



eMemory Technology Inc.

Minutes of 2021 General Shareholders' Meeting

(Translation)

Time : 9:00 AM (on Thursday) July, 15, 2021

Place : 8F, No. 5, Tai-Yuan 1st Street, Jhubei City, Hsinchu County, Taiwan

Total outstanding eMemory shares : 74,512,742 shares

Total shares represented by shareholders present in person or by proxy : 62,162,424 shares

Percentage of shares held by shareholders present in person or by proxy : 83.42%

Directors present : Charles Hsu, Mu-Chuan Hsu, Teresa Cheng, Rick Shen, Kenneth Kin, Ming-To Yu

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

Recorder : Catherine Chen

1. Commencement of the Meeting : The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

2. Chairman's Address : (Omitted)

3. Report Items

(1) Report on the Business of 2020 (Attachment 1, pages 9 to 10)

(Questions raised by shareholder account number 31893, 18100, 33502 and the management's responses were omitted.)

(2) Audit Committee's Review Report of 2020 (Attachment 2, pages 11)

(Questions raised by shareholder account number 31893, 18100, 33502 and the management's responses were omitted.)

(3) Report on the Distribution of Employees' Compensation and Directors' Remuneration of 2020.

Explanatory Notes:

i. The employees' compensation and Directors' remuneration of 2020 is resolved by the Board of Directors on February 24, 2021, the mentioned compensation and remuneration shall be distributed by cash.

ii. 15% is set aside as the employees' compensation, which is in a total amount of NT\$ 149,451,920.

iii. 1.5% is set aside as the Directors' remuneration, which is in a total amount of NT\$ 14,945,192.

iv. There is no difference between the assessed amounts and distributed amounts of employees' compensation and Directors' remuneration.

(Questions raised by shareholder account number 31893 and the management's responses were omitted.)

(4) Report on the Amended "Rules of Procedure for Board of Directors Meetings" (Attachment 3, pages 12 to 14)

4. Matters to be Acknowledged

Proposal No. 1

Proposed by the Board of Directors

Subject : Adoption of the Business Report and Financial Statements of 2020.

Explanation : 1. The 2020 Business Report and Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows) have been approved by the 18th Meeting of the Board of Directors of the 7th Term on February 24, 2021, 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 2020 Business Report (Attachment 1, pages 9 to 10), Independent Auditors' Report and Financial Statements (Attachment 4, pages 15 to 32).

Resolution : RESOLVED, that the above proposal be and hereby was acknowledged as proposed.
Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
votes	%	votes	%	votes	%	votes	%
61,591,194 (55,866,386)	99.08	10,202 (10,202)	0.02	0 (0)	0	561,028 (561,017)	0.90

Proposal No. 2

Proposed by the Board of Directors

Subject : Adoption of the Proposal for Profit Distribution of 2020.

Explanation : 1. The net profit of the Company is NT\$ 707,999,372 for the year of 2020, 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\$ 478,213 pursuant to the actuarial report of retirement funds, setting aside

10% legal reserve in an amount of NT\$ 70,752,116, reversing from special reserve by the amount of NT\$ 5,485,024 pursuant to the law, adding the beginning balance of unappropriated retained earnings by the amount of NT\$ 79,487,623, the aggregated distributable profit in this year is NT\$ 721,741,690.

2. It is proposed to set aside shareholders' dividends in an amount of NT\$ 558,792,128 from the surplus earnings, and all of the dividends are proposed to be distributed in cash. (cash dividends will be distributed by NT\$ 7.5 per share, this is calculated by basing on the issued 74,505,617 outstanding shares up to February 23, 2021, 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 2020 Statement of Profit Distribution (Attachment 5, page 33).

Supplementary explanation : According to the "Q&A for the Notable Items Regarding the Postponement of the Convention of Shareholders Meeting of Over-the-Counter Companies/Emerging Stock Companies Due to the COVID-19 Pandemic" issued by Taipei Exchange, the Company arranged for the announcement of cash dividends in advance as resolved by the board of directors' meeting dated June 24, 2021, and the ex-dividend date is set on July 24, 2021.

Resolution : RESOLVED, that the above proposal be and hereby was acknowledged as proposed. Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
votes	%	votes	%	votes	%	votes	%
61,711,048 (55,986,240)	99.27	351 (351)	0.00	0 (0)	0	451,025 (451,014)	0.73

5. Election Item

Proposal No. 1

Proposed by the Board of Directors

- Subject : Election of the Company's Directors for the 8th Term.
- Explanation : 1. The term of the office of the 7th Board of Directors has expired. The new Board of Directors will be elected in the General Shareholders' Meeting according to Article 195 of the Company Act.
2. The election will be conducted according to the Company's "Rules for Election of Directors" and nine Directors (including three Independent Directors) will be elected according to Article 16 of the Company's Articles of Incorporation. The candidate nomination system is adopted. The election shall be based on the cumulative voting method. The Directors and Independent Directors will be elected at the same time while the numbers of Directors and Independent Directors will be calculated separately.
3. The term of the 8th Board of Directors shall commence on June 10, 2021 and expire on June 9, 2024 for the period of three years. The newly elected Directors shall assume the office immediately after the conclusion of the General Shareholders' Meeting. The term of the existing Board of Directors shall terminate upon the conclusion of the General Shareholders' Meeting.
4. The list of the candidates for the 8th Board of Directors was adopted by the 19th Meeting of the 7th Board of Directors on April 26, 2021. Please refer to the list (Attachment 6, pages 34 to 38).
5. According to Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", if an Independent Director candidate has already served as an Independent Director of the Company for three consecutive terms or more, the Company shall publicly disclose to the shareholders at the time of the election at the Shareholders' Meeting the reasons why the candidate is continued to be nominated. The Company's Independent Director, Mr. Kenneth Kin, has served as the Company's Independent Director from the 4th to the 7th Boards. His expertise and ethics are highly regarded. He not only supervises the management team, but also offers great insight into business management, corporate governance, marketing and development strategies, human resource development, performance management and reward planning. He provides independent judgment and objective opinion in relation to the Company's affairs, which contributes greatly to the supervision of the Company's operation and protection of shareholders' rights.
6. An election is thus requested.

Supplementary explanation : According to the “Measures Regarding the Postponement of the Convention of Shareholders Meetings of the Public Listed Companies in Response to the Pandemic” announced by the Financial Supervisory Commission on May 20, 2021, the term of all the directors newly elected shall commence on the date of election. Therefore, the term of all the directors newly elected this time shall be three years, commencing on July 15, 2021 and ending on July 14, 2024.

Voting Result :

Title	Shareholder account number or ID card number	Name	Elected Votes
Director	3	Charles Hsu	65,613,054
Director	146	Rick Shen	51,714,250
Director	18728	Li-Jeng Chen	46,546,797
Director	532	How-Han Investment Corporation Representative: Teresa Cheng	41,654,072
Director	110	Mu-Chuan Hsu	41,645,424
Director	532	How-Han Investment Corporation Representative: Jason Hsu	41,634,214
Independent Director	F1028*****	Kenneth Kin	63,516,050
Independent Director	A1215*****	Ming-To Yu	61,135,527
Independent Director	T1016*****	T.C. Chen	61,205,190

6. 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\$ 111,758,426 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 74,505,617 outstanding shares up to February 23, 2021, 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.

Supplementary explanation : According to the “Q&A for the Notable Items Regarding the Postponement of the Convention of Shareholders Meeting of Over-the-Counter Companies/Emerging Stock Companies Due to the COVID-19 Pandemic” issued by Taipei Exchange, the Company arranged for the announcement of cash dividends in advance as resolved by the board of directors' meeting dated June 24, 2021, and the ex-dividend date is set on July 24, 2021.

Resolution : RESOLVED, that the above proposal be and hereby was approved as proposed.
Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
votes	%	votes	%	votes	%	votes	%
61,710,138 (55,985,330)	99.27	195 (195)	0.00	0 (0)	0	452,091 (452,080)	0.73

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. 10900582661 and Rule No. 11000519041 issued by the Taipei Exchange on June 12, 2020 and February 9, 2021, 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, pages 39 to 42).

Supplementary explanation : According to the “Measures Regarding the Postponement of the Convention of Shareholders Meetings of the Public Listed Companies in Response to the Pandemic” announced by the Financial Supervisory Commission on May 20, 2021, the convention of the 2021 shareholders meeting of the Company has been postponed to July 15, 2021 based on the resolution of the board of directors; therefore, the proposal, “Rules of Procedure for Shareholders Meetings”, will be effective on July 15, 2021.

Resolution : RESOLVED, that the above proposal be and hereby was approved as proposed.
Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
votes	%	votes	%	votes	%	votes	%
61,710,129 (55,985,321)	99.27	203 (203)	0.00	0 (0)	0	452,092 (452,081)	0.73

Proposal No. 3

Proposed by the Board of Directors

Subject : Amendment to the “Rules for Election of Directors”.

Explanation : 1. According to the amended “Sample Template for XXX Co., Ltd. Procedures for Election of Directors” set forth in the Rule No. 10900582661 issued by the Taipei Exchange on June 12, 2020, the “Rules for Election of Directors” 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 Board of Directors Meetings (Attachment 8, pages 43 to 45).

Supplementary explanation : According to the “Measures Regarding the Postponement of the Convention of Shareholders Meetings of the Public Listed Companies in Response to the Pandemic” announced by the Financial Supervisory Commission on May 20, 2021, the convention of the 2021 shareholders meeting of the Company has been postponed to July 15, 2021 based on the resolution of the board of directors; therefore, the proposal, “Rules for Election of Directors”, will be effective on July 15, 2021.

Resolution : RESOLVED, that the above proposal be and hereby was approved as proposed.
Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
votes	%	votes	%	votes	%	votes	%
61,710,128 (55,985,320)	99.27	204 (204)	0.00	0 (0)	0	452,092 (452,081)	0.73

Proposal No. 4

Proposed by the Board of Directors

Subject : Release of the New Directors from Non-Competition Restrictions.

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. If the 8th Board of Directors are elected by this year's General Shareholders' Meeting, please refer to Attachment 9 (pages 46 to 47) for the newly elected Directors who hold concurrent positions with their investment or involvement in managing another company which has identical or similar business to that of the Company. It is requested that the Shareholders Meeting to release the restrictions on non-competition of the new Directors and their representatives.

Resolution : RESOLVED, that the above proposal be and hereby was approved as proposed.
 Shares present at the time of voting: 62,162,424 (votes casted electronically: 56,437,605 votes)

Name	Votes in favor (electronic votes)		Votes against (electronic votes)		Invalid Votes (electronic votes)		Votes abstained / Not Voted (electronic votes)	
	votes	%	votes	%	votes	%	votes	%
Charles Hsu	59,519,116 (53,794,308)	95.74	3,216 (3,216)	0.01	0 (0)	0	2,640,092 (2,640,081)	4.25
Mu-Chuan Hsu	59,519,016 (53,794,208)	95.74	3,216 (3,216)	0.01	0 (0)	0	2,640,192 (2,640,181)	4.25
How-Han Investment Corporation	59,518,895 (53,794,087)	95.74	3,217 (3,217)	0.01	0 (0)	0	2,640,312 (2,640,301)	4.25
Teresa Cheng	59,519,015 (53,794,207)	95.74	3,217 (3,217)	0.01	0 (0)	0	2,640,192 (2,640,181)	4.25
Jason Hsu	59,519,015 (53,794,207)	95.74	3,217 (3,217)	0.01	0 (0)	0	2,640,192 (2,640,181)	4.25
Rick Shen	59,519,895 (53,795,087)	95.74	2,217 (2,217)	0.01	0 (0)	0	2,640,312 (2,640,301)	4.25
Kenneth Kin	59,519,895 (53,795,087)	95.74	2,337 (2,337)	0.01	0 (0)	0	2,640,192 (2,640,181)	4.25
Ming-To Yu	59,519,894 (53,795,086)	95.74	2,338 (2,338)	0.01	0 (0)	0	2,640,192 (2,640,181)	4.25
T.C. Chen	59,519,896 (53,795,088)	95.74	2,338 (2,338)	0.01	0 (0)	0	2,640,190 (2,640,179)	4.25

7. Extemporary Motions

(Questions raised by shareholder account number 33502 and the management's responses were omitted.)

8. Adjournment

**2020 Business Report
of
eMemory Technology Inc.**

Dear Shareholders,

In 2020, the COVID-19 pandemic has brought business opportunities as well as challenges to eMemory due to the rapid shift of product applications. In this changing global political and economic environment, as we firmly believe and anticipate, have entered a new growth cycle.

In the following we will report our operation results of 2020.

Operation results: The overall revenue is NT\$ 1,776.65 million, license fee contribute NT\$ 490.10 million which is accounts for 27.6% of revenue, whereas royalty contribute NT\$ 1,286.55 million which is accounts for 72.4% of the revenue. As compared to 2019, the license fee up 13.9% and the royalty up 31.3%. The royalty from NeoFuse technology grows 119.8% because of increasing production from advanced node. In addition, the license fee of PUF-Based Security IP has grown by 148.2%, which will lead to more applications of security products.

Financial results: Our operating profit is NT\$ 822.59 million and up 32.4% as compared to 2019, and net income attributable to owners of the company is NT\$ 708 million and up 30.6% yearly, the earning per share is NT\$ 9.52 which up 30.4% as compared to 2019.

The net cash flow increased by NT\$ 490.25 million due to the growth in revenue.

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

For technology development, OTP / PUF has been advanced to 5 nm, while 7 nm has completed risk production, and is being promoted to automotive-grade product application. MTP development continues in 90nm BCD process and 65nm RF process. Also, new MTP IP will be aggressively reduced by more than 20-30% for better competitiveness. New technology, ReRAM has completed silicon verification. The IP of Computing in Memory (CIM) application has completed the initial verification, proving that eMemory MTP works well in AI chip, and will soon enter silicon verification.

For mass production platform, the 28/22 nm NeoFuse which is built on high-speed computing and high-voltage processes, has been widely used ISP and DDI. Moreover, IPs in more BCD process platforms have allowed Power Management chip production to increase significantly from quarter to another. In addition, the new-generation NeoMTP has successfully met the highest silicon reliability requirement (AEC-Q100 Grade 0) in 0.13 um BCD automotive-grade process and has been adopted by customers.

In 2020, eMemory covers a wide range of customers from wafer foundries, IDMs and chip design houses. Our partners have accumulated more than 37 foundries and 1,800 chip design companies, with more than 5,100 new product tape outs worldwide. eMemory has exceeded a large IP chips production scale of approximately 5.5 million 8-inch equivalent wafers, and has accumulated more than 32 million production wafers.

