



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

Adopted by the Shareholders’ Meeting on June 10, 2020

**Article 1: Purposes**

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

**Article 2: The Words "Endorsement and Guarantee" Used in these Procedures Shall Include the Following**

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

**Article 3: The Parties to be Endorsed and Guaranteed**

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

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

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

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



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

The subsidiary mentioned under these procedures shall be determined pursuant to the provisions of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

1. The total amount of endorsement or guarantee provided by the Company shall not exceed 40% of the Company's net value; the total amount of endorsement or guarantee provided by the Company for any single entity shall not exceed 10% of the Company's net value. And the total amount of endorsement or guarantee provided by the Company for any single entity shall not exceed the net value of such endorsed or guaranteed entity, but the restrictions provided herein shall not apply to the subsidiaries of the Company.
2. Except for the limited amounts set forth above, the total amount of endorsement or guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company. The business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher.
3. The amount of endorsement and guarantee provided by the subsidiaries whose outstanding voting shares are owned by the Company directly and indirectly by 90% or more shall not exceed 10% of the Company's net value; this restriction shall not apply to the endorsement and guarantee provided by the subsidiaries whose outstanding voting shares are owned by the Company directly and indirectly by 100%.
4. By basing on a joint investment relation, the Company provides endorsement or guarantee for the invested company by the amount determined according to the proportion to their shareholding percentages, the amount of individual endorsement or guarantee shall except not exceed 10% of the Company's net value, and shall not exceed the amount invested by the Company as well.
5. The total amount of endorsement or guarantee provided by the Company and subsidiaries shall not exceed 40% of the Company's net value, and the amount of endorsement or guarantee provided by the Company for a single entity shall not exceed 15% of the Company's net value.
6. To apply to the Company for providing the endorsement or guarantee, after being approved by more than one-half of all the Audit Committee members, it shall be submitted to the Board of Directors for approval. If the approval of more than one-half of all the Audit Committee members is not obtained, it may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. However, in order to satisfy the requirement for timing, a pre-determined amount may be delegated to the Chairman by the Board of Directors to facilitate the execution, and

such endorsement or guarantee shall be later reported to the Board of Directors' meeting for ratification.

The Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinion and the opposing reasons when providing the endorsement or guarantee by the Company.

7. In case that an excess of the limited amounts provided in these procedures is necessary for accommodating business needs and such excess is conform to the conditions provided in these procedures, it shall be approved by the Board of Directors and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limited amounts, these procedures have to be revised as well, and has it ratified at the Shareholders' Meeting; If it is not ratified at the Shareholders' Meeting, a plan containing a timetable to withdraw the excess portion shall be furnished. During the discussion in the board meeting, the Company shall take each independent director's opinions into full consideration, and include in the minute of the board meeting, the definite assenting or dissenting opinions and the opposing reasons.
8. When providing endorsement or guarantee to another company, the Company may require the endorsed or guaranteed company for providing lien or mortgage against chattel and real property or other collaterals. This requirement may be exempted in the event that the endorsed or guaranteed company is a subsidiary of the Company.
9. The financial report of the Company is prepared according to the International Financial Reporting Standards; and the net value mentioned herein is defined as the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The net value shall be calculated based on the latest financial statements certified or reviewed by a certified public accountant.

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

1. When making endorsement or guarantee for the other company, the company to be endorsed or guaranteed shall submit an application to the Finance Department of the Company. The Finance Department shall investigate the credit status of the company to be endorsed or guaranteed, assess the risk and prepare the assessment records. After it passed the examination, submit it to the Chairman for approval.
2. Finance Department shall include the following items in the examination:
  - (1) The necessity and reasonableness of the endorsement or guarantee.
  - (2) The credit status and risk assessment of the entity for which the endorsement or guarantee will be made.
  - (3) The impact on the operation risk, financial status and shareholder's equity.
  - (4) Whether the collateral shall be acquired and the assessed value of the collateral.

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

1. If the negotiable instrument or a deed for endorsement or guarantee has to be

anceled for the debt is paid off or a change as a result of extension of the term, the endorsed or guaranteed company shall send a letter with the original negotiable instrument or a deed endorsed to the Finance Department of the Company and the word of "cancellation" will be stamped on it then have it returned, the received letter shall be kept for reference.

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

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

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

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

## Article 8: Preservation and Procedure of the Seal

The Company shall use the corporate seal registered with the Ministry of Economic Affairs as the dedicated seal for endorsement and guarantee; the dedicated seal shall be

kept by an appointed person, that either applying for sealing or issuing negotiable instruments, the procedures of applying for sealing stipulated by the Company have to be followed. The person who keeps the seal for endorsement and guarantee shall be reported to the Board of Directors' meeting for approval, any change of the person shall be reported the same.

When making a guarantee for an overseas company, the Chairman is authorized by the Board of Directors to sign the guarantee agreement for the Company.

## Article 9: Internal Control

1. A memorandum book for the record of endorsement and guarantee shall be established, in which the information of the entity for which the endorsement and guarantee are made, amount, date of approval by the Board of Directors or of authorization by the Chairman, endorsement and guarantee date and matters to be carefully evaluated under the rule shall be recorded in detail for reference.
2. The internal auditors of the Company shall at least quarterly audit the procedure and implementation of endorsement and guarantee, and prepare the written record accordingly, should any material breach of these procedures is found, the auditors shall promptly notify the Audit Committee with a written notice.
3. Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement and guarantee becomes a disqualified entity under these procedures or the amount of endorsement and guarantee exceeds the limited amount, the Company shall adopt rectification plans, submit the relevant rectification plans to the Audit Committee and complete the rectification on schedule for enhancing the internal control of the Company.
4. In the event that the entity for which the Company provides endorsement and guarantee is a subsidiary whose net value is lower than half of its paid-in capital, the President of such subsidiary shall report the operation status to the Board of Directors' periodical meeting of the Company until the net value of such subsidiary is higher than half of its paid-in capital, and the consequents hereof shall be determined by the Board of Directors of the Company. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding provision, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

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

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

Before providing the endorsement and guarantee pursuant to Article 3 by the subsidiaries in which the Company directly and indirectly holds 90% or more of its outstanding voting shares, it shall be reported to the Board of Directors of the Company for approval. This restriction shall not apply to the endorsement and guarantee provided by the companies whose outstanding voting shares are owned by the Company directly and indirectly by 100%.

Article 12: Penalty

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

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

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

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

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

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

The first amendment was made on March 25, 2003.

The second amendment was made on May 18, 2006.

The third amendment was made on May 26, 2009.

The fourth amendment was made on June 14, 2013.

The fifth amendment was made on June 9, 2015.

The sixth amendment was made on June 13, 2019.

The seventh amendment was made on June 10, 2020.