



AP Memory Technology Corporation
Handbook
2021 Annual Meeting of Shareholders

MEETING TIME: June 17, 2021

**PLACE: 2F, No.3, Taiyuan 1st St., Zhubei City, Hsinchu County 302, Taiwan
(R.O.C.)**

**(This English translation is provided for reference only and might not exactly
reflect the true meaning and full text of the original language.)**

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AP Memory Technology Corp.

Procedures for the 2021 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Open Speech by Chairman
3. Report Items
4. Proposed Resolutions
5. Discussions
6. Independent Directors Election
7. Other Proposal
8. Extemporaneous Motions
9. Adjournment

AP Memory Technology Corp.

Agenda of the 2021 Annual Meeting of Shareholders

Time: 9:00 a.m. on Thursday, June 17, 2021

Place: 2F, No.3, Taiyuan 1st St., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)

Procedure:

1. Call the Meeting to Order.
2. Open Speech by the Chairman.
3. Report Items
 - A. To report the business of 2020
 - B. The 2020 Audit Committee's Review report
 - C. To report 2020 employees' profit sharing bonus and directors' compensation
 - D. To report 2020 earnings distribution
 - E. Revision of Rules and Procedures of Board of Director Meetings
 - F. Revision of Codes of Ethical Conduct
 - G. Revision of Procedures for Ethical Management and Guidelines for Conduct
4. Proposed Resolutions
 - A. To accept the 2020 Business Report and Financial Statements
 - B. To accept the proposal for distribution of 2020 earnings
5. Discussions
 - A. To revise the Articles of Incorporation
 - B. Revision of the Employee Stock Option Issuance and Share Subscription Plan of 2016II, 2018, 2019, and 2020.
 - C. To revise the Rules of Procedure for Shareholders Meetings
6. Independent Directors Election

To elect two new Independent Directors to fill the vacancies
7. Other proposal

To release the prohibition on the Company's Director and newly elected Independent Directors from participating in the competitive business.
8. Extemporaneous Motions
9. Adjournment

Report Items

Item 1: To report the business of 2020

Explanatory Notes: Please refer to Page 10-12 (Attachement 1)

Item 2: The 2020 Audit Committee's Review report

Explanatory Notes: Please refer to page 35 (Attachement 3)

Item 3: To Report 2020 employees' profit sharing bonus and directors' compensation

Explanatory Notes:

- A. The Board of Directors approved 2020 employees' profit sharing bonus and directors' compensation on March 12, 2021. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.
- B. 2020 employees' total cash bonus and profit sharing bonus is NT\$34,592,015, and directors' compensation is NT\$8,000,000.

Item 4: To report 2020 earnings distribution

Explanatory Notes: 2020 earnings distribution adopted at the meeting of the Board of Directors is as follows:

- A. Earnings Available for Distribution as of December 31, 2020: NT\$241,326,729
- B. Cash dividends to common shareholders: Totaling NT\$ 370,373,115. Each common shareholder will be entitled to receive a cash dividend of NT\$5.0 per share.
- C. The Board Chairman is delegated to decide any matters in terms of the change of record date and payout ratio.

Item 5: Revision of "Rules and Procedures of Board of Director Meetings"

Explanatory Notes: In conjunction with amendments of R.O.C. "Company Law", "Securities and Exchange Act", and "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", it is proposed to amend the Company's "Rules and Procedure for Board of Directors Meetings". The comparison table for the Articles of Incorporation is attached hereto at Page 36~37 (Attachment 4).

Item 6: Revision of “Codes of Ethical Conduct”

Explanatory Notes: Regarding amendments of R.O.C. “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, it is proposed to amend the Company’s “Codes of Ethical Conduct”. The comparison table for the Articles of Incorporation is attached hereto at Page 38 (Attachment 5).

Item 7: Revision of Procedures for “Ethical Management and Guidelines for Conduct”

Explanatory Notes: Regarding amendments of R.O.C. “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, it is proposed to amend the Company’s “Procedures for Ethical Management and Guidelines for Conduct”. The comparison table for the Articles of Incorporation is attached hereto at Page 39~41 (Attachment 6).

Proposed Resolutions

Item 1: To accept the 2020 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. 2020 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Chiu, Cheng-Chun and Mr. Wu, Shih-Tsung, of Deloitte & Touche.
- B. 2020 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Page 10~35(Attachment 1, 2, and 3).

Item 2: To accept the proposal for distribution of 2020 profit distribution table

(Proposed by the Board of Directors)

Explanatory Notes:

Description	Amount(NTD)	Remarks
Unappropriated retained earnings of previous years	241,326,729	Note
Add:Net Income of 2020	811,709,316	
Special reserve	4,576,164	
Less: Legal Serve	(81,170,932)	
Earnings available for distribution	976,441,277	
Distribution items:		
Cash Dividend to common shareholders	(370,373,115)	NT\$5.0 / per share
Unappropriated retained earnings	<u>606,068,162</u>	

Note. The Company shall set aside a special reserve from the net inductions from shareholders' equity (including exchange differences from the translation of financial statements of foreign operation) for the current fiscal year.

Discussions

Item 1: To revise the “Articles of Incorporation”

(Proposed by the Board of Directors)

Explanatory Notes: In order to operation flexibility, it is proposed to make amendment on the Company’s “Articles of Incorporation”. The comparison table for the Articles of Incorporation before and after revision is attached hereto as Page 42(Attachment 7)

Item 2: Revision of the Employee Stock Option Issuance and Share Subscription Plan of 2016II, 2018, 2019 and 2020.

(Proposed by the Board of Directors)

Explanatory Notes: Consideration of the Revision of article 6 of “Articles of Incorporation”, it is proposed to make amendment on Employee Stock Option Issuance and Share Subscription Plan of 2016II, 2018, 2019 and 2020. The comparison table for before and after revision is attached hereto as Page 43 (Attachment 8, 9, 10, and 11)

Item 3: To revise the “Rules of Procedure for Shareholders Meetings”

(Proposed by the Board of Directors)

Explanatory Notes: In order to enhance corporate governance, it is proposed to make amendment on the Company’s “the Rules of Procedure for Shareholders Meetings”. The comparison table for before and after revision is attached hereto as Page 44~47(Attachment 12)

Directors Election

To elect two Independent Directors to fill the vacancy.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. The Company received a letter of resignation from Independent Director Yeh, Shu on April 1, 2021. The letter has expressed his intention to, under the consideration of regulatory compliance; resign as an independent director of the Company from May 31, 2021. And a by-election of independent director as prescribed in the Company's Articles of Incorporation will take place.
- B. In addition, the Company's current chairman and president are the same person. According to Article 4 of "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", the number of independent directors should not be less than four people. Therefore, under the aforesaid consideration of corporate governance, the intimation of resignation filed by the Company's corporate director Shanyi Investment Co., Ltd. (including the representative thereof, Hung, Chih-Hsun) on April 6, 2021 also requires a by-election of independent director as the resignation will come into effect on June 16, 2021.
- C. In Summary, the Board of Directors approved to elect two new independent directors to fill such vacancies at the 2021 Annual Meeting of Shareholders. The term of office of the independent director to be elected shall expire on the same date as the term of the existing directors (from June 17, 2021 to June 14th, 2023).
- D. The independent directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the R.O.C. Company Law. The independent director shall be elected from the nominated candidate, whose education and professional qualifications, experience and relevant information are attached hereto as Page 48 (Attachment 13).

Voting by Poll :

Other Proposal

To release the prohibition on the Director and Newly Elected Independent Directors from participating in the competitive business.

(Proposed by the Board of Directors)

Explanatory Notes :

- A. Directors who participate in the operations of another company that engages in the same or similar business scope as the Company hereby request the shareholders' approval to release these directors and their proxies from the non-competition restrictions in accordance with Article 209 of the Company Act.
- B. Please refer to Page 49(Attachment 14) for the status of the competition of the Director and Newly Elected Independent Directors.

Extemporary Motions

Adjournment

Attachment

Attachment 1.

Business Report

AP Memory earned NT\$ 811,710K (NT\$ 11.00 per share) in net income in 2020. Excluding the gains from Zentel Japan transaction, our net income was NT\$ 465,377K (NT 6.31 per share). Compared to the loss of NT\$ 395,065K (NT\$ 5.33 per share) in 2019, the Company has achieved a major turnaround in financial performance.

	2020 (A)	2019 (B)	Δ AMT (C=A-B)	Δ % (C/B)
Revenue	3,549,497	3,416,669	132,828	4%
Gross Profit	1,025,671	480,641	545,030	113%
Gross Profit Margin (%)	29%	14%	15%	105%
Operating Expenses	505,925	487,984	17,941	4%
Operating Expenses Rate (%)	14%	14%	(0%)	(0%)
Operating Income (Loss)	519,746	(7,343)	527,089	7,178%
Non-Operating P/L	420,609	(347,014)	767,623	221%
Net Income (Loss) before Tax	940,355	(354,357)	1,294,712	365%
Income (Loss) from Continuing Operation	815,370	(322,973)	1,138,343	352%
Income (Loss) from Discontinued Operation	5,613	(72,092)	77,705	108%
Net Income (Loss)	820,983	(395,065)	1,216,048	308%
Net Income (Loss) Attributable to Parent Company	811,710	(395,065)	1,206,775	305%

Our balance sheet has also seen great improvement over 2019. Cash position is up substantially, and inventory is back to normal level.