Looking forward to 2021 and the future, our IPs will deploy widely in the applications of Display Driver IC, Power Management IC, Fingerprint, Digital TV, STB, and Surveillance applications. In the meantime, our IP solutions have also penetrated into the application segments of DRAM, Bluetooth, ISP, WiFi, Solid State Drive (SSD) controller, and will soon be used in CIS, Universal Flash Storage (UFS) controllers and AI chips. In addition, NeoPUF and PUFsecurity IP have been introduced into emerging applications such as Industrial Computers, IoT and Cloud Data Processing chips. A new generation of NeoMTP has also brought in business opportunities such as Wireless Charging, Type-C and MCU. Besides, the development of MRAM/ReRAM are slowly maturing in various technologies, and will be reflected in eMemory's growth.

eMemory is ranked as the top 10 IP companies in the world, receives TSMC's IP Partner Award for 11 consecutive years, and is the No.1 player in the logic NVM technology. Regarding corporate governance, eMemory was awarded the "Top 20% Companies" in the Corporate Governance Evaluation by the Securities and Futures Market Development Foundation for 6 consecutive years. The competence is attributed to the spirit of innovation and teamwork, excellent service quality, and strengthening of corporate governance. 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 2020 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. 2021 General Shareholders' Meeting

eMemory Technology Inc.

Chairman of the Audit Committee: Ming-To Yu

February 24, 2021

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

Before Revision	After Revision	Explanation
<p>Article 7 (Chairperson and Proxy of Board Meetings)</p> <p>Board meetings <u>shall be</u> convened <u>and presided over</u> by the Chairman <u>of the Board of Directors</u>. However, the first meeting of every term of the newly elected Board of Directors shall be convened and presided over by the Director who has received the largest number of votes after such election; if there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.</p> <p>If the Chairman is on leave or unable to exercise his powers for any cause, the Chairman shall appoint a Director to act on his behalf. In the absence of such an appointee, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.</p>	<p>Article 7 (Chairperson and Proxy of Board Meetings)</p> <p>Board meetings convened by the Chairman <u>shall be presided over</u> by the Chairman. However, the first meeting of every term of the newly elected Board of Directors shall be convened and presided over by the Director who has received the largest number of votes after such election; if there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.</p> <p><u>If the majority or more of the Directors convene a meeting of Board of Directors on their own according to Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the Directors shall elect from amongst themselves a Chairperson.</u></p> <p>If the Chairman is on leave or unable to exercise his powers for any cause, the Chairman shall appoint a Director to act on his behalf. In the absence of such an appointee, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.</p>	<p>This amendment is made pursuant to Article 7 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings”.</p>

Before Revision	After Revision	Explanation
<p>Article 12 (Matters Shall be Submitted to Board Meetings for Discussion)</p> <p>The material matters listed below shall be submitted to the Board of Directors meetings for discussion:</p> <ol style="list-style-type: none"> 1. The Company’s business plans. 2. Annual financial statements. <p>(Omitted)</p>	<p>Article 12 (Matters Shall be Submitted to Board Meetings for Discussion)</p> <p>The material matters listed below shall be submitted to the Board of Directors meetings for discussion:</p> <ol style="list-style-type: none"> 1. The Company’s business plans. 2. Annual financial <u>reports and second quarter financial reports that must be audited and attested by a CPA.</u> <p>(Omitted)</p>	<p>This amendment is made pursuant to Article 12 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings”.</p>
<p>Article 15 (The Recusal of Conflict-Interested Directors)</p> <p>If a Director or the judicial person represented by a Director has a personal interest in the matter under discussion at the meeting, the relevant Director shall disclose the nature of such personal interest. If such interest may impair the interest of the Company, the relevant Director shall not join the discussion and voting of such matter, and shall enter recusal during the discussion and resolution; nor shall the relevant Director exercise voting right on behalf of another Director.</p> <p>The provisions of paragraph 2 in Article 180 of the Company Act, as applied mutatis mutandis under paragraph 3 in Article 206 of that Act, apply to</p>	<p>Article 15 (The Recusal of Conflict-Interested Directors)</p> <p>If a Director or the judicial person represented by a Director has a personal interest in the matter under discussion at the meeting, the relevant Director shall disclose the nature of such personal interest. If such interest may impair the interest of the Company, the relevant Director shall not join the discussion and voting of such matter, and shall enter recusal during the discussion and resolution; nor shall the relevant Director exercise voting right on behalf of another Director.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of Board of Directors, such Director shall be deemed to have a personal interest in the matter.</u></p> <p>The provisions of paragraph 2 in Article 180 of the Company Act, as applied mutatis mutandis under paragraph 4 in Article 206 of that Act, apply to</p>	<p>This amendment is made pursuant to Article 15 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings”.</p>

Before Revision	After Revision	Explanation
resolutions of Board meetings when a Director is prohibited by the <u>preceding two paragraphs</u> from exercising voting rights.	resolutions of Board meetings when a Director is prohibited by the <u>rules</u> from exercising voting rights.	
<p>Article 19 (History of these Rules)</p> <p>These Rules was established during the sixth meeting of third term of Board of Directors on December 28, 2006; The first amendment was made during the fourteenth meeting of third term of Board of Directors on February 21, 2008; The second amendment was made during the fourth meeting of fifth term of Board of Directors on October 23, 2012; The third amendment was made during the sixteenth meeting of fifth term of Board of Directors on February 12, 2015; The fourth amendment was made during the fourteenth meeting of sixth term of Board of Directors on October 25, 2017.</p>	<p>Article 19 (History of these Rules)</p> <p>These Rules was established during the sixth meeting of third term of Board of Directors on December 28, 2006; The first amendment was made during the fourteenth meeting of third term of Board of Directors on February 21, 2008; The second amendment was made during the fourth meeting of fifth term of Board of Directors on October 23, 2012; The third amendment was made during the sixteenth meeting of fifth term of Board of Directors on February 12, 2015; The fourth amendment was made during the fourteenth meeting of sixth term of Board of Directors on October 25, 2017; <u>The fifth amendment was made during the sixteenth meeting of seventh term of Board of Directors on October 28, 2020.</u></p>	The date of this amendment is added.



勤業眾信

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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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

1. Royalty fees are the Group's major source of revenue, refer to Note 20 for the related information. When the customers of the Group, the IC design houses, uses the Group's intellectual property to reach mass production status, and the goods have been produced and shipped from the wafer foundries, the wafer foundries will pay royalty fees to the Group based on a certain percentage of the wafer price.

