made directly by the Company or by a company in which the Company holds 100% of its outstanding voting shares.

Article 4: The Limited Amount and Authorization for Endorsement or Guarantee

1. The total amount of endorsement or guarantee provided by the Company shall not exceed 20% of the Company's net value; the total amount of endorsement or guarantee provided by the Company for any single entity shall not exceed 10% of the Company's net value, and shall not exceed the net value of such entity.
2. Except for the limited amounts set forth above, the total amount of endorsement or guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company. The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.
3. The amount of endorsement and guarantee provided by the companies whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more shall not exceed 10% of the Company's net value; this restriction shall not apply to the endorsement and guarantee provided by the companies whose outstanding voting shares are owned by the Company directly and indirectly by 100%.
4. By basing on a joint investment relation, the Company provides endorsement or guarantee for the invested company by the amount determined according to the proportion to their shareholding percentages, the amount of individual endorsement or guarantee shall except not exceed 10% of the Company's net value, and shall not exceed the amount invested by the Company as well.
5. The total amount of endorsement or guarantee provided by the Company and its subsidiaries shall not exceed 30% of the Company's net value, and the amount of endorsement or guarantee provided by the Company for a single entity shall not exceed 15% of the Company's net value.
6. To apply to the Company for providing or canceling the endorsement or guarantee, it shall be approved pursuant to the provided procedure, and submitted to the Board of Directors for approval. However, in order to satisfy the requirement for timing, a pre-determined amount may be delegated to the Chairman by the Board of Directors to facilitate the execution, and such endorsement or guarantee shall be later reported to the Board of Directors' meeting for ratification, the situation and related matters shall be also provided to the Shareholders' Meeting for reference.  
The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when providing or canceling the endorsement or guarantee by the Company.
7. In case that an excess of the limited amounts provided herein is necessary for accommodating business needs and such excess is conform to the conditions provided hereunder, it shall be approved by the Board of Directors and over half of all the directors should jointly endorse the potential loss that may be brought about by the

excess of limited amounts, this Procedures for Endorsement and Guarantee has to be revised as well, and has it ratified at the Shareholders' Meeting; If it is not ratified at the Shareholders' Meeting, a plan containing a timetable to withdraw the excess portion shall be furnished. During the discussion in the board meeting provided in the preceding paragraph, the Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinions and the opposing reasons.

8. When providing endorsement or guarantee to another company, the Company may require the endorsee or guarantee company for providing lien or mortgage against chattel and real property or other collaterals.

#### Article 5: Operation Procedures of Making Endorsements or Guarantees

1. When making endorsee or guarantee for the other company, the Finance Department shall specifically state the name of the company endorsed or guaranteed, the scope endorsed or guaranteed, stipulations, date, amount, risk assessment, the collateral acquired and the condition for and date of relieving the endorsement or guarantee liability and submit to the Chairman for approval.
2. When the application for endorsement or guarantee is rendered by a qualified company, the related information provided by the company shall be examined by finance division and legal division, the following items shall be included in the examination:
  - (1) The necessity and reasonableness of the endorsement or guarantee.
  - (2) The credit status and risk assessment of the entity for which the endorsement or guarantee will be made.
  - (3) Whether the accumulated amount of endorsement or guarantee is still within the limited amount.
  - (4) The assessment of whether the amount of endorsement or guarantee and the amount of business is still under the limited amount when the endorsement or guarantee is provided due to business relationship.
  - (5) The impact on the operation risk, financial status and shareholder's equity.
  - (6) Whether the collateral shall be acquired and the assessed value of the collateral.
  - (7) The attachment of the record of credit survey and risk assessment of the endorsement or guarantee.
3. Finance Department's person who is in charge of the case shall record the information of the scope endorsed and guaranteed, date, stipulations, amount, the name of the company endorsed and guaranteed, risk assessment, the collateral acquired, and the condition for and date of relieving the endorsement or guarantee liability, the accurate date of and reason for relieving the endorsement or guarantee liability and the retrieved negotiable instrument or the content of deeds etc. for reference.