	2020 (D)	2019 (E)	Δ AMT (F=D-E)	Δ % (F/E)
Cash and Cash Equivalents	662,967	584,264	78,703	13%
Financial Assets at FVTPL-Current	930,536	30,003	900,533	3,001%
Inventories	625,055	1,130,802	(505,747)	(45%)

■ Business Refocusing

Prior to 2017, our business focused almost exclusively on pseudo-SRAM products customized for feature phone market. We had tier-one customers, built-to-order business flow, a gross margin of 35-40%, and consequently very low business risk. However, we were faced with a shrinking feature phone market and risk of becoming irrelevant. We started an effort to expand our business to growing applications such as wearable devices, smart audio, smart video, MCU, LTE modem, wifi, etc. These applications are generally referred to as Internet of Things (IoT).

In 2017, we acquired and integrated Zentel Electronics, which added specialty DRAM business to our product portfolio. The acquisition greatly expanded our R&D capabilities and product portfolio. However, specialty DRAM business is fundamentally a commodity-like business, where both cost and price are sensitive to general DRAM market condition. When the DRAM market turned in late 2018, we suffered significant losses due to high inventory level. As a result, we suffered a net loss in 2019, even excluding one-time charges related to a customer quality event.

In the meantime, our efforts in expanding IoT business have started to come to fruition. We have also seen good potential in our AI Memory IP offering. In 2019, we made a decision to reduce, and eventually eliminate our reliance on our standard DRAM business. In 2020, we formally launched IoT and AI business units, respectively focused on IP-rich IoT memory and AI memory IP licensing.

As of the end of 2020, we have almost completely got out of standard DRAM business. The growth of our IoT and AI revenues has almost made up for the revenue reduction in standard DRAM. We also successfully sold 100% of our shares in Zentel Japan in 2020, adding US\$28.8M to our cash balance sheet.

■ Margin Improvement

The business refocusing has dramatically improved the quality of our revenue. Our quarterly gross margin rate has improved from 15% in Q4'19 to 40% in Q4'20. This improvement is the result of (1) reduction in low-margin standard DRAM business, (2) contribution from IP licensing, (3) improvement pricing in IoT memory products. Looking forward we expect our gross and net margin rate to be stable with a gradual up trend while maintaining a stable expense ratio.

	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
Gross Margin (%)	16%	16%	26%	33%	39%
Net Margin (%)	5%	5%	9%	15%	56%

■ IoT Business Unit

Our IoT business unit provides compelling customized memory solutions to our customers. Once we have identified a compelling solution for a target application, we typically spend two to three years to complete spec-in, design-in, and validation, to achieve volume production with a lead customer. The follow-on customers of the same application can usually achieve volume production with much shorter time. Lifetimes of our products typically exceed ten years. Over time, we have a growing product portfolio and a growing revenue stream.

Our IoT product line now includes IoT memory devices with features such as ultra-low-power, ultra-high-speed, ultra-low-swing, to address specific needs of customer applications. With our growing base of design-ins, our IoT memory is becoming an industry standard for high quality and high value-added memory.

■ AI Business Unit

Our AI business unit provides licensing of high bandwidth memory solutions. Memory bandwidth is the biggest performance bottleneck for any AI computation. We were the first to propose direct wafer-on-wafer stacking of DRAM and logic to achieve memory bandwidths 10-100X above HBM.

We drive our revenue generally in two steps: license fee in design-in phase, and wafer sales revenue and/or royalty in production phase.

Our VHM™ (Versatile Heterogeneous Memory) has been designed into a number of customer projects. These design-ins have validated our initial idea. We expect adoption of our AI memory solution to gradually ramp up. The spec-in to production cycle time ranges from one to five years.

■ Business Environment and 2021 Outlook

Worldwide demand for semiconductor has exceeded supply in second half of 2020. This supply shortage has impacted our foundry supply. While we have mostly been able to secure our wafer supply, wafer prices have increased substantially. We have so far been able to manage the volatility in wafer prices. Further tightening of capacity may impact our revenue growth and gross margin rate.

Our underlying businesses are strong. Our products are competitive and our markets are growing. But most importantly, in both of business units, we are building entry barriers for competitors. We strive to firmly position ourselves to be number one in each of our niche markets. In 2021, we will make strides in that direction.

We deeply appreciate the support and encouragement of our shareholders, as well as that of our customers, suppliers, employees, and other ecosystem partners.

Chairman and President:

Chen Wen-Liang

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been abridged and 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 version shall prevail

Attachment 2. Independent Auditors' Report

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders
AP Memory Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of AP Memory Technology Corporation (hereinafter referred to as the Corporation), which comprise the parent company only balance sheet (“parent company only balance sheet”) 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 financial position of the Corporation as of December 31, 2020 and 2019, and its parent company only financial performance and its 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 Corporation 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 judgement, were of the most significance in our audit of the Corporation's parent company only financial statements for the year ended 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.

Assessment of Allowance for Inventory Falling Price Loss

As of December 31, 2020, the carrying amount of the Corporation's inventories was \$624,852,000, which is a significant amount that accounts for 16% of the Corporation's total assets. As determining related allowance for inventory falling price loss is subject to management's judgement and the management of physical inventories as described in Note 4 (5) and Note 5 of the Corporation's Parent company only Financial Statements, plus market competition can affect the estimation of the net realizable value of inventory, we considered the allowance for inventory falling price loss as a key audit matter.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. Understand inventory management related internal control systems and evaluate the design and implementation thereof.
2. Observe the annual inventory count to understand the status of slow-moving and damaged inventory; and further confirm whether to set relative loss of inventory falling price aside.
3. A test is carried out with the "Inventory Aging Report" and "Net Realizable Value of Inventories Report" used for the assessment. The test includes the verification of the report integrity and net realizable value; and recalculations for verifying the accuracy of related reports. In the meantime, a retrospective test is also carried out based on impairment loss incurred in the previous fiscal year and whether such loss will incur in the following years.

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 Corporation'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 Corporation 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 Corporation'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 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 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 Corporation'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 Corporation'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 Corporation 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 Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Corporation 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 Corporation's parent company only financial statements for the year ended 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.

Deloitte & Touche Taipei, Taiwan

CPA Chiu Cheng-chun

CPA Wu Shih-tsung

Date: March 12, 2021

AP Memory Technology Corporation
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets					
1100	Cash (Notes 4 and 6)	\$ 225,802	6	\$ 217,164	7
1110	Valuation gain on financial assets at fair value through profit or loss - Current (Notes 4 and 7)	180,197	5	30,003	1
1136	Financial assets at amortized cost - Current (Notes 4, 8 and 29)	2,744	-	2,720	-
1170	Accounts receivable (Notes 4, 9 and 20)	556,225	15	452,060	14
1180	Accounts receivable from related parties (Notes 4, 9 and 28)	200,474	5	176,638	6
1220	Current tax assets	14,836	-	-	-
1200	Other receivables (Notes 4, 9 and 28)	401,081	10	53,310	2
1310	Inventories (Notes 4, 5 and 10)	624,862	16	975,852	31
1470	Other current assets (Note 15)	1,009	-	10,886	-
11XX	Total current assets	<u>2,207,230</u>	<u>57</u>	<u>1,918,633</u>	<u>61</u>
Non-current assets					
1510	Valuation gain on financial assets at fair value through profit or loss- Non-current (Notes 4 and 7)	68,016	2	45,179	2
1550	Investments accounted for using equity method (Notes 4 and 11)	1,103,817	29	739,136	24
1600	Property, plant and equipment (Notes 4 and 12)	5,723	-	9,816	-
1755	Right-of-use assets (Notes 4 and 13)	40,955	1	9,542	-
1821	Other intangible assets (Notes 4 and 14)	13,973	-	28,858	1
1840	Deferred income tax assets (Notes 4 and 22)	78,811	2	74,075	2
1915	Prepayments for business facilities	1,869	-	2,250	-
1920	Refundable deposits (Note 17)	208,194	6	203,433	7
1990	Other non-current assets (Note 15)	122,764	3	103,221	3
15XX	Total non-current assets	<u>1,644,122</u>	<u>43</u>	<u>1,215,510</u>	<u>39</u>
1XXX	Total assets	<u>\$ 3,851,352</u>	<u>100</u>	<u>\$ 3,134,143</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 16)	\$ 85,140	2	\$ 200,000	7
2170	Accounts payable from non-related parties	228,188	6	243,722	8
2180	Accounts payable from related parties (Note 28)	-	-	166,474	5
2200	Other payables (Note 17)	305,268	8	133,797	4
2220	Other payables from related parties (Note 28)	15,843	1	16,566	1
2230	Current tax liabilities	71,602	2	-	-
2280	Lease liabilities – Current (Notes 4 and 13)	15,696	-	5,434	-
2300	Other current liabilities (Notes 17 and 20)	1,726	-	3,101	-
21XX	Total current liabilities	<u>723,463</u>	<u>19</u>	<u>769,094</u>	<u>25</u>
Non-current liabilities					
2580	Lease liabilities - Non-current (Notes 4 and 13)	24,686	-	4,126	-
2570	Deferred tax liabilities(Notes 4 and 22)	233	-	3,602	-
2612	Long-term payables(Note 17)	-	-	194,764	6
25XX	Total non-current liabilities	<u>24,919</u>	<u>-</u>	<u>202,492</u>	<u>6</u>
2XXX	Total liabilities	<u>748,382</u>	<u>19</u>	<u>971,586</u>	<u>31</u>
Equity (Notes 4, 19 and 24)					
Share capital					
3110	Ordinary share	742,316	19	738,535	23
3140	Advance receipts for ordinary share	532	-	-	-
3100	Total shares	<u>742,848</u>	<u>19</u>	<u>738,535</u>	<u>23</u>
3200	Capital surplus	1,020,722	27	838,388	27
Retained earnings					
3310	Legal reserve	282,992	8	282,992	9
3320	Special reserve	4,576	-	3,225	-
3350	Unappropriated retained earnings	1,053,036	27	316,359	10
3300	Total retained earnings	<u>1,340,604</u>	<u>35</u>	<u>602,576</u>	<u>19</u>
Other equity interest					
3410	Exchange differences on translation of foreign financial statements	10,042	-	(4,576)	-
3490	Unearned compensation cost	-	-	(1,120)	-
3400	Total other equity interest	<u>10,042</u>	<u>-</u>	<u>(5,696)</u>	<u>-</u>
3500	Treasury shares	(11,246)	-	(11,246)	-
3XXX	Total equity	<u>3,102,970</u>	<u>81</u>	<u>2,162,557</u>	<u>69</u>
Total liabilities and equity		<u>\$ 3,851,352</u>	<u>100</u>	<u>\$ 3,134,143</u>	<u>100</u>

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

AP Memory Technology Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars,
except earning/ deficit per share)

Code		2020		2019	
		Amount	%	Amount	%
4100	Operating revenue (Notes 4, 20 and 28)	\$ 3,535,263	100	\$ 3,294,736	100
5110	Operating costs (Notes 10, 21 and 28)	<u>2,549,684</u>	<u>72</u>	<u>3,000,251</u>	<u>91</u>
5900	Gross profit	<u>985,579</u>	<u>28</u>	<u>294,485</u>	<u>9</u>
	Operating expense (Notes 4, 21, 24 and 28)				
6100	Selling expense	69,721	2	64,528	2
6200	Administrative expense	85,305	3	63,450	2
6300	Research and development expense	294,269	8	291,626	9
6400	Expected credit loss	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expense	<u>451,381</u>	<u>13</u>	<u>419,604</u>	<u>13</u>
6900	Net operating income (loss)	<u>534,198</u>	<u>15</u>	<u>(125,119)</u>	<u>(4)</u>
	Non-operating income and expense				
7070	Share of profit of subsidiaries and associates accounted for using equity method (Notes 4 and 11)	326,833	9	27,337	1
7100	Interest income (Note 4)	2,038	-	2,171	-
7190	Interest income (Notes 4, 21 and 28)	25,212	1	24,002	1
7225	Net loss on disposals of investments (Notes 7 and 25)	(5,078)	-	-	-
7230	Net foreign exchange loss (Notes 4, 21 and 30)	(44,017)	(1)	(8,708)	-

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Code		2020		2019	
		Amount	%	Amount	%
7235	Net gains on financial assets at fair value through profit or loss (Note 4)	38,050	1	57	-
7020	Other loss (Note 17)	\$ -	-	(\$ 342,309)	(11)
7510	Interest expense	(1,727)	-	(3,523)	-
7610	Loss on disposals of property, plant and equipment	(142)	-	-	-
7000	Total non-operating income and expense	<u>341,169</u>	<u>10</u>	<u>(300,973)</u>	<u>(9)</u>
7900	Income before tax	875,367	25	(426,092)	(13)
7950	Income tax expense recognized in profit or loss (Notes 4 and 22)	(63,657)	(2)	31,027	1
8200	Net profit (loss) for the year	<u>811,710</u>	<u>23</u>	<u>(395,065)</u>	<u>(12)</u>
	Other comprehensive income (Notes 4 and 19)				
8360	Items that may be reclassified subsequently to profit or loss::				
8361	Exchange differences on translating the financial statements of foreign operations	(1,832)	-	(1,977)	-
8380	Share of the other comprehensive income of subsidiaries accounted for using equity method	<u>12,857</u>	-	<u>626</u>	-
		<u>11,025</u>	-	<u>(1,351)</u>	-
8300	Other comprehensive income for the year (net of income tax)	<u>11,025</u>	-	<u>(1,351)</u>	-
8500	Total comprehensive income for the year	<u>\$ 822,735</u>	<u>23</u>	<u>(\$ 396,416)</u>	<u>(12)</u>
	Earnings (losses) per share (Note 23)				
9750	Basic	<u>\$ 11.00</u>		<u>(\$ 5.33)</u>	<u>\$ -</u>
9850	Diluted	<u>\$ 10.84</u>		<u>(\$ 5.33)</u>	<u>\$ -</u>

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

AP Memory Technology Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		Ordinary share (Notes 4, 19 and 24)				Capital surplus (Notes 4, 19 and 24)	Retained earnings (Notes 4 and 19)				Other equity (Notes 4, 19 and 24)				
		Number of shares (in thousands)	Amount	Advance receipts for ordinary share	Total shares		Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unearned compensation cost	Total	Treasury shares (Notes 4 and 19)	Total equity
A1	Balance at January 1, 2019	75,280	\$ 752,805	\$ -	\$ 752,805	\$ 851,282	\$ 271,445	\$ 5,594	\$ 781,918	\$ 1,058,957	(\$ 3,225)	(\$ 10,102)	(\$ 13,327)	(\$ 11,246)	\$ 2,638,471
	Appropriation and distribution of earnings for the year 2018														
B1	Legal reserve	-	-	-	-	-	11,547	(11,547)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(2,369)	2,369	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	(37,539)	(37,539)	-	-	-	-	-	(37,539)
T1	Compensation cost for employee share options	-	-	-	-	3,172	-	-	-	-	-	-	-	-	3,172
D1	Net profit for the year 2019	-	-	-	-	-	-	(395,065)	(395,065)	-	-	-	-	-	(395,065)
D3	Other comprehensive income after tax for the year 2019	-	-	-	-	-	-	-	-	-	(1,351)	-	(1,351)	-	(1,351)
D5	Total comprehensive income for the year 2019	-	-	-	-	-	-	(395,065)	(395,065)	(1,351)	-	(1,351)	-	(396,416)	
N1	Issuance of ordinary shares under the employee share option plan	79	790	-	790	903	-	-	-	-	-	-	-	-	1,693
T1	Retirement of restricted stock awards (RSAs)	(6)	(60)	-	(60)	(421)	-	-	-	-	-	120	120	-	(361)
N1	Issuance of restricted stock awards (RSAs) by the Corporation	-	-	-	-	-	-	-	-	-	-	8,862	8,862	-	8,862
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(55,325)	(55,325)	
L3	Retirement of treasury shares	(1,500)	(15,000)	-	(15,000)	(16,548)	-	(23,777)	(23,777)	-	-	-	55,325	-	
Z1	Balance at December 31, 2019	73,853	738,535	-	738,535	838,388	282,992	3,225	316,359	602,576	(4,576)	(1,120)	(5,696)	(11,246)	2,162,557
	Appropriation and distribution of earnings for the year 2019														
B3	Special reserve	-	-	-	-	-	-	1,351	(1,351)	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	(73,682)	(73,682)	-	-	-	-	-	(73,682)
T1	Compensation cost for employee share options	-	-	-	-	10,365	-	-	-	-	-	-	-	-	10,365
D1	Net profit for the year 2020	-	-	-	-	-	-	811,710	811,710	-	-	-	-	-	811,710
D3	Other comprehensive income after tax for the year 2020	-	-	-	-	-	-	-	-	-	11,025	-	11,025	-	11,025
D5	Total comprehensive income for the year 2020	-	-	-	-	-	-	811,710	811,710	11,025	-	11,025	-	822,735	
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	153,042	-	-	-	-	3,593	-	3,593	-	156,635
M7	Changes in ownership interests in subsidiaries	-	-	-	-	401	-	-	-	-	-	-	-	-	401
N1	Issuance of ordinary shares under the employee share option plan	378	3,781	532	4,313	18,526	-	-	-	-	-	-	-	-	22,839
N1	Issuance of restricted stock awards (RSA) by the Corporation	-	-	-	-	-	-	-	-	-	-	1,120	1,120	-	1,120
Z1	Balance at December 31, 2020	<u>74,231</u>	<u>\$ 742,316</u>	<u>\$ 532</u>	<u>\$ 742,848</u>	<u>\$ 1,020,722</u>	<u>\$ 282,992</u>	<u>\$ 4,576</u>	<u>\$ 1,053,036</u>	<u>\$ 1,340,604</u>	<u>\$ 10,042</u>	<u>\$ -</u>	<u>\$ 10,042</u>	<u>(\$ 11,246)</u>	<u>\$ 3,102,970</u>

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

AP Memory Technology Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flow from operating activities		
A10000	Income before tax for the year	\$ 875,367	(\$ 426,092)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	13,814	37,815
A20200	Amortization expense	16,403	15,482
A20300	Expected credit loss	2,086	-
A20400	Valuation gain on financial assets at fair value through profit or loss	(38,050)	(3)
A20900	Interest expense	1,727	3,523
A21200	Interest income	(2,038)	(2,171)
A21300	Dividend income	(155)	-
A21900	Cost of share-based payment	11,917	10,167
A22300	Share of profit (loss) of subsidiaries and associates accounted for using equity method	(326,833)	(27,337)
A22500	Loss on disposal and scrap of property, plant and equipment	142	-
A29900	Loss on disposal of subsidiaries accounted for using equity method	5,539	-
A23200	Gains on disposal of associates accounted for using equity method	(461)	-
A23700	Loss of inventory falling price and slow-moving inventory	26,333	2,209
A23900	Reversal of (reserve for) unrealized loss on transaction with associates	9,728	(9,728)
A24100	Unrealized foreign exchange loss	24,645	1,921
A29900	Reserve for customer complaint loss	-	342,309
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(134,192)	(75,179)
A31150	Accounts receivable	(516,817)	(53,855)
A31180	Other receivables	(1,374)	(20,951)
A31200	Inventories	324,657	603,445
A31230	Prepayment	(7,847)	101,727
A31240	Other current assets	431	804
A31990	Refundable deposits	-	(200,000)
A32150	Accounts payable	(180,946)	(490,920)