2. The Group recognizes royalty revenue based on the contract regulations, at the time the royalty reports are signed and returned. Hence, there is a risk that the royalty revenue from wafer foundries is not recognized in the correct accounting time period.
3. We confirmed the accuracy of timing of royalty revenue recognition by understanding the revenue recognition policy of the Group, assessing the reasonableness of the timing of revenue recognition, performing relevant tests of controls and analytical procedures, and selecting a certain number of royalty revenue transactions before and after the end of the reporting period and checking them against the 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, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Feng Huang and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019		LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Notes 4, 6 and 26)	\$ 1,754,111	71	\$ 1,263,858	62	Contract liabilities - current (Notes 20 and 27)	\$ 50,802	2	\$ 32,837	2
Accounts receivable - net (Notes 4, 9, 20 and 26)	117,449	5	126,812	7	Other payables (Notes 16 and 26)	136,590	5	80,914	4
Other receivables (Notes 4 and 26)	105	-	1,929	-	Bonuses payable to employees and directors (Note 21)	164,397	7	125,120	6
Other receivables - related parties (Notes 4, 26 and 27)	277	-	410	-	Payables on equipment (Note 26)	5,134	-	4,861	-
Prepayments (Note 15)	23,711	1	19,472	1	Current tax liabilities (Notes 4 and 22)	87,696	4	56,576	3
Other current assets (Notes 4, 15 and 26)	<u>3,262</u>	-	<u>4,275</u>	-	Lease liabilities - current (Notes 4, 13 and 26)	1,340	-	3,114	-
Total current assets	<u>1,898,915</u>	<u>77</u>	<u>1,416,756</u>	<u>70</u>	Other current liabilities (Notes 16 and 27)	<u>2,134</u>	-	<u>1,731</u>	-
					Total current liabilities	<u>448,093</u>	<u>18</u>	<u>305,153</u>	<u>15</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 26)	21,037	1	15,530	1	Lease liabilities - noncurrent (Notes 4, 13 and 26)	2,073	-	4,246	-
Financial assets at amortized cost - noncurrent (Notes 4, 8, 26 and 28)	114	-	33,613	2	Net defined benefit liabilities - noncurrent (Notes 4 and 17)	21,233	1	21,384	1
Investment accounted for using the equity method (Notes 4 and 11)	5,517	-	5,382	-	Guarantee deposits received (Note 27)	<u>530</u>	-	<u>530</u>	-
Property, plant and equipment (Notes 4, 12 and 31)	467,393	19	477,171	23	Total non-current liabilities	<u>23,836</u>	<u>1</u>	<u>26,160</u>	<u>1</u>
Right-of-use assets (Notes 4, 13 and 31)	3,352	-	7,287	-	Total liabilities	<u>471,929</u>	<u>19</u>	<u>331,313</u>	<u>16</u>
Intangible assets (Notes 4 and 14)	76,814	3	73,805	4					
Deferred tax assets (Notes 4 and 22)	4,022	-	3,434	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 18 and 19)				
Prepayments for equipment	50	-	-	-	Ordinary shares	<u>760,592</u>	<u>31</u>	<u>758,336</u>	<u>37</u>
Refundable deposits	<u>358</u>	-	<u>349</u>	-	Capital surplus	<u>391,907</u>	<u>16</u>	<u>404,446</u>	<u>20</u>
Total non-current assets	<u>578,657</u>	<u>23</u>	<u>616,571</u>	<u>30</u>	Retained earnings				
					Legal reserve	455,518	18	401,471	20
					Special reserve	65,586	3	61,932	3
					Unappropriated earnings	<u>787,007</u>	<u>32</u>	<u>545,653</u>	<u>27</u>
					Total retained earnings	<u>1,308,111</u>	<u>53</u>	<u>1,009,056</u>	<u>50</u>
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	(26)	-	(4)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(60,075)</u>	<u>(3)</u>	<u>(65,582)</u>	<u>(3)</u>
					Total other equity	<u>(60,101)</u>	<u>(3)</u>	<u>(65,586)</u>	<u>(3)</u>
					Treasury shares	<u>(404,238)</u>	<u>(16)</u>	<u>(404,238)</u>	<u>(20)</u>
					Total equity attributable to shareholders of the Company	1,996,271	81	1,702,014	84
					NON-CONTROLLING INTERESTS (Notes 4 and 18)	<u>9,372</u>	-	-	-
					Total equity	<u>2,005,643</u>	<u>81</u>	<u>1,702,014</u>	<u>84</u>
TOTAL	<u>\$ 2,477,572</u>	<u>100</u>	<u>\$ 2,033,327</u>	<u>100</u>	TOTAL	<u>\$ 2,477,572</u>	<u>100</u>	<u>\$ 2,033,327</u>	<u>100</u>

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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20, 27 and 31)	\$ 1,776,653	100	\$ 1,410,085	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>1,776,653</u>	<u>100</u>	<u>1,410,085</u>	<u>100</u>
OPERATING EXPENSES (Notes 4, 13, 21 and 27)				
Selling and marketing expenses	137,638	8	122,545	9
General and administrative expenses	208,855	12	162,986	11
Research and development expenses	602,718	34	506,215	36
Expected credit loss (gain) (Notes 4 and 9)	<u>4,856</u>	<u>-</u>	<u>(2,984)</u>	<u>-</u>
Total operating expenses	<u>954,067</u>	<u>54</u>	<u>788,762</u>	<u>56</u>
OPERATING INCOME	<u>822,586</u>	<u>46</u>	<u>621,323</u>	<u>44</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 21)	7,601	1	9,631	-
Other income (Notes 4, 13, 21 and 27)	5,867	-	10,129	1
Other gains and losses (Notes 4, 21, 24 and 27)	(1,650)	-	(3,384)	-
Finance costs (Notes 4, 21 and 27)	(165)	-	(179)	-
Share of loss of associates (Notes 4 and 11)	<u>(3,444)</u>	<u>-</u>	<u>(4,336)</u>	<u>-</u>
Total non-operating income and expenses	<u>8,209</u>	<u>1</u>	<u>11,861</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	830,795	47	633,184	45
INCOME TAX EXPENSE (Notes 4 and 22)	<u>123,950</u>	<u>7</u>	<u>91,112</u>	<u>7</u>
NET PROFIT FOR THE YEAR	<u>706,845</u>	<u>40</u>	<u>542,072</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	(478)	-	(1,604)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 18)	5,507	-	(3,650)	-

(Continued)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Notes 4 and 18)	\$ (24)	-	\$ -	-
Share of the other comprehensive loss of associates accounted for using the equity method (Notes 4, 11 and 18)	(1)	-	(4)	-
Other comprehensive income (loss) for the year	5,004	-	(5,258)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 711,849</u>	<u>40</u>	<u>\$ 536,814</u>	<u>38</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 707,999	40	\$ 542,072	38
Non-controlling interests	(1,154)	-	-	-
	<u>\$ 706,845</u>	<u>40</u>	<u>\$ 542,072</u>	<u>38</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 713,006	40	\$ 536,814	38
Non-controlling interests	(1,157)	-	-	-
	<u>\$ 711,849</u>	<u>40</u>	<u>\$ 536,814</u>	<u>38</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 9.52</u>		<u>\$ 7.30</u>	
Diluted	<u>\$ 9.47</u>		<u>\$ 7.26</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Parent							Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Retained Earnings			Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Total				
BALANCE, JANUARY 1, 2019	75,791	\$ 757,908	\$ 416,537	\$ 340,160	\$ 926	\$ 684,180	\$ 1,025,266	\$ -	\$ (61,932)	\$ (404,238)	\$ 1,733,541	\$ -	\$ 1,733,541
Appropriation of 2018 earnings													
Legal reserve	-	-	-	61,311	-	(61,311)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	61,006	(61,006)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(556,678)	(556,678)	-	-	-	(556,678)	-	(556,678)
Change in capital surplus from investments in associates accounted for by using the equity method	-	-	3,676	-	-	-	-	-	-	-	3,676	-	3,676
Issuance of cash dividends from capital surplus	-	-	(37,112)	-	-	-	-	-	-	-	(37,112)	-	(37,112)
Net profit for the year ended December 31, 2019	-	-	-	-	-	542,072	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)	-	(5,258)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	540,468	540,468	(4)	(3,650)	-	536,814	-	536,814
Issuance of ordinary shares under employee share options	43	428	13,554	-	-	-	-	-	-	-	13,982	-	13,982
Share-based payments	-	-	7,791	-	-	-	-	-	-	-	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	-	1,702,014
Appropriation of 2019 earnings													
Legal reserve	-	-	-	54,047	-	(54,047)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	3,654	(3,654)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(408,466)	(408,466)	-	-	-	(408,466)	-	(408,466)
Changes in percentage of ownership interests in subsidiaries	-	-	24,629	-	-	-	-	-	-	-	24,629	(24,629)	-
Change in capital surplus from investments in associates accounted for by using the equity method	-	-	3,580	-	-	-	-	-	-	-	3,580	-	3,580
Issuance of cash dividends from capital surplus	-	-	(111,400)	-	-	-	-	-	-	-	(111,400)	-	(111,400)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	707,999	707,999	-	-	-	707,999	(1,154)	706,845
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	(478)	(478)	(22)	5,507	-	5,007	(3)	5,004
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	707,521	707,521	(22)	5,507	-	713,006	(1,157)	711,849
Issuance of ordinary shares under employee share options	226	2,256	69,567	-	-	-	-	-	-	-	71,823	-	71,823
Share-based payments	-	-	1,085	-	-	-	-	-	-	-	1,085	158	1,243
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000
BALANCE, DECEMBER 31, 2020	76,060	\$ 760,592	\$ 391,907	\$ 455,518	\$ 65,586	\$ 787,007	\$ 1,308,111	\$ (26)	\$ (60,075)	\$ (404,238)	\$ 1,996,271	\$ 9,372	\$ 2,005,643

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 830,795	\$ 633,184
Adjustments for:		
Depreciation expenses	43,206	40,678
Amortization expenses	16,356	14,495
Expected credit loss (gain)	4,856	(2,984)
Finance costs	165	179
Interest income	(7,601)	(9,631)
Dividend income	(1,210)	(291)
Share-based payments	1,243	7,791
Share of loss of associates	3,444	4,336
Loss on disposal of property, plant and equipment	35	-
Gain on disposal of investments	(48)	(95)
Net loss on foreign currency exchange	4,705	4,321
Lease modification benefit	(12)	-
Intangible assets reclassified as operating expenses	110	10
Changes in operating assets and liabilities		
Accounts receivable	2,193	32,484
Other receivables	1,691	(1,691)
Other receivables - related parties	133	(159)
Prepayments	(4,258)	426
Other current assets	1,013	(1,373)
Contract liabilities	17,965	(4,985)
Other payables	55,673	(13,204)
Other current liabilities	403	115
Net defined benefit liabilities	(629)	(554)
Bonuses payable to employees and directors	39,277	(12,972)
Cash generated from operations	<u>1,009,505</u>	<u>690,080</u>
Interest received	7,734	9,618
Income tax paid	<u>(93,399)</u>	<u>(107,168)</u>
Net cash generated from operating activities	<u>923,840</u>	<u>592,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(1)	(1)
Proceeds from disposal of financial assets at amortized cost	33,500	-
Acquisition of financial assets at fair value through profit or loss	(626,000)	(592,000)
Proceeds from disposal of financial assets at fair value through profit or loss	626,048	592,095
Acquisition of property, plant and equipment	(30,155)	(24,601)
Increase in refundable deposits	(9)	(18)
Acquisition of intangible assets	(19,475)	(21,148)
Increase in prepayments for equipment	(50)	-
Dividends received	<u>1,210</u>	<u>291</u>
Net cash used in investing activities	<u>(14,932)</u>	<u>(45,382)</u>

(Continued)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARY

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	\$ 20,000	\$ -
Decrease in short-term bank loans	(20,000)	-
Repayment of the principal portion of lease liabilities	(3,035)	(3,022)
Dividends paid	(519,866)	(593,780)
Exercise of employee share options	71,823	13,982
Increase in non-controlling interests	35,000	-
Interest paid	<u>(165)</u>	<u>(179)</u>
Net cash used in financing activities	<u>(416,243)</u>	<u>(582,999)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,412)</u>	<u>(2,294)</u>
NET INCREASE (DECREASE) IN CASH	490,253	(38,145)
CASH AT THE BEGINNING OF THE YEAR	<u>1,263,858</u>	<u>1,302,003</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,754,111</u>	<u>\$ 1,263,858</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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2020 is stated as follows:

1. Royalty fees are the Company's major source of revenue, refer to Note 19 for the related information. When the customers of Company, the IC design houses, uses the Company's intellectual property to reach mass production status, and the goods have been produced and shipped from the wafer foundries, the wafer foundries will pay royalty fees to the Company based on a certain percentage of the wafer price.
2. The Company recognizes royalty revenue based on the contract regulations, at the time the royalty reports are signed and returned. Hence, there is a risk that the royalty revenue from wafer foundries is not recognized in the correct accounting time period.

3. We confirmed the accuracy of timing of royalty revenue recognition by understanding the revenue recognition policy of the Company, assessing the reasonableness of the timing of revenue recognition, performing relevant tests of controls and analytical procedures, and selecting a certain number of royalty revenue transactions before and after the end of the reporting period and checking them against the 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Feng Huang and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2021

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, parent company only financial performance and parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019		LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Notes 4, 6 and 25)	\$ 1,653,966	67	\$ 1,234,930	61	Contract liabilities - current (Notes 19 and 26)	\$ 52,244	2	\$ 32,837	2
Accounts receivable - net (Notes 4, 9, 19 and 25)	117,449	5	126,812	6	Other payables (Notes 15 and 25)	130,676	5	78,364	4
Accounts receivable - related parties (Notes 4, 19, 25 and 26)	-	-	787	-	Bonuses payable to employees and directors (Note 20)	164,397	7	125,120	6
Other receivables (Notes 4 and 25)	102	-	1,926	-	Payables on equipment (Note 25)	5,134	-	4,659	-
Other receivables - related parties (Notes 4, 25 and 26)	918	-	419	-	Current tax liabilities (Notes 4 and 21)	87,696	4	56,576	3
Prepayments (Note 14)	21,294	1	19,242	1	Lease liabilities - current (Notes 4, 12 and 25)	1,340	-	3,114	-
Other current assets (Notes 4, 14, 25 and 26)	<u>3,262</u>	-	<u>4,278</u>	-	Other current liabilities (Notes 15 and 26)	<u>2,054</u>	-	<u>1,686</u>	-
Total current assets	<u>1,796,991</u>	<u>73</u>	<u>1,388,394</u>	<u>68</u>	Total current liabilities	<u>443,541</u>	<u>18</u>	<u>302,356</u>	<u>15</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 25)	21,037	1	15,530	1	Lease liabilities - noncurrent (Notes 4, 12 and 25)	2,073	-	4,246	-
Financial assets at amortized cost - noncurrent (Notes 4, 8, 25 and 27)	114	-	33,613	2	Net defined benefit liabilities - noncurrent (Notes 4 and 16)	21,233	1	21,384	1
Investment accounted for using the equity method (Notes 4 and 10)	98,234	4	33,055	2	Guarantee deposits received (Note 26)	<u>530</u>	-	<u>530</u>	-
Property, plant and equipment (Notes 4 and 11)	465,056	19	475,318	23	Total non-current liabilities	<u>23,836</u>	<u>1</u>	<u>26,160</u>	<u>1</u>
Right-of-use assets (Notes 4 and 12)	3,352	-	7,287	-	Total liabilities	<u>467,377</u>	<u>19</u>	<u>328,516</u>	<u>16</u>
Intangible assets (Notes 4 and 13)	74,477	3	73,584	4	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 17 and 18)				
Deferred tax assets (Notes 4 and 21)	4,022	-	3,434	-	Ordinary shares	<u>760,592</u>	<u>31</u>	<u>758,336</u>	<u>37</u>
Prepayments for equipment	50	-	-	-	Capital surplus	<u>391,907</u>	<u>16</u>	<u>404,446</u>	<u>20</u>
Refundable deposits	<u>315</u>	-	<u>315</u>	-	Retained earnings				
Total non-current assets	<u>666,657</u>	<u>27</u>	<u>642,136</u>	<u>32</u>	Legal reserve	455,518	18	401,471	20
					Special reserve	65,586	3	61,932	3
					Unappropriated earnings	<u>787,007</u>	<u>32</u>	<u>545,653</u>	<u>27</u>
					Total retained earnings	<u>1,308,111</u>	<u>53</u>	<u>1,009,056</u>	<u>50</u>
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	(26)	-	(4)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(60,075)</u>	<u>(3)</u>	<u>(65,582)</u>	<u>(3)</u>
					Total other equity	<u>(60,101)</u>	<u>(3)</u>	<u>(65,586)</u>	<u>(3)</u>
					Treasury shares	<u>(404,238)</u>	<u>(16)</u>	<u>(404,238)</u>	<u>(20)</u>
					Total equity	<u>1,996,271</u>	<u>81</u>	<u>1,702,014</u>	<u>84</u>
TOTAL	<u>\$ 2,463,648</u>	<u>100</u>	<u>\$ 2,030,530</u>	<u>100</u>	TOTAL	<u>\$ 2,463,648</u>	<u>100</u>	<u>\$ 2,030,530</u>	<u>100</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	\$ 1,771,831	100	\$ 1,409,329	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>1,771,831</u>	<u>100</u>	<u>1,409,329</u>	<u>100</u>
OPERATING EXPENSES (Notes 4, 12, 20 and 26)				
Selling and marketing expenses	128,119	7	112,644	8
General and administrative expenses	192,563	11	162,721	11
Research and development expenses	564,477	32	493,106	35
Expected credit loss (gain) (Notes 4 and 9)	<u>4,856</u>	<u>-</u>	<u>(2,984)</u>	<u>-</u>
Total operating expenses	<u>890,015</u>	<u>50</u>	<u>765,487</u>	<u>54</u>
OPERATING INCOME	<u>881,816</u>	<u>50</u>	<u>643,842</u>	<u>46</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 20)	7,501	-	9,493	-
Other income (Notes 4, 12, 20 and 26)	5,867	-	10,129	1
Other gains and losses (Notes 4, 20, 23 and 26)	(193)	-	(3,381)	-
Finance costs (Notes 4, 20 and 26)	(111)	-	(179)	-
Share of loss of subsidiaries and associates (Notes 4 and 10)	<u>(62,931)</u>	<u>(3)</u>	<u>(26,720)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(49,867)</u>	<u>(3)</u>	<u>(10,658)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	831,949	47	633,184	45
INCOME TAX EXPENSE (Notes 4 and 21)	<u>123,950</u>	<u>7</u>	<u>91,112</u>	<u>7</u>
NET PROFIT FOR THE YEAR	<u>707,999</u>	<u>40</u>	<u>542,072</u>	<u>38</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	(478)	-	(1,604)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 17)	5,507	-	(3,650)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method (Notes 4, 10 and 17)	<u>(22)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Other comprehensive income (loss) for the year	<u>5,007</u>	<u>-</u>	<u>(5,258)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 713,006</u>	<u>40</u>	<u>\$ 536,814</u>	<u>38</u>

(Continued)

EMEMORY TECHNOLOGY INC.

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

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)				
Basic	\$ 9.52		\$ 7.30	
Diluted	\$ 9.47		\$ 7.26	

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares		Capital Surplus	Retained Earnings				Other Equity		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2019	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											
Legal reserve	-	-	-	61,311	-	(61,311)	-	-	-	-	-
Special reserve	-	-	-	-	61,006	(61,006)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(556,678)	(556,678)	-	-	-	(556,678)
Change in capital surplus from investments in associates accounted for by using the 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 payments	-	-	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
Appropriation of 2019 earnings											
Legal reserve	-	-	-	54,047	-	(54,047)	-	-	-	-	-
Special reserve	-	-	-	-	3,654	(3,654)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(408,466)	(408,466)	-	-	-	(408,466)
Changes in percentage of ownership interests in subsidiaries	-	-	24,629	-	-	-	-	-	-	-	24,629
Change in capital surplus from investments in associates accounted for by using the equity method	-	-	3,580	-	-	-	-	-	-	-	3,580
Issuance of cash dividends from capital surplus	-	-	(111,400)	-	-	-	-	-	-	-	(111,400)
Net profit for the year ended December 31, 2020	-	-	-	-	-	707,999	707,999	-	-	-	707,999
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	(478)	(478)	(22)	5,507	-	5,007
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	707,521	707,521	(22)	5,507	-	713,006
Issuance of ordinary shares under employee share options	226	2,256	69,567	-	-	-	-	-	-	-	71,823
Share-based payments	-	-	1,085	-	-	-	-	-	-	-	1,085
BALANCE, DECEMBER 31, 2020	76,060	\$ 760,592	\$ 391,907	\$ 455,518	\$ 65,586	\$ 787,007	\$ 1,308,111	\$ (26)	\$ (60,075)	\$ (404,238)	\$ 1,996,271

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 831,949	\$ 633,184
Adjustments for:		
Depreciation expenses	42,570	40,477
Amortization expenses	16,344	14,495
Expected credit loss (gain)	4,856	(2,984)
Finance costs	111	179
Interest income	(7,501)	(9,493)
Dividend income	(1,210)	(291)
Share-based payments	1,162	7,734
Share of loss of subsidiaries and associates	62,931	26,720
Loss on disposal of property, plant and equipment	35	-
Gain on disposal of investments	(48)	(95)
Net loss on foreign currency exchange	4,589	4,288
Lease modification benefit	(12)	-
Intangible assets reclassified as operating expenses	-	10
Changes in operating assets and liabilities		
Accounts receivable	2,193	32,484
Accounts receivable - related parties	787	(794)
Other receivables	1,691	(1,691)
Other receivables - related parties	(499)	(168)
Prepayments	(2,071)	656
Other current assets	1,016	(1,376)
Contract liabilities	19,407	(4,985)
Other payables	52,309	(15,754)
Other current liabilities	368	70
Net defined benefit liabilities	(629)	(554)
Bonuses payable to employees and directors	39,277	(12,972)
Cash generated from operations	1,069,625	709,140
Interest received	7,634	9,483
Income tax paid	(93,399)	(107,168)
Net cash generated from operating activities	<u>983,860</u>	<u>611,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(1)	(1)
Proceeds from disposal of financial assets at amortized cost	33,500	-
Acquisition of financial assets at fair value through profit or loss	(626,000)	(592,000)
Proceeds from disposal of financial assets at fair value through profit or loss	626,048	592,095
Net cash outflow on acquisition of subsidiaries	(100,000)	(50,000)
Increase in prepayments for equipment	(50)	-
Acquisition of property, plant and equipment	(28,833)	(22,749)

(Continued)

EMEMORY TECHNOLOGY INC.

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

	2020	2019
Decrease in refundable deposits	\$ -	\$ 16
Acquisition of intangible assets	(17,237)	(20,927)
Dividends received	<u>1,210</u>	<u>291</u>
Net cash used in investing activities	<u>(111,363)</u>	<u>(93,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(3,035)	(3,022)
Dividends paid	(519,866)	(593,780)
Exercise of employee share options	71,823	13,982
Interest paid	<u>(111)</u>	<u>(179)</u>
Net cash used in financing activities	<u>(451,189)</u>	<u>(582,999)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(2,272)</u>	<u>(2,254)</u>
NET INCREASE (DECREASE) IN CASH	419,036	(67,073)
CASH AT THE BEGINNING OF THE YEAR	<u>1,234,930</u>	<u>1,302,003</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,653,966</u>	<u>\$ 1,234,930</u>

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

eMemory Technology Inc.
Statement of Profit Distribution
2020

Unit: NT\$

Item	Amount	
	Subtotal	Total
Beginning Balance of Unappropriated Retained Earnings		\$ 79,487,623
Net Profit of 2020	707,999,372	
Remeasurement of Defined Benefit Plans Counted in Retained Earnings	<u>(478,213)</u>	707,521,159
10% Legal Reserve Appropriated		(70,752,116)
Special Reserve Reversed		<u>5,485,024</u>
Retained Earnings Available for Distribution		721,741,690
Distribution of Shareholder Dividends - Cash (NT\$ 7.5 per share)		<u>(558,792,128)</u>
Ending Balance of Unappropriated Retained Earnings		<u>\$162,949,562</u>

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\$ 558,792,128, to be distributed by NT\$ 7.5 per share, this is calculated by basing on the issued 74,505,617 outstanding shares up to February 23, 2021, 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.

eMemory Technology Inc.**List of 8th term of Director Candidates**

Name	Education & Major Experience	Current Positions	Shareholdings (shares)
Charles Hsu	<p>Ph.D. in Electrical Engineering, University of Illinois, Urbana-Champaign, U.S.A.</p> <p>Chairman, Institute of Electronics Engineering, National Tsing Hua University</p> <p>Researcher, IBM T.J. Watson Research Center, NY, U.S.A.</p>	<p>Chairman, eMemory Technology Inc.</p> <p>Chairman, iMQ Technology Inc.</p> <p>Chairman, PUFsecurity USA Corporation</p> <p>Chairman & President, PUFsecurity Corporation</p> <p>Director, SecuX Technology Inc.</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Inc.</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Materials Analysis Technology Inc.</p> <p>Director, National Applied Research Laboratories</p>	1,629,407
Li-Jeng Chen	<p>Master of Air Transportation Management, University of Hawaii, Travel Industry Management School, U.S.A.</p> <p>Chief Investment Officer, Cathay Securities Investment Trust</p> <p>Portfolio Manager, Invesco Global Technology Fund</p>	<p>Director, eMemory Technology Inc.</p>	2,345,000

Name	Education & Major Experience	Current Positions	Shareholdings (shares)
Mu-Chuan Hsu	<p>Bachelor Degree in Medicine, China Medical University</p> <p>Attending Physician, Department of Obstetrics & Gynecology, National Taiwan University Hospital</p> <p>Superintendent, North Town Women & Children Hospital</p>	<p>Director, eMemory Technology Inc.</p> <p>Director, iMQ Technology Inc.</p> <p>Attending Physician, Fu Jen Catholic University Hospital</p> <p>Director, HsinChu Kuang-Fu High School</p>	1,273,179
How-Han Investment Corporation Representative : Teresa Cheng	<p>Master of Science, Computer Science and Applied Mathematics, University of Illinois at Urbana-Champaign, U.S.A.</p> <p>Bachelor Degree in Economics, National Taiwan University</p> <p>Chief Information Officer, Macronix International Co., Ltd.</p> <p>Department Manager, Software Development, BDC Corporation</p> <p>Associate Researcher, Manufacturing Information System, North American Philips Labs., NY, U.S.A.</p> <p>Software Engineer, IBM T.J. Watson Research Center, NY, U.S.A.</p>	<p>Director, eMemory Technology Inc.</p> <p>Chairman, How-Han Investment Corporation</p> <p>Director, iMQ Technology Inc.</p> <p>Supervisor, Uniband Electronic Corporation</p> <p>Vice President, HeFeChip Corporation Limited, Shanghai</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Synergy Tech Corp.</p>	1,131,697

Name	Education & Major Experience	Current Positions	Shareholdings (shares)
<p>How-Han Investment Corporation Representative : Jason Hsu</p>	<p>Master of Computer Science, Stevens Institute of Technology, U.S.A. Chairman / General Manager, IBM Taiwan CEO, GE Taiwan</p>	<p>Director, eMemory Technology Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, inergy Technology Inc. Professor, EMBA / MBA, National Tsing Hua University Professor, National Taiwan University</p>	<p>1,131,697</p>
<p>Rick Shen</p>	<p>Ph.D. in Electrical Engineering, National Tsing Hua University R&D Principal Engineer, Taiwan Semiconductor Manufacturing Company Limited</p>	<p>Director & President, eMemory Technology Inc. Vice Chairman, PUFsecurity Corporation Independent Director, Remuneration Committee Member & Audit Committee Member, inergy Technology Inc. Executive Supervisor, Taiwan IoT Technology and Industry Association</p>	<p>147,000</p>

eMemory Technology Inc.

List of 8th term of Independent Director Candidates

Name	Education & Major Experience	Current Positions	Shareholdings (shares)
Kenneth Kin	<p>Ph.D. Nuclear Engineering and Applied Physics, Columbia University, U.S.A.</p> <p>Bachelor Degree in Nuclear Engineering, National Tsing Hua University</p> <p>Senior Vice President, Worldwide Sales & Services, Taiwan Semiconductor Manufacturing Company Limited</p> <p>Vice President, Worldwide Sales & Services, IBM Microelectronics Division</p> <p>Vice President, Asia Pacific Operations, Motorola Computer Gro</p>	<p>Independent Director, Remuneration Committee Member & Audit Committee Member, eMemory Technology Inc.</p> <p>Director, MediaTek Inc.</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Vanguard International Semiconductor Corporation</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Global Unichip Corp.</p> <p>Director, Medtech Investment Co. Ltd.</p> <p>Professor, College of Technology Management, National Tsing Hua University</p>	0
Ming-To Yu	<p>Master of Business Administration, The Wharton School, University of Pennsylvania, U.S.A.</p> <p>Master of Public Administration, National Chengchi University</p> <p>Chief Financial Officer, Xiaomi Corporation, Beijing</p>	<p>Independent Director, Remuneration Committee Member & Audit Committee Member, eMemory Technology Inc.</p> <p>Vice Chairman, Egis Technology Inc.</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Cyber Security</p>	0

Name	Education & Major Experience	Current Positions	Shareholdings (shares)
	<p>Chief Financial Officer and Spokesperson, MediaTek Inc.</p> <p>Financial Manager, Taiwan Semiconductor Manufacturing Company Limited</p>	<p>Inc.</p> <p>Independent Director, Remuneration Committee Member & Audit Committee Member, Tongtai Machine & Tool Co., Ltd.</p> <p>Director, ULSee Co, Ltd.</p> <p>Director, GIXIA GROUP CO.</p> <p>Chairman, Yishing Technology Ltd.</p> <p>Chairman, Vitrio Technology Corporation</p>	
T.C. Chen	<p>Ph.D. in Engineering and Applied Science, Yale University, U.S.A.</p> <p>Bachelor Degree in Physics, National Cheng Kung University</p> <p>Fellow Member, Institute of Electrical and Electronics Engineers (IEEE)</p>	<p>Independent Director, Remuneration Committee Member & Audit Committee Member, eMemory Technology Inc.</p> <p>Fellow, IBM</p> <p>Vice President Science & Technology, IBM</p> <p>Independent Director & Audit Committee Member, AP Memory Technology Corp.</p>	0

**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, 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, 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, as well as the essential contents shall be explained. None of the above matters may be raised by an extemporary motions; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u></p> <p>5. (Omitted)</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, 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, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, <u>Article 26-1 and Article 43-6 of the Securities and Exchange Act or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u>, shall be set out in the notice of the reasons for convening the Shareholders’ Meeting, as well as the essential contents shall be explained. None of the above matters may be raised by an extemporary motion.</p> <p>5. (Omitted)</p>	<p>This amendment is made pursuant to Article 3 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”.</p>

Before Revision	After Revision	Explanation
<p>6. 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 is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <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></p> <p>In addition, when any one of the circumstances set forth in each subparagraph of paragraph 4, Article 172-1 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>7. (Omitted)</p> <p>8. (Omitted)</p>	<p>6. 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 is 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 paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. <u>Shareholders may propose to the Company proposals urging the Company to promote public interests or fulfill its social responsibilities provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda according to Article 172-1 of the Company Act.</u></p> <p>7. (Omitted)</p> <p>8. (Omitted)</p>	
<p>Article 9 Calculation of Attending Share Number and Calling a Meeting</p> <p>1. (Omitted)</p> <p>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</p>	<p>Article 9 Calculation of Attending Share Number and Calling a Meeting</p> <p>1. (Omitted)</p> <p>2. The chair shall call the meeting to order at the appointed meeting time <u>and announce the numbers of non-voting rights and total shares represented by the shareholders present.</u> However, when the</p>	<p>This amendment is made pursuant to Article 9 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”.</p>

Before Revision	After Revision	Explanation
<p>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.</p> <p>3. (Omitted) 4. (Omitted)</p>	<p>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.</p> <p>3. (Omitted) 4. (Omitted)</p>	
<p>Article 14 Election of Directors</p> <p>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.</p> <p>2. (Omitted)</p>	<p>Article 14 Election of Directors</p> <p>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 <u>as well as the list of the unsuccessful candidates and the number of votes received by them.</u></p> <p>2. (Omitted)</p>	<p>This amendment is made pursuant to Article 14 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”.</p>
<p>Article 21</p> <p>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.</p>	<p>Article 21</p> <p>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.</p>	<p>The date of this amendment is added.</p>

Before Revision	After Revision	Explanation
<p>The third amendment was made on June 18, 2014. The fourth amendment was made on June 9, 2015. The fifth amendment was made on June 10, 2020.</p>	<p>The third amendment was made on June 18, 2014. The fourth amendment was made on June 9, 2015. The fifth amendment was made on June 10, 2020. <u>The sixth amendment was made on July 15, 2021.</u></p>	

**Rules for Election of Directors
of
eMemory Technology Inc.
(the “Company”)**

Comparison Table for Content of Articles Before and After Revisions

Before Revision	After Revision	Explanation
<p>Article 7</p> <p>If a candidate is a shareholder, a voter must fill the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall fill in the candidate's full name and ID card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be filled in the column for the candidate's account name in the ballot, or both the name of the governmental organization/juristic-person shareholder and the name of its representative may be filled in. When there are multiple representatives, the name of each representative shall be filled in.</p>	<p>(Deleted)</p>	<p>This deletion is made pursuant to the “Sample Template for XXX Co., Ltd. Procedures for Election of Directors”.</p>
<p>Article <u>8</u></p> <p>A ballot is invalid under any of the following circumstances:</p> <p><u>(1) Ballots not placed in the ballot box.</u></p> <p><u>(2) Ballots not prepared by the Board of Directors.</u></p> <p><u>(3) Blank ballots not completed by the voter.</u></p>	<p>Article <u>7</u></p> <p>A ballot is invalid under any of the following circumstances:</p> <p><u>(1) The ballot was not prepared by a person with the right to convene.</u></p> <p><u>(2) A blank ballot is placed in the ballot box.</u></p>	<p>1. Adjust the article number due to the deletion of Article 7.</p> <p>2. This amendment is made pursuant to Article 10 of the “Sample Template for</p>

Before Revision	After Revision	Explanation
<p>(4) <u>If the candidate is a shareholder of the Company, the account name or shareholder account number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID card number of the candidate filled in the ballot is found incorrect.</u></p> <p>(5) <u>In addition to the candidate's account name, shareholder account number (ID card number) and the number of voting rights allotted, other words or marks are filled in.</u></p> <p>(6) <u>The writing is unclear and indecipherable or has been altered.</u></p> <p>(7) <u>Two or more candidates are filled in one ballot.</u></p> <p>(8) <u>The name of the candidate filled in the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such individual.</u></p>	<p><u>(3) The writing is unclear and indecipherable or has been altered.</u></p> <p>(4) <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p>(5) <u>Other words or marks are entered in addition to the number of voting rights allotted.</u></p>	<p>XXX Co., Ltd. Procedures for Election of Directors”.</p>
<p>Article <u>9</u> The voting rights shall be calculated on site immediately after the end of the poll, and the <u>list of persons elected as directors</u> shall be announced by the chairperson on the site.</p>	<p>Article <u>8</u> The voting rights shall be calculated on site immediately after the end of the poll, and the <u>voting results</u> shall be announced by the chairperson on the site, <u>including the names of those</u></p>	<p>1. Adjust the article number due to the deletion of Article 7. 2. This amendment is made pursuant</p>

Before Revision	After Revision	Explanation
	<p><u>elected as directors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one 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.</u></p>	<p>to Article 11 of the “Sample Template for XXX Co., Ltd. Procedures for Election of Directors”.</p>
<p>Article <u>10</u> (Omitted)</p>	<p>Article <u>9</u> (Omitted)</p>	<p>Adjust the article number due to the deletion of Article 7.</p>
<p>Article <u>11</u> (Omitted)</p>	<p>Article <u>10</u> (Omitted)</p>	<p>Adjust the article number due to the deletion of Article 7.</p>
<p>Article <u>12</u> (Omitted)</p>	<p>Article <u>11</u> (Omitted)</p>	<p>Adjust the article number due to the deletion of Article 7.</p>
<p>Article <u>13</u> These Rules were adopted by the Shareholders’ Meeting on May 7, 2003. The first amendment was made on May 15, 2008. The second amendment was made on June 9, 2015. The third amendment was made on June 13, 2017.</p>	<p>Article <u>12</u> These Rules were adopted by the Shareholders’ Meeting on May 7, 2003. The first amendment was made on May 15, 2008. The second amendment was made on June 9, 2015. The third amendment was made on June 13, 2017. <u>The fourth amendment was made on July 15, 2021.</u></p>	<p>The date of this amendment is added.</p>

eMemory Technology Inc.**Concurrent Positions for the 8th Newly Elected Directors**

Title	Name	Concurrent Positions
Director	Charles Hsu	Chairman, iMQ Technology Inc. Chairman, PUFsecurity USA Corporation Chairman & President, PUFsecurity Corporation Director, SecuX Technology Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, Materials Analysis Technology Inc.
Director	Mu-Chuan Hsu	Director, iMQ Technology Inc.
Director	How-Han Investment Corporation	Director, iMQ Technology Inc. Director, SecuX Technology Inc.
Representative of Director	Teresa Cheng	Chairman, How-Han Investment Corporation Director, iMQ Technology Inc. Supervisor, Uniband Electronic Corporation Vice President, HeFeChip Corporation Limited, Shanghai Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Synergy Tech Corp.
Representative of Director	Jason Hsu	Independent Director, Remuneration Committee Member & Audit Committee Member, inergy Technology Inc.
Director	Rick Shen	Vice Chairman, PUFsecurity Corporation Independent Director, Remuneration Committee Member & Audit Committee Member, inergy Technology Inc.
Independent Director	Kenneth Kin	Director, MediaTek Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, Vanguard International

Title	Name	Concurrent Positions
		Semiconductor Corporation Independent Director, Remuneration Committee Member & Audit Committee Member, Global Unichip Corp. Director, Medtech Investment Co. Ltd.
Independent Director	Ming-To Yu	Vice Chairman, Egis Technology Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, Acer Cyber Security Inc. Independent Director, Remuneration Committee Member & Audit Committee Member, Tongtai Machine & Tool Co., Ltd. Director, ULSee Co, Ltd. Director, GIXIA GROUP CO. Chairman, Yishing Technology Ltd. Chairman, Vitrio Technology Corporation
Independent Director	T.C. Chen	Fellow, IBM Vice President Science & Technology, IBM Independent Director & Audit Committee Member, AP Memory Technology Corp.