#### Article 6: Cancellation of Endorsement or Guarantee

1. If the negotiable instrument or a deed for endorsement or guarantee has to be canceled for the debt is paid off or a change as a result of extension of the term, the

endorsed or guaranteed company shall send a letter with the original negotiable instrument or a deed endorsed to the Finance Department of the Company and the word of "cancellation" will be stamped on it then have it returned, the received letter shall be kept for reference.

2. The Finance Department shall register the cancelled date and reason into the memorandum book to reduce the accumulated amount of the endorsement.
3. When the negotiable instruments are renewed for the extension of period, the financial institution usually requires company to endorse the new negotiable instruments first and then return the old ones to the Company. Therefore, the Finance Department shall keep a tracing and collecting record and trace the old negotiable instruments back for cancelation as soon as possible.

#### Article 7: Disclosure and Report of Endorsement and Guarantee

1. Before the tenth day of every month, the Company shall disclose and report the previous month's remaining amount of endorsement and guarantee of the Company and its subsidiary.
2. If the endorsement and guarantee of the Company meet any of the following criteria, the Company shall disclose and report the relevant information within two days commencing immediately from the occurrence of the event:
  - (1) The Company's and its subsidiary's remaining amount of the endorsement and guarantee reaches 50% or more of the net value of the Company as stated in its latest financial statement.
  - (2) The Company's and its subsidiary's remaining amount of the endorsement and guarantee to one single entity reaches 20% or more of the net value of the Company as stated in its latest financial statement.
  - (3) The remaining amount of endorsement and guarantee of the Company and its subsidiaries provided for a single entity reaches NT\$10 million or more, and the aggregate remaining amount of endorsement and guarantee provided for, the book amount by using the equity method to account for the investment in and funds lending to, such entity reaches 30% or more of the net value of the Company as stated in its latest financial statement.
  - (4) The amount of new endorsement and guarantee provided by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5% or more of the net value of the Company as stated in its latest financial statement.

Where any subsidiary of the Company is not a domestic public offering company, the Company shall make the required disclosure and report on behalf of such subsidiary if the situation prescribed in subparagraph 4 of the preceding paragraph occurs.

#### Article 8: Preservation and Procedure of the Seal

The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsement and guarantee; the dedicated seal shall be kept by an appointed person, that either applying for sealing or issuing negotiable instruments, the procedures of applying for sealing stipulated by the Company have to be

followed. The person who keeps the seal for endorsement and guarantee shall be reported to the Board of Directors' meeting for approval, any change of the person shall be reported the same.

#### Article 9: Internal Control

1. A memorandum book for the record of endorsement and guarantee shall be established, in which the information of the entity for which the endorsement and guarantee are made, amount, date of approval by the Board of Directors, endorsement and guarantee date and matters to be carefully evaluated under the rule shall be recorded in detail for reference.
2. The internal auditors of the Company shall at least quarterly audit the procedure and implementation of endorsement and guarantee, and prepare the written record accordingly, should any material breach of these procedures is found, the auditors shall promptly notify the Audit Committee with a written notice.
3. Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement and guarantee becomes a disqualified entity hereunder or the amount of endorsement and guarantee exceeds the limited amount, the Company shall adopt rectification plans, submit the relevant rectification plans to the Audit Committee and complete the rectification on schedule for enhancing the internal control of the Company.
4. In the event that the entity for which the Company provides endorsement and guarantee is a subsidiary whose net value is lower than half of its paid-in capital, the President of such subsidiary shall report the operation status to the Board of Directors' periodical meeting of the Company until the net value of such subsidiary is higher than half of its paid-in capital, and the consequents hereof shall be determined by the Board of Directors of the Company.

Article 10: The Company shall evaluate or record the contingent loss for endorsement and guarantee and shall adequately disclose the information of endorsement and guarantee in its financial reports, and provide the certified public accountant with the relevant information to conduct necessary audit procedures.

The Company shall provide the information with respect to endorsement and guarantee to the certified public accountant to adequately disclose in the financial reports.

Article 11: If the subsidiary of the Company intends to endorse and guarantee for others due to business need, the procedures of endorsement and guarantee shall be established and followed.

Before providing the endorsement and guarantee pursuant to Article 3 by the subsidiaries in which the Company directly and indirectly holds 90% or more of its outstanding voting shares, it shall be reported to the Board of Directors of the Company for approval. This restriction shall not apply to the endorsement and guarantee provided by the companies whose outstanding voting shares are owned by

the Company directly and indirectly by 100%.

The “Subsidiary” mentioned in these procedures shall be defined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The financial report of the Company is prepared according to the International Financial Reporting Standards; and the Net Value mentioned herein is defined as the equity attributable to the owners of the Company, which is set forth in the balance sheet which is prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 12: Penalty

The Company shall provide endorsement and guarantee pursuant to these procedures, managers and personnel in charge shall be disciplined or transferred from the position according to the related regulations of the competent authority and the Company if they violate the rules of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by the Public Companies” and these procedures.

Article 13: These procedures shall be approved by one half or more of all the Audit Committee members and then submitted to the Board of Directors for resolution. After being approved by the Board of Directors, these procedures shall be submitted to the Shareholders' Meeting for approval and enforced after the approval of Shareholders' Meeting; any amendment to these procedures is subject to the same processes.

In the event it is not approved by one half or more of all the audit committee members, it may be approved by two-third or more of all the Directors, and the resolution of the audit committee shall be definitely recorded in the meeting minute of the board meeting.

The all the audit committee members and all the Directors mentioned in the preceding paragraph shall be subject to the members who are actually at their post.

The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite dissenting or preserved opinion when proposing these procedures to the board meeting for discussion.

Article 14: These procedures were enacted on November 28, 2002.

The first amendment was made on March 25, 2003.

The second amendment was made on May 18, 2006.

The third amendment was made on May 26, 2009.

The fourth amendment was made on June 14, 2013.

The fifth amendment was made on June 9, 2015.

The sixth amendment was made on June 13, 2019.

### Shareholdings of All Directors

1. The paid-in capital of the Company is NT\$ 758,335,420, the number of total issued shares is 75,833,542.
2. According to Article 26 of the Securities and Exchange Act, the minimum required combined shareholding of all Directors shall be 6,066,683 shares.
3. Up to the date on which share transfer registration is suspended before the convention of this shareholders' meeting, the status of shareholdings of individual and all Directors registered on the shareholders roster is set forth below:

April 12, 2020

Title	Name	Holding Shares	Shareholding Ratio
Chairman	Charles Hsu	1,629,407	2.15%
Director	Li-Jeng Chen	2,345,000	3.09%
Director	Mu-Chuan Hsu	1,273,179	1.68%
Director	How-Han Investment Corporation Representative: Teresa Cheng	1,131,697	1.49%
Director	How-Han Investment Corporation Representative: Jason Hsu		
Director	Rick Shen	162,000	0.21%
Independent Director	Kenneth Kin	0	0
Independent Director	Ming-To Yu	0	0
Independent Director	T.C. Chen	0	0

The number of shares held by the all Directors is 6,541,283, which is by the ratio of 8.62% to the total issued shares.

< Appendix 8 >

**The Impact of Stock Dividend Issuance on Business Performance, EPS and Shareholder Return Rate:**

There is no stock dividend will be issued in this year, this is not applicable.

< Appendix 9 >

**Explanation to the Exclusion of Proposal(s) Submitted by the Shareholder(s) Holding 1% or More of the Total Number of Outstanding Shares of The Company:**

No proposal was submitted by the shareholders during the period (March 16, 2020 to March 26, 2020) for accepting shareholders' proposal.

< Appendix 10 >

**Information Related to Employees' Compensation and the Remuneration of Directors:**

The employees' compensation and the remuneration of Directors of 2019 had been resolved by the Board of Directors on February 19, 2020, the distribution of mentioned compensation and remuneration is set forth below:

1. The distribution of employees' compensation is in an amount of NT\$ 113,745,684.
2. The distribution of remuneration of Director is in an amount of NT\$ 11,374,568.
3. There is no difference between the distributed amounts mentioned above and the assessed amounts of employees' compensation in NT\$ 113,745,684 and the remuneration of Director in NT\$ 11,374,568, the difference is NT\$ 0.

The reason for difference: None.

The disposal of the difference: Not applicable.