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<u>C o d e</u>		<u>2020</u>	<u>2019</u>
A32180	Other payables	(24,147)	(113,043)
A32230	Other current liabilities	(<u>1,375</u>)	(<u>13,761</u>)
A33000	Cash inflow (outflow) generated from operations	78,554	(313,638)
A33100	Interest received	2,014	2,171
A33200	Dividend received	155	-
A33300	Interest paid	(1,806)	(3,318)
A33500	Income taxes paid	(<u>160</u>)	(<u>15,553</u>)
AAAA	Net cash inflow (outflow) generated from operating activities	<u>78,757</u>	(<u>330,338</u>)
	Cash flows from investing activities		
B02300	Proceeds from disposal of subsidiaries	6,946	-
B01800	Acquisition of investment accounted for using equity method	(500)	-
B00600	Acquisition of financial assets at amortized cost	-	(25)
B02700	Purchase of property, plant and equipment	(3,107)	(3,688)
B03700	Decrease (increase) in refundable deposits	(4,761)	1,307
B04500	Acquisition of intangible assets	(1,518)	(10,824)
B07100	Increase in prepayments for business facilities	(1,869)	-
B07600	Dividends received from associates and subsidiaries	<u>107,740</u>	<u>122,108</u>
BBBB	Net cash flows from investing activities	<u>102,931</u>	<u>108,878</u>
	Cash flows from (used in) financing activities		
C00200	Decrease in short-term loans	(114,860)	(100,000)
C04020	Payment of lease liabilities	(7,347)	(11,280)
C04500	Cash dividend paid	(73,682)	(37,539)
C04800	Exercise of employee share options	22,839	1,693
C04900	Payments to acquire or redeem entity's shares	-	(55,325)
C05400	Acquisition of ownership interests in subsidiaries (Note 11)	-	(7,685)
C05500	Disposal of ownership interests in subsidiaries	<u>-</u>	<u>279,533</u>
CCCC	Net cash flows from (used in) financing activities	(<u>173,050</u>)	<u>69,397</u>
EEEE	Net decrease in cash	8,638	(152,063)
E00100	Cash at the beginning of the year	<u>217,164</u>	<u>369,227</u>
E00200	Cash at the end of the year	<u>\$ 225,802</u>	<u>\$ 217,164</u>

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

Declaration of Consolidation of Financial Statements of Affiliates

Declaration of Consolidation of Financial Statements of Affiliates

We hereby declare that the companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of a parent and its subsidiaries under International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of a parent and its subsidiaries. Hence, we will not prepare a separate set of consolidated financial statements of affiliates.

AP Memory Technology Corporation

Chairman and President:

Chen Wen-Liang

Date: March 12, 2021

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders

AP Memory Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of AP Memory Technology Corporation and Subsidiaries (hereinafter 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 judgement, were of the most significance in our audit of the Group's consolidated financial statements for the year ended 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.

Assessment of Allowance for Inventory Falling Price Loss

As of December 31, 2020, the carrying amount of the Group's inventories was NTD625,055, 000, which is a significant amount that accounts for 16% of the Group's total consolidated assets. As determining related allowance for inventory falling price loss is subject to management's judgement and the management of physical inventories as described in Note 4 (6) and Note 5 of the Group's consolidated financial statements, plus market competition can affect the estimation of the net realizable value of inventory, we considered the allowance for inventory falling price loss as a key audit matter.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. Understand inventory management related internal control systems and evaluate the design and implementation thereof.
2. Observe the annual inventory count to understand the status of slow-moving and damaged inventory; and further confirm whether to set relative loss of inventory falling price aside.
3. A test is carried out with the "Inventory Aging Report" and "Net Realizable Value of Inventories Report" used for the assessment. The test includes the verification of the report integrity and net realizable value; and recalculations for verifying the accuracy of related reports. In the meantime, a retrospective test is also carried out based on impairment loss incurred in the previous fiscal year and whether such loss will incur in the following years.

Other Matters

We have also audited the parent company only financial statements of AP Memory Technology Corporation as of and for the year ended 2020 and 2019 on which we have issued an unqualified 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 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 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 Group's consolidated financial statements for the year ended 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.

Deloitte & Touche Taipei, Taiwan

CPA Chiu Cheng-chun

CPA Wu Shih-tsung

Date: March 12, 2021

AP Memory Technology Corporation and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

C o d e	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 662,967	17	\$ 584,264	18
1110	Financial assets at fair value through profit or loss - Current (Notes 4 and 7)	930,536	23	30,003	1
1136	Financial assets at amortized cost - Current (Notes 4, 8 and 33)	60,215	1	3,225	-
1170	Accounts receivable (Notes 4, 9, 23 and 32)	600,601	15	588,346	18
1200	Other receivables (Notes 4 and 9)	401,777	10	60,134	2
1220	Current tax assets (Note 4)	20,453	1	-	-
1310	Inventories (Notes 4, 5 and 10)	625,055	16	1,130,802	36
1470	Other current assets (Note 18)	8,423	-	31,341	1
11XX	Total current assets	<u>3,310,027</u>	<u>83</u>	<u>2,428,115</u>	<u>76</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - Non-current (Notes 4 and 7)	68,016	2	45,179	1
1540	Financial assets at amortized cost - Non-current (Notes 4 and 8)	5,865	-	6,080	-
1550	Investments accounted for using equity method (Notes 4 and 13)	79,905	2	82,525	3
1600	Property, plant and equipment (Notes 4 and 14)	8,009	-	14,854	1
1755	Right-of-use assets (Notes 4 and 15)	46,096	1	23,026	1
1805	Goodwill (Notes 4 and 16)	-	-	76,204	2
1821	Other intangible assets (Notes 4 and 17)	35,103	1	107,709	3
1840	Deferred tax assets (Notes 4 and 25)	78,811	2	74,075	2
1915	Prepayments for business facilities	1,869	-	2,844	-
1920	Refundable deposits (Note 20)	208,547	5	206,686	7
1995	Other non-current assets (Note 18)	141,152	4	109,728	4
15XX	Total non-current assets	<u>673,373</u>	<u>17</u>	<u>748,910</u>	<u>24</u>
1XXX	Total assets	<u>\$ 3,983,400</u>	<u>100</u>	<u>\$ 3,177,025</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 19)	\$ 130,613	3	\$ 300,000	9
2170	Accounts payable	236,934	6	307,382	10
2200	Other payables (Notes 20 and 32)	332,738	8	142,760	5
2230	Current tax liabilities (Note 4)	132,617	3	108	-
2280	Lease liabilities - Current (Notes 4 and 15)	19,830	1	13,153	-
2300	Other current liabilities (Notes 20 and 23)	2,375	-	43,725	1
21XX	Total current liabilities	<u>855,107</u>	<u>21</u>	<u>807,128</u>	<u>25</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 4 and 25)	233	-	3,602	-
2580	Lease liabilities - Non-current (Notes 4 and 15)	25,090	1	8,974	1
2612	Long-term payables (Note 20)	-	-	194,764	6
25XX	Total non-current liabilities	<u>25,323</u>	<u>1</u>	<u>207,340</u>	<u>7</u>
2XXX	Total liabilities	<u>880,430</u>	<u>22</u>	<u>1,014,468</u>	<u>32</u>
	Equity (Notes 4, 22, 27 and 29)				
	Share capital				
3110	Ordinary share	742,316	19	738,535	23
3140	Advance receipts for ordinary share	532	-	-	-
3100	Total shares	<u>742,848</u>	<u>19</u>	<u>738,535</u>	<u>23</u>
3200	Capital surplus	<u>1,020,722</u>	<u>25</u>	<u>838,388</u>	<u>26</u>
	Retained earnings				
3310	Legal reserve	282,992	7	282,992	9
3320	Special reserve	4,576	-	3,225	-
3350	Unappropriated earnings	1,053,036	27	316,359	10
3300	Total retained earnings	<u>1,340,604</u>	<u>34</u>	<u>602,576</u>	<u>19</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	10,042	-	(4,576)	-
3490	Unearned compensation cost	-	-	(1,120)	-
3400	Total other equity	<u>10,042</u>	<u>-</u>	<u>(5,696)</u>	<u>-</u>
3500	Treasury shares	(11,246)	-	(11,246)	-
31XX	Total equity attributable to shareholders of the Group	<u>3,102,970</u>	<u>78</u>	<u>2,162,557</u>	<u>68</u>
3XXX	Total equity	<u>3,102,970</u>	<u>78</u>	<u>2,162,557</u>	<u>68</u>
	Total liabilities and equity	<u>\$ 3,983,400</u>	<u>100</u>	<u>\$ 3,177,025</u>	<u>100</u>

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

Chairman: Chen Wen-liang

Manager: Chen Wen-liang

Accounting Manager: Hung Mao-chuan

AP Memory Technology Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars,
except earning/ deficit per share)

