

YA HORNG ELECTRONIC CO., LTD.

Acquisition and Disposal of Assets

Article 1 Objective

In order to safeguard investment, the implementation of information disclosure, the company to acquire or dispose of assets, should be handled in accordance with this procedure.

Article 2 Basis

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Public companies shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 3 The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4 Appraisal procedures

1. Obtaining or disposing of securities not traded in the centralized trading market or securities brokerage premises shall consider the net worth, profitability, future development potential, market interest rate, bond coupon rate, debtor's debt letter and the transaction price at that time.
2. Obtaining or disposing of marketable securities in the centralized trading market or securities brokerage premises, in accordance with the equity or bond price.
3. Obtaining or disposing of the other assets of the preceding two, in order to inquire, price, bargain or open tender, the option of the means of the present value of the announcement, the valuation of the present value, the actual transaction prices adjacent to real estate, and so on, if complying with this procedure shall announce the standard of Declaration, and should refer to the valuation report of the professional appraiser.

Article 5 The process of obtaining or disposing of assets

1. Acquisition or disposition of assets, the Contractor shall be obtained or punished for the reasons, subject matter, transaction relative person, transfer price, receipt and payment condition and price reference basis and other matters to evaluate, petition the authority ruling, and by the management department to carry out, the related matters according to the company's internal control system related work stipulation and this procedure handles.
2. The company acquisition or disposition of securities is the finance Department, the execution unit of immovable property and other fixed assets is the use department and the relevant unit of responsibility. Other assets of non-negotiable portfolio investment, immovable property and other fixed assets shall be assessed by the relevant Executive unit.
3. Third, the related assets of the acquisition or disposal of the relevant work in accordance with the company's internal control system of the relevant provisions. If a major violation is found, the relevant personnel shall be punished according to the breach.

Article 6 Summary rights

The purchase and sale of the company's portfolio investment shall be approved by the general manager and the Chairman.

Article 7 Investment quota

In addition to acquiring assets for business use, the company has to invest in immovable property and marketable securities that are not for business use, and the limits of its quota are as follows:

1. The total amount of immovable property that is not for business use is limited to 40% of the shareholders' equity in the financial report of the company to check the visa for the latest period.
2. Second, the total amount of portfolio investment is not limited by the amount of investment in the 13th company law.

3.The limitation of investing in individual securities is not limited by the amount of investment in the company law 13th.

The company has not publicly issued subsidiaries to buy non-business real estate and marketable securities.

The limits are as follows:

1.The total amount of immovable property not for business use shall not exceed the NT \$ 5 Qian million.

2.The total amount of portfolio investment shall not exceed 40% of the net worth of the company.

3.The limit of investing in individual securities shall not exceed 40% of the net worth of the company.

Article 8 The standard of announcement and declaration should be handled Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1.Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2.Merger, demerger, acquisition, or transfer of shares.

3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

4.Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

(1).For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

(2).For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

5.Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1).Trading of domestic government bonds

(2).Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3).Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1.The amount of any individual transaction.

2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

4.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

- Article 9 Time limit for announcement and declaration Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:
- 1.Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2.The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3.Change to the originally publicly announced and reported information.

- Article 10 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of uipment or ight-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; The transaction should be approved by the Audit CommitteeThe committee agreed and after approval by the board of directors.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be
3. obtained.
- 3.Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1)The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (2)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 4.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

- Article 11 THE company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period,certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

- Article 12 ntangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a omