



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

Adopted by the Shareholders’ Meeting on June 10, 2020

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 subsidiaries of the Company which 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.

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.

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 40% 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 40% 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 10% 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 40% of the Company's net value, and the amount lent to an individual shall be limited to 10% 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 of the Company.

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.

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, 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.
- (2) After the Finance Department accepted the application, the examination in detail shall be performed, and the assessment items shall include:
 - I. The necessity and reasonableness of loans to others.
 - II. Borrower's credit status and risk assessment. Credit status auditing may be exempted if the borrower is a subsidiary of the Company.
 - III. The impact of such loaning of fund upon the Company's business operation, financial condition and shareholders' equity.
 - IV. Whether the collateral is required and the assessment of the collateral.

2. Approval of Loan

- (1) After the examination, in terms of the case with good credit assessment and proper loaning purpose as shown in the credit audit and investigation result, the Finance Department shall make records of the examination information and propose the

conditions for loaning of fund, after being permitted by the Chairman and approved by more than one-half of all the Audit Committee members, then submitting them to the Board of Directors meeting for resolution. 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 Committee shall be recorded in the minutes of the Board of Directors meeting.

- (2) Loans between the Company and its parent company or between the subsidiaries of the Company shall be submitted to the Board of Directors meeting for resolution pursuant to the preceding paragraph, 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 conforming to the requirements provided in Article 4 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

A loan contract shall be signed when lending funds to the other party, in which the items of loaning quota, period, interest rate and collateral shall be included. Except the subsidiaries of 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 insured period shall cover the entire loan period and 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 the loan contract had been signed and the creating of a lien or mortgage on the collaterals had been registered.

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 a decision being made by the Chairman under the authorization of 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 Finance Department shall collate the certificates of the obligatory claim such as loan contract, and the certificates of the collateral, the correspondence, etc., and properly preserve.

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

1. 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. For any significant change, it shall be reported to the Chairman immediately and properly handled by following the instruction.
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, etc. shall be canceled and returned to the borrower.
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.

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 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.

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.

The seventh amendment was made on June 10, 2020.