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 23 and 32)	\$ 3,549,497	100	\$ 3,416,669	100
5000	Operating costs (Notes 10 and 24)	<u>2,523,826</u>	<u>71</u>	<u>2,936,028</u>	<u>86</u>
5900	Gross profit	<u>1,025,671</u>	<u>29</u>	<u>480,641</u>	<u>14</u>
	Operating expense (Notes 4 and 24)				
6100	Selling expense	86,707	2	85,491	3
6200	Administrative expense	103,602	3	86,488	3
6300	Research and development expense	313,530	9	313,161	9
6450	Expected credit loss	<u>2,086</u>	<u>-</u>	<u>2,844</u>	<u>-</u>
6000	Total operating expense	<u>505,925</u>	<u>14</u>	<u>487,984</u>	<u>15</u>
6900	Net operating income (loss)	<u>519,746</u>	<u>15</u>	<u>(7,343)</u>	<u>(1)</u>
	Non-operating income and expense				
7190	Other income	6,315	-	392	-
7060	Share of other comprehensive income of associates, accounted for using equity method (Notes 4 and 13)	4,948	-	8,605	-
7100	Interest income (Note 4)	6,348	-	3,630	-
7510	Interest expense	(2,803)	-	(4,482)	-
7020	Other gains and losses (Notes 4 and 24)	409,400	12	(355,159)	(10)
7880	Miscellaneous expenses	(<u>3,599</u>)	<u>-</u>	<u>-</u>	<u>-</u>
7000	Total non-operating income and expense	<u>420,609</u>	<u>12</u>	<u>(347,014)</u>	<u>(10)</u>
7900	Profit (loss) from continuing operations before tax	940,355	27	(354,357)	(11)
7950	Income tax expense recognized in profit or loss (Notes 4 and 25)	(<u>124,985</u>)	(<u>4</u>)	<u>31,384</u>	<u>1</u>
8000	Profit (loss) from continuing operations in the year	815,370	23	(322,973)	(10)

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Code		2020		2019	
		Amount	%	Amount	%
8100	Profit (loss) from discontinued operations (Note 11)	<u>5,613</u>	<u>-</u>	<u>(72,092)</u>	<u>(2)</u>
8200	Net profit (loss) for the year	<u>820,983</u>	<u>23</u>	<u>(395,065)</u>	<u>(12)</u>
	Other comprehensive income (Notes 4 and 22)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	<u>11,060</u>	<u>-</u>	<u>(1,351)</u>	<u>-</u>
8300	Other comprehensive income for the year (net after income tax)	<u>11,060</u>	<u>-</u>	<u>(1,351)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 832,043</u>	<u>23</u>	<u>(\$ 396,416)</u>	<u>(12)</u>
	Net profit (loss) attributed to:				
8610	The Company's shareholders	\$ 811,710	23	(\$ 395,065)	(12)
8620	Non-controlling interest (Notes 11, 22 and 29)	<u>9,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 820,983</u>	<u>23</u>	<u>(\$ 395,065)</u>	<u>(12)</u>
	Comprehensive income attributed to:				
8710	The Company's shareholders	\$ 822,735	23	(\$ 396,416)	(12)
8720	Non-controlling interest (Notes 11, 22 and 29)	<u>9,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 832,043</u>	<u>23</u>	<u>(\$ 396,416)</u>	<u>(12)</u>
	Earnings (losses) per share (Note 26)				
	From continuing and discontinued operations				
9750	Basic	<u>\$ 11.00</u>		<u>(\$ 5.33)</u>	
9850	Diluted	<u>\$ 10.84</u>		<u>(\$ 5.33)</u>	
	From continuing operations				
9710	Basic	<u>\$ 11.05</u>		<u>(\$ 4.36)</u>	
9810	Diluted	<u>\$ 10.89</u>		<u>(\$ 4.36)</u>	

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

Chairman: Chen Wen-liang

Manager: Chen Wen-liang

Accounting Manager: Hung Mao-chuan

AP Memory Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		Ordinary share (Notes 4 and 21)			Capital surplus (Notes 4, 22, 27 and 29)	Retained earnings (Notes 4 and 22)				Other equity interest (Notes 4, 11, 22 and 27)			Total equity attributed to the Company's shareholders	Non-controlling interest (Notes 11 and 29)	Total equity		
		Number of shares (in thousands)	Amount	Advance receipts for ordinary share		Total shares	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unearned compensation cost				Total	Treasury shares (Notes 4 and 23)
A1	Balance at January 1, 2019	75,280	\$ 752,805	\$ -	\$ 752,805	\$ 851,282	\$ 271,445	\$ 5,594	\$ 781,918	\$ 1,058,957	(\$ 3,225)	(\$ 10,102)	(\$ 13,327)	(\$ 11,246)	\$ 2,638,471	\$ -	\$ 2,638,471
	Appropriation and distribution of earnings for the year 2018																
B1	Legal reserve	-	-	-	-	-	11,547	(11,547)	-	-	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(2,369)	2,369	-	-	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	(37,539)	(37,539)	-	-	-	-	-	(37,539)	-	(37,539)
T1	Compensation cost for employee share options	-	-	-	-	3,172	-	-	-	-	-	-	-	-	3,172	-	3,172
D1	Net profit for the year 2019	-	-	-	-	-	-	(395,065)	(395,065)	-	-	-	-	-	(395,065)	-	(395,065)
D3	Other comprehensive income after tax for the year 2019	-	-	-	-	-	-	-	-	-	(1,351)	-	(1,351)	-	(1,351)	-	(1,351)
D5	Total comprehensive income for the year 2019	-	-	-	-	-	-	(395,065)	(395,065)	(1,351)	-	(1,351)	-	(396,416)	-	(396,416)	
N1	Issuance of ordinary shares under the employee share option plan	79	790	-	790	903	-	-	-	-	-	-	-	-	1,693	-	1,693
T1	Retirement of restricted stock awards (RSAs)	(6)	(60)	-	(60)	(421)	-	-	-	-	-	120	120	-	(361)	-	(361)
N1	Issuance of restricted stock awards (RSAs) by the Corporation	-	-	-	-	-	-	-	-	-	-	8,862	8,862	-	8,862	-	8,862
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(55,325)	(55,325)	-	(55,325)	
L3	Retirement of treasury shares	(1,500)	(15,000)	-	(15,000)	(16,548)	-	(23,777)	(23,777)	-	-	-	55,325	-	-	-	-
Z1	Balance at December 31, 2019	73,853	738,535	-	738,535	838,388	282,992	3,225	316,359	602,576	(4,576)	(1,120)	(5,696)	(11,246)	2,162,557	-	2,162,557
	Appropriation and distribution of earnings for the year 2019																
B1	Special reserve	-	-	-	-	-	-	1,351	(1,351)	-	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	(73,682)	(73,682)	-	-	-	-	-	(73,682)	-	(73,682)
T1	Compensation cost for employee share options	-	-	-	-	10,365	-	-	-	-	-	-	-	-	10,365	(401)	9,964
D1	Net profit for the year 2020	-	-	-	-	-	-	811,710	811,710	-	-	-	-	-	811,710	9,273	820,983
D3	Other comprehensive income after tax for the year 2020	-	-	-	-	-	-	-	-	-	11,025	-	11,025	-	11,025	35	11,060
D5	Total comprehensive income for the year 2020	-	-	-	-	-	-	811,710	811,710	11,025	-	11,025	-	822,735	9,308	832,043	
M3	Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,979)	(22,979)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	153,042	-	-	-	-	3,593	-	3,593	-	156,635	14,072	170,707
M7	Changes in ownership interests in subsidiaries	-	-	-	-	401	-	-	-	-	-	-	-	-	401	-	401
N1	Issuance of ordinary shares under the employee share option plan	378	3,781	532	4,313	18,526	-	-	-	-	-	-	-	-	22,839	-	22,839
N1	Issuance of restricted stock awards (RSAs) by the Corporation	-	-	-	-	-	-	-	-	-	-	1,120	1,120	-	1,120	-	1,120
Z1	Balance at December 31, 2020	74,231	\$ 742,316	\$ 532	\$ 742,848	\$ 1,020,722	\$ 282,992	\$ 4,576	\$ 1,053,036	\$ 1,340,604	\$ 10,042	\$ -	\$ 10,042	(\$ 11,246)	\$ 3,102,970	\$ -	\$ 3,102,970

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

Chairman: Chen Wen-liang

Manager: Chen Wen-liang

Accounting Manager: Hung Mao-chuan

AP Memory Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operating activities		
A00010	Income from continuing operations before income taxes	\$ 940,355	(\$ 354,357)
A00020	Income from discontinued operations before income taxes	5,619	(<u>71,590</u>)
A10000	Income before taxes for the year	945,974	(425,947)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	22,966	52,424
A20200	Amortization expense	37,497	27,045
A20300	Expected credit loss	2,086	2,844
A20400	Valuation gain on financial assets at fair value through profit or loss	(48,141)	(3)
A20900	Interest expense	2,733	4,604
A21200	Interest income	(6,348)	(3,652)
A21300	Dividend income	(155)	-
A21900	Cost of share-based payment	11,485	11,673
A22300	Share of profit (loss) of associates accounted for using equity method	(4,948)	(8,605)
A22500	Loss on disposal and scrap of property, plant and equipment	142	-
A23100	Gain (on disposal of assets	(422,810)	1,537
A23200	Gains on disposal of associates accounted for using equity method	(461)	-
A23700	Loss of inventory falling price and slow-moving inventory	26,333	2,036
A24100	Unrealized foreign exchange loss	26,954	8,422
A29900	Reserve for customer complaint loss	-	342,309
A29900	Loss on lease contract	116	-
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(884,193)	(75,179)
A31150	Notes and accounts receivable	(194,001)	163,094
A31180	Other receivables	28,129	(24,344)
A31200	Inventories	157,398	747,763
A31240	Other assets	(8,099)	134,470
A31990	Refundable deposits	-	(200,000)
A32150	Accounts payable	151,522	(326,329)
A32180	Other payables	(3,856)	(112,281)
A32230	Other current liabilities	(<u>3,593</u>)	<u>23,122</u>
A33000	Cash inflow (outflow) generated from operations	(163,270)	345,003

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<u>s</u>		<u>2020</u>	<u>2019</u>
A33100	Interest received	5,382	2,703
A33200	Dividend received	155	-
A33300	Interest paid	(2,883)	(4,597)
A33500	Income taxes paid	(21,040)	(35,613)
AAAA	Net cash inflow (outflow) generated from operating activities	(181,656)	307,496
	Cash flows from investing activities		
B00400	Acquisition of financial assets at amortized cost	(57,435)	(6,110)
B01800	Acquisition of investment accounted for using equity method	(500)	-
B02300	Proceeds from disposal of subsidiaries (Note 28)	451,200	-
B02700	Purchase of property, plant and equipment	(4,531)	(4,590)
B02800	Disposition of Property, plant and equipment	1,191	-
B03800	Decrease (increase) in refundable deposits	(3,754)	1,535
B04500	Acquisition of intangible assets	(27,548)	(10,824)
B07100	Increase in prepayments for business facilities	(17,293)	(470)
B07600	Dividends received from associates	7,740	7,920
B09900	Issuance of financial liabilities measured at fair value through profit or loss	9,753	-
BBBB	Net cash flows from investing activities	358,823	(12,539)
	Cash flows from (used in) financing activities		
C00200	Decrease in short-term loans	(172,566)	(150,000)
C04020	Payment of lease liabilities	(14,494)	(18,697)
C04500	Cash dividend paid	(73,682)	(37,539)
C04800	Exercise of employee share options	22,839	1,693
C04900	Payments to acquire or redeem entity's shares	-	(55,325)
C05500	Disposal of ownership interests in subsidiaries (without loss of control)	140,447	-
CCCC	Net cash flows from (used in) financing activities	(97,456)	(259,868)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(1,008)	(2,870)
EEEE	Net increase in cash and cash equivalents	78,703	32,219
E00100	Cash and cash equivalents at the beginning of the year	584,264	552,045
E00200	Cash and cash equivalents at the end of the year	\$ 662,967	\$ 584,264

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

Chairman: Chen Wen-liang

Manager: Chen Wen-liang

Accounting Manager: Hung Mao-chuan

Attachment 3. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the AP Memory Technology Corporation's (APM) 2020 Business Report, Financial Statements and proposal for allocation of annual earnings. The CPA firm of Deloitte & Touche was retained to audit APM's Financial statements and has issued an audit report relating to the Financial statements. The Business Report, Financial Statements, and the annual earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of APM. According to relevant requirements of the Securities and Exchange Act and Company Law, we hereby submit this report.

AP Memory Technology Corporation

Chairman of Audit Committee : Yeh, Shu

March 12th, 2021

Attachment 4. Comparison Table for Rules and Procedures of Board of Director Meetings before and after revision

Article	Current Version	New Version
6	Chairperson and Proxy	Convening and notice of board meetings
6.1	Where a meeting of the board of directors is convened by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.	Where a meeting of the board of directors is convened by the chairperson of the board, the meeting shall be chaired by the chairperson. <u>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.</u>
6.2	When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.	<u>However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</u>
6.3	<u>New article</u>	<u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of this Corporation Act, the directors shall choose one person by and from among themselves to chair the meeting.</u>
10.2	Annual <u>and semi-annual financial reports</u> , with the exception of semi-annual financial reports which, under relevant laws and regulations, need <u>not</u> be audited and attested by a certified public accountant (CPA).	Annual financial reports or with the exception of semi-annual financial reports which, under relevant laws and regulations, need be audited and attested by a certified public accountant (CPA).
13 13.1	If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of this Corporation, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. For a director who is	If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of this Corporation, except for stating opinions and answering inquiries, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise

Article	Current Version	New Version
13.2	<p>prohibited from exercising his or her voting rights under this point, the resolution of the board of directors shall not be counted as the number of voting rights of the directors present, but such director shall still be counted as a quorum present at that meeting.</p> <p><u>New article</u></p>	<p>voting rights on that matter.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p>
13.3	<p><u>New article</u></p>	<p>For a director who is prohibited from exercising his or her voting rights under this point, the resolution of the board of directors shall not be counted as the number of voting rights of the directors present, but such director shall still be counted as a quorum present at that meeting.</p>
17	<p>This Corporation's Board of Directors shall approve the establishment of this Rules and Procedures and <u>report them to the shareholders' meeting.</u> Any future amendments may be approved by the Board of Directors</p>	<p>Any amendment of this Rules and Procedures shall be reviewed by Audit Committee and approved by Board of Directors.</p>

Attachment 5. Comparison Table for Codes of Ethical Conduct before and after revision

Article	Current Version	New Version
2.1	Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of This Corporation, as for example when a director, supervisor, or managerial officer of This Corporation is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in This Corporation to obtain improper benefits for either themselves or their spouse, <u>parents, children, or</u> relatives within the second degree of kinship. This Corporation shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. This Corporation shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate channels for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and this Corporation.	Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of this Corporation, as for example when a director, supervisor, or managerial officer of this Corporation is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in this Corporation to obtain improper benefits for either themselves or their relatives within the second degree of kinship. This Corporation shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. This Corporation shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate channels for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and this Corporation.
2.7	This Corporation shall disseminate ethics issues and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, this Corporation shall establish a concrete whistle-blowing system and make employees aware that this Corporation will use its best efforts to ensure the safety of informants and protect them from reprisals.	This Corporation shall disseminate ethics issues and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, this Corporation shall establish a concrete whistle-blowing system and make employees aware that this Corporation will use its best efforts to ensure the safety of <u>personal</u> informants and protect them from reprisals.
4	<u>After be a listed company</u> shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.	This Corporation shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.
5	<u>New article</u>	A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, and submitted to a shareholders meeting.

Attachment 6. Comparison Table for Procedures for Ethical Management and Guidelines for Conduct before and after revision

Article	Current Version	New Version
5	This Corporation shall designate the President's Office as the solely responsible unit (hereinafter, "responsible unit") under the board of directors to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:	This Corporation shall designate the President's Office as the solely responsible unit (hereinafter, "responsible unit") under the board of directors <u>and provide it with sufficient resources and competent personnel</u> to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports <u>(at least once a year)</u> to the board of directors:
5.2	Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.	<u>Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program</u> the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
5.7	<u>New article</u>	<u>Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</u>
14	The Corporation shall set up the policy to prevent the conflicts of interests and provide appropriate channels to the directors, supervisors and officers to state the potential conflicts of interests proactively. When a director, <u>supervisor</u> , officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake <u>in a proposal at the meeting</u> , that director, <u>supervisor</u> , officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.	The Corporation shall set up the policy to prevent the conflicts of interests and provide appropriate channels to the directors, supervisors and officers to state the potential conflicts of interests proactively. When a director, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake <u>in a matter under discussion in the meeting</u> , that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner. <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 the preceding</u>

Article	Current Version	New Version
	The directors, <u>supervisors</u> and officers shall not obtain improper benefits for them or their spouse, parents, children, or a person with whom they have a relationship of interest.	<u>paragraph, such director shall be deemed to have a personal interest in the matter.</u> The directors and officers shall not obtain improper benefits for them or their spouse, parents, children, or a person with whom they have a relationship of interest.
15	<u>Prohibition against disclosure of confidential information</u>	<u>Prohibition against unfair competition</u>
16	<u>Prohibition against insider trading</u>	<u>Prevention of damage caused by products and services to stakeholders</u>
17	<u>Non-disclosure agreement</u>	<u>Prohibition against insider trading and non-disclosure agreement</u>
21	Announcement of policy of ethical management to outside parties <u>New article</u>	<u>Compliance and announcement of policy of ethical management</u> <u>This Corporation shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u>
23	<u>New article</u> As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward according to the internal reward regulations depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action.	<u>Handling of unethical conduct by personnel of this Corporation</u> As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward according to the internal reward regulations depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action. <u>The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:</u>
23.2	A whistleblower shall provide his/her name and reachable information. Also, the whistleblower shall provide the informed party's name or other information sufficient to distinguish its identifying features, and the specific facts available for investigation.	A whistleblower shall provide his/her name (<u>whistleblowing reports may be submitted anonymously</u>), and reachable information. And the whistleblower shall provide the informed party's name or other information sufficient to distinguish its identifying features, and the specific facts available for investigation.
23.3	<u>New Article</u>	<u>An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</u>
23.4	<u>New Article</u>	<u>The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</u>
23.5	<u>New Article</u>	<u>If a person being informed of is confirmed to have indeed violated the applicable laws and regulations</u>

Article	Current Version	New Version
		<p>or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p>
23.6	<u>New Article</u>	<p>Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p>
23.7	<u>New Article</u>	<p>With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p>
23.8	<u>New Article</u>	<p>The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>
25	<u>New Article</u>	<p>These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.</p>

Attachment 7. Comparison Table for the Articles of Incorporation before and after revision

Article	Current Version	New Version
6	The total capital stock of the Corporation shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares, at 10 New Taiwan Dollars each, and may be paid-up in installments. The Corporation may issue employee stock options from time to time. A total of 10,000,000 shares among the above total capital stock should be reserved for issuing employee stock options, preferred shares with warrants, and Bond with warrant from time to time in accordance with the resolution of the Board of Directors.	The total capital stock of the Corporation shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into <u>200,000,000</u> shares, at <u>5</u> New Taiwan Dollars each, and may be paid-up in installments. The Corporation may issue employee stock options from time to time. A total of <u>20,000,000</u> shares among the above total capital stock should be reserved for issuing employee stock options, preferred shares with warrants, and Bond with warrant from time to time in accordance with the resolution of the Board of Directors.
7	The share certificates of the Corporation shall all be name-bearing share <u>by three or more directors representing this Corporation</u> , and issued in accordance with this Corporation Law and relevant rules and regulations of the Republic of China. This Corporation is exempted from printing any share certificate for the shares issued. Such unprinted issued shares shall be registered with a centralized securities depository enterprise.	The share certificates of this Corporation shall all be name-bearing share certificates, and issued in accordance with this Corporation Law and relevant rules and regulations of the Republic of China. This Corporation is exempted from printing any share certificate for the shares issued. Such unprinted issued shares shall be registered with a centralized securities depository enterprise.
10	A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to Article 177 of this Corporation Law, management of the proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies <u>after this Corporation public offering of the stock shares.</u>	A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to Article 177 of this Corporation Law, management of the proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
12-1	The shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting. The method of exercising voting power shall be described in the shareholders' meeting notice. In addition to regulatory requirements, this Corporation shall adopt the electronic transmission as one of the methods for exercising the voting power in a shareholders' meeting <u>after Jan. 1st, 2016.</u>	The shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting. The method of exercising voting power shall be described in the shareholders' meeting notice. In addition to regulatory requirements, this Corporation shall adopt the electronic transmission as one of the methods for exercising the voting power in a shareholders' meeting.
23	These Articles of Incorporation were resolved on July 21, 2011. The first amendment was made on November 8, 2011, the second amendment was made on May 4, 2012, the third amendment was made on June 21, 2012, the fourth amendment was made on June 4, 2014, the fifth amendment was made on June 23, 2015, the sixth amendment was made on May 27, 2016, the seventh amendment was made on June 6, 2019.	These Articles of Incorporation were resolved on July 21, 2011. The first amendment was made on November 8, 2011, the second amendment was made on May 4, 2012, the third amendment was made on June 21, 2012, the fourth amendment was made on June 4, 2014, the fifth amendment was made on June 23, 2015, the sixth amendment was made on May 27, 2016, the seventh amendment was made on June 6, 2019, <u>the eighth amendment was made on June 17, 2021</u>

Attachment 8~11. Comparison Table for the Employee Stock Option Issuance and Share Subscription Plan of 2016II, 2018, 2019 and 2020 before and after revision

Article	Current Version	New Virsion
8	<p><u>New article</u> (The original article number will be incremented accordingly)</p>	<p><u>Change of this Corporation stock par value</u> After the issuance of employee stock option, if this Corporation carries out a change of this Corporation stock par value, it is necessary to adjust the employee stock option exercise price before adjusting the conversion ratio of stock employee stock option according to the following formula; however, the executed employee stock options will not be applied retroactively.</p> <ol style="list-style-type: none"> 1. Adjusted exercise price: Original exercise price × (Number of common shares outstanding before change of this Corporation stock par value / Number of common shares outstanding after change of this Corporation stock par value) 2. Adjusted conversion ratio of stock employee stock option: Exercise price before change of this Corporation stock par value × Conversion ratio before change of this Corporation stock par value / Exercise price after change of this Corporation stock par value
11	<p><u>New article</u> (The original article number will be incremented accordingly)</p>	<p>After the issuance of employee stock option, if there is a need to change the original issuance and stock option plan, the legal applicability and impact on the shareholders' and employees' rights and interests shall be determined and approved by more than two-thirds of the board of directors and more than one-half of the board of directors present, and the appropriate treatment shall be made after consultation with the employees and announced and reported to the next shareholders' meeting after the change of the issuance and stock option plan. If the amendment affects the shareholders' rights and interests, it shall be approved by the resolution of the shareholders' meeting.</p>

Attachment 12. Comparison Table for the Rules of Procedure for Shareholders Meetings before and after revision

Article	Current Version	New Version
2.3	<p><u>After Company be a Public Company,</u> The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p>	<p>The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, This Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at This Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p>
2.4	<p>Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of This Corporation Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting, and shall not be raised as extraordinary motion.</p>	<p>Election or dismissal of directors , amendments to the articles of incorporation, <u>reduction of capital,</u> <u>application for the approval of ceasing its status as a public company,</u> <u>approval of competing with This Corporation by directors,</u> <u>surplus profit distributed in the form of new shares,</u> reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of this Corporation Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting, and shall not be raised as extraordinary motion.</p>
2.4.1	<p>New Article</p>	<p><u>Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting, such inauguration date shall not be altered by any extraordinary motion or any way in said meeting.</u></p>

Article	Current Version	New Version
2.5	A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of this Corporation Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.	A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of this Corporation Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. <u>A shareholder may propose a recommendation for urging this Corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of this Corporation Act, and no proposal containing more than one item will be included in the meeting agenda.</u>
2.6	Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days.	Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder <u>proposals in writing or electronically</u> , and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days.
9	The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one 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. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of this Corporation Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.	The chair shall call the meeting to order at the appointed meeting time and <u>disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting</u> . However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one 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. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of this Corporation Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

Article	Current Version	New Version
11	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Votes shall be cast on each proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda).</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
11.3	The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed.	The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, <u>call for a vote, and schedule sufficient time for voting.</u>
14.2	When this Corporation holds a shareholder meeting, <u>it exercise of voting rights by electronic means</u> or may adopt exercise of voting rights by <u>correspondence</u> . When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.	When this Corporation holds a shareholder meeting, <u>it shall adopt exercise of voting rights by electronic means</u> and may adopt exercise of voting <u>rights by correspondence</u> . When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.
14.4	Resolutions of a shareholders shall be approved by a majority of the votes of the shareholders present. Except as otherwise provided in the Companies Act and Articles of Incorporation. In the event of a vote, the chairman or his or her designee shall announce the total number of votes of the shareholders present on a case-by-case basis, and then the shareholders shall vote on the motion on a case-by-case basis. <u>After Company be a public company,</u> the results of the shareholders' approval, disapproval and abstention shall be announced through the MOPS. on the day after the shareholders' meeting.	Resolutions of a shareholders shall be approved by a majority of the votes of the shareholders present. Except as otherwise provided in the Companies Act and Articles of Incorporation. In the event of a vote, the chairman or his or her designee shall announce the total number of votes of the shareholders present on a case-by-case basis, and then the shareholders shall vote on the motion on a case-by-case basis. The results of the shareholders' approval, disapproval and abstention shall be announced through the MOPS. on the day after the shareholders' meeting.
16	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes

Article	Current Version	New Version
	<p>may be produced and distributed in electronic form. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of this Corporation. This Corporation could distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS <u>as this Corporation is the public Company.</u></p>	<p>may be produced and distributed in electronic form. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results <u>(including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors.</u> The minutes shall be retained for the duration of the existence of this Corporation. This Corporation could distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p>
18	<p><u>As this Corporation be the public company,</u> if matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation <u>(or GreTai Securities Market)</u> regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</p>

Attachment 13. List of Independent Director Candidates

Title/Name	Education & Professional Qualifications	Current Positions	Shareholdings (shares)
<p>Independent Director Liu, Frank</p>	<ul style="list-style-type: none"> ■ M.S., Electrical Engineering and Computer Science, MIT ■ M.S., Physics ,Purdue University ■ Independent Director of the board, member of audit committee, and member of compensation committee of RITDISPLAY Corporation ■ Independent Director of the board, member of audit committee, and member of compensation committee of PRIMAX ELECTRONICS Ltd. ■ Director of Transpac Capital Pte Ltd ■ Director of Hong Kong Techno Venture Ltd ■ Chairman of Lee Tah Farm Industries co., Ltd ■ Chairman of Lydon Textile Co ■ Chairman of. China Enterprise Forum ■ Director of Fuqun CVS Inc. ■ Director of TOYS"R"US Trading Limited ■ President of Hong Kong Li & Fung Group (Taiwan) Co. ■ President of Fai Hing Co. ■ President of Tuan Ho Trading Co. 	<ul style="list-style-type: none"> ■ Chairman of Chelmsford. International Ltd ■ Director of the board of Taiwan Mergers & Acquisitions and Private Equity Council ■ Director of the board of Subic Bay Development and Management Co. Ltd 	<p>0</p>
<p>Independent Director Wang, Hsuan</p>	<ul style="list-style-type: none"> ■ PHD, Accounting, National Taiwan University ■ Certified Public Accountant ■ Certified Internal Auditor ■ Member of compensation committee of AbonMax Co., Ltd. ■ Member of Purchasing Committee of NCC ■ Consultant of Chunghwa Telecom ■ UNC at Chapel hill Kenan-Flagler Business School (accounting area) Visiting Scholars ■ Part-Time Lecturer of National Taiwan University. 	<ul style="list-style-type: none"> ■ Assistant Professor of Yuan Ze University ■ Independent Director of the board, member of audit committee, and member of compensation committee of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. 	<p>0</p>

Attachment 14. The Director and Newly Elected Independent Directors' Competing Business Conducts

Title	Name	Competing Business Conducts
Director	Chen, Wen -Liang	Director of the board of Zentel Japan Corp.
Independent Director	Liu, Frank	Chairman of Chelmsford. International Ltd Director of the board of Taiwan Mergers & Acquisitions and Private Equity Council Director of the board of Subic Bay Development and Management Co. Ltd
Independent Director	Wang, Hsuan	Director of the board, member of audit committee, and member of compensation committee of Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Appendix

Appendix 1. Articles of Incorporation (Current Version)

(Note: This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the original language.)

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 愛普科技股份有限公司 in the Chinese language and AP Memory Technology Corporation in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

- CC01080: Electronic parts and components manufacture.
- F401010: International Trade.
- I501010: Product design.
- F601010: Intellectual Property
- ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company is headquartered in the Hsinchu County, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative or branch offices at various locations within or outside the territory of the Republic of China, whenever the Company deems it necessary.

Article 4

When the Company becomes a shareholder of limited liability of another company, the total amount of the Company's investment will not be subject to the restriction of not more than 40% of the Company's paid-in capital as provided in Article 13 of the Company Act.

Article 5

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 5-1

The Company may provide endorsement and guarantee to other companies. The process shall be handled in accordance with the Company's Operating Procedures of Endorsement/Guarantee.

Article 6

The total capital stock of the Company shall be in the amount of 1 Billion New Taiwan Dollars, divided into 10 million shares at NT\$10 par value each share, and may be paid-up in installments. .

The Corporation may issue Preferred shares with warrants, Bond with warrant and employee stock options from time to time in accordance with the resolution of the Board of Directors.

Article 6-1

To issue employee stock warrants that are lower than the closing price of the company stocks as of the issuing date., the Corporation is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares. The Corporation is allowed to register multiple issues over a period of 1 year from the date of the shareholders resolution. The Corporation shall be required to specify the following information in the notice of reasons for convening the shareholders meeting, and may not raise the matter by means of an extraordinary motion according to "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and the related regulations.

Article 7

The share certificates of the Corporation shall all be name-bearing share by three or more directors representing this Corporation, and issued in accordance with this Corporation Law and relevant rules and regulations of the Republic of China. This Corporation is exempted from printing any share certificate for the shares issued. Such unprinted issued shares shall be registered with a centralized securities depository enterprise.

Article 8

Changing in record of shareholder name shall be made in accordance with Article 165 of the Company Act.

Article 9

Shareholders' meetings of the Company are of two types, namely: (1) Annual General Shareholders' Meetings – which shall be convened by the Board of Directors within 6 months after the end of each fiscal year, and (2) Special Shareholders' Meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 10

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to Article 177 of this Corporation Law, management of the proxies shall follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies after this Corporation public offering of the stock shares.

Article 11

Each share of stock shall be entitled to one vote.

Article 12

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Article 12-1

The shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting. The method of exercising voting power shall be described in the shareholders' meeting notice. In addition to regulatory requirements, this Corporation shall adopt the electronic transmission as one of the methods for exercising the voting power in a shareholders' meeting after Jan. 1st, 2016.

Article 13

If the Corporation limited by shares which is organized by a single government shareholder or a single juristic person shareholder, the functional duties and power of the shareholders' meeting of the Corporation shall be exercised by its board of directors, to which the provisions governing the shareholders' meeting as set out in this Articles of Incorporation shall not apply.

Article 13-1

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation.

Article 14

The Corporation shall have seven to nine Directors. The Board of Directors is authorized to determine the number of Directors. The aforesaid Board of Directors must have at least three independent directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 14-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

Article 15

The Board of Directors shall be formed by elected Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall be the chairman of shareholders' meetings,

and shall have the authority to represent the Company.

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless otherwise regulated by the Company Act. Directors may be notified of the Board of Directors meeting via written notices, as E-mail or fax. Except as otherwise provided in the Company Act of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting.

Article 16

In case the Chairman is on leave or otherwise cannot exercise his duty, should be in accordance with Article 165 of the Company Act.

Article 17

A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 18

The Board of Directors is authorized to determine the salary for Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Article 19

The Company may appoint or Dismissal one or more managers in accordance with Article 29 of the Company Act.

Article 20

After the end of each fiscal year, in accordance with Article 228 of the Company Act, Business Report, Financial Statements and the Proposal Concerning Appropriation of Profits or Covering of Losses shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

Article 21

If there is any profit for a specific fiscal year, the Company shall allocate no less than 1% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance.

Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be paid in cash.

Article 21-1

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

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

The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment environment, needs for capital, domestic and overseas competition, capital budgeting plans, etc., to come out with a proposal that strike a balance among shareholders' benefits and the Company's long-term financial plans. Each year the Board of Directors shall prepare a profit distribution proposal and report it at the shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the whole of distributable profits for the year;

dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 20% of total dividends to shareholders.

Article 22

For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act of the Republic of China.

Article 23

These Articles of Incorporation were resolved on July 21, 2011. The first amendment was made on November 8, 2011, the second amendment was made on May 4, 2012, the third amendment was made on June 21, 2012, the fourth amendment was made on June 4, 2014, the fifth amendment was made on June 23, 2015, the sixth amendment was made on May 27, 2016, the seventh amendment was made on June 6, 2019.

Appendix 2. Rules Governing the Procedures for Shareholders Meetings (Current Version)

- 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. The Shareholders' meeting should follow this procedures, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- 2 Convening shareholders meetings
 - 2.1 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors .
 - 2.2 The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
 - 2.3 After Company be a Public Company, The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
 - 2.4 Election or dismissal of directors , amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting, and shall not be raised as extraordinary motione.
 - 2.5 A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of this Corporation Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
 - 2.6 Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days
 - 2.7 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
 - 2.8 Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

- 2.9 After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 3 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- 4 This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- 4.1 The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- 4.2 Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- 4.3 This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- 4.4 This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
- 4.5 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 5 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- 5.1 When a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of This Corporation. The same shall be true for a representative of a juristic person director that serves as chair.
- 5.2 It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- 5.3 If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 5.4 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- 6 Attend and Proxy

- 6.1 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.
- 6.2 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- 7 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- 8 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- 9 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one 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. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of This Corporation Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
- 10 When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- 11 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
 - 11.1 The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
 - 11.2 The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
 - 11.3 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed.
- 12 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
 - 12.1 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

- 12.2 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
 - 12.3 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
 - 12.4 When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
 - 12.5 出 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- 13 Calculation of voting shares and recusal system
 - 13.1 Voting at a shareholders meeting shall be calculated based the number of shares.
 - 13.2 With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
 - 13.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
 - 13.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
 - 13.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
 - 14 Vote on the Motion
 - 14.1 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
 - 14.2 When this Corporation holds a shareholder meeting, it exercise of voting rights by electronic means or may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.
 - 14.3 A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
 - 14.4 Resolutions of a shareholders shall be approved by a majority of the votes of the shareholders present. Except as otherwise provided in the Companies Act and Articles of Incorporation. In the event of a vote, the chairman or his or her designee shall announce the total number of votes of the shareholders present on a case-by-case basis, and then the shareholders shall vote on the motion on a case-by-case basis. After Company be a public company, the results of the shareholders' approval, disapproval and abstention shall be announced through the MOPS. on the day after the shareholders' meeting.
 - 14.5 hen there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

- 14.6 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.
- 14.7 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 15 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, 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, and the names of directors not elected and number of votes they received. 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.
- 16 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of this Corporation. This Corporation could distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS as this Corporation is the public Company.
- 17 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
- 18 As this Corporation be the public company, if matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- 19 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor." At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- 20 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- 21 These procedures shall be effective upon adoption by the shareholders' meeting and shall be amended in the same manner.

Appendix 3. Procedures for the Election of the Directors

1 Purpose

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

2 Scope

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

3 The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

3.1 More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

3.2 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

3.2.1 Basic requirements and values: Gender, age, nationality, and culture.

3.2.2 Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

3.3 Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

3.3.1 The ability to make judgments about operations.

3.3.2 Accounting and financial analysis ability.

3.3.3 Business management ability.

3.3.4 Crisis management ability.

3.3.5 Knowledge of the industry.

3.3.6 An international market perspective.

3.3.7 Leadership ability.

3.3.8 Decision-making ability.

4 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

5 The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

6 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

7 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or

supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

- 9 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- 11 If the elector is a shareholder, the elector shall state the name of the candidate and the shareholder's account number in the elector column; if the elector is not a shareholder, he/she shall state the name of the candidate and the identity document number. However, if the government or a corporate shareholder is the candidate, the name of the government or corporate shall be listed in the Elected Name column of the ballot, and the name of the government or corporate and the name of its representative may also be listed; if there are several representatives, the names of the representatives shall be added separately.
- 12 A ballot is invalid under any of the following circumstances:
 - 12.1 The ballot was not prepared by a person with the right to convene.
 - 12.2 A blank ballot is placed in the ballot box.
 - 12.3 The writing is unclear and indecipherable or has been altered.
 - 12.4 The name of the candidate is a shareholder, the account name or shareholder number of the elected person does not match the register of shareholders. ; The name and identification number of the candidate do not correspond to the identity of the shareholder, the name and identification number of the candidate shall be checked.
 - 12.5 Other words or marks are entered in addition to the number of voting rights allotted.
 - 12.6 The name of the candidate is the same as that of other shareholders without the shareholder's account number or identification number for identification purposes.
- 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. 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.
- 14 The board of directors of this Corporation shall issue notifications to the persons elected as directors.
- 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 4. Shareholdings of All Directors

1. Total share issued as of 2021/04/19: 74,338,623 shares.
2. The Company satisfies the minimum shareholding requirements for directors, that is 5,947,089 shares, under the Securities and Exchange Act. Also, the Company has established the audit committee, the minimum shareholding requirements for supervisors do not apply.

Title	Name	Current Shareholding (Shares)	Current Shareholding (%)
Chairman	Chen, Wen-Liang	0	0%
Director	Liu, Jing-Hong (Representative of Shanyi Invest. Co., Ltd.)	13,228,334	17.79%
Director (Note 1)	Hung, Chih-Hsun (Representative of Shanyi Invest. Co., Ltd.)		
Director	Hsieh, Ming-Lin (Representative of Lishun Invest. Co., Ltd.)	63,927	0.09%
Independent Director (Note 2)	Yeh, Shu	0	0%
Independent Director	Yeh, Rui-Bin	0	0%
Independent Director	Chen, Tze-Chiang	0	0%
Total		13,292,261	17.88%

Note 1: Plan to resign on June 16th, 2021.

Note 2: Plan to resign on May 31st, 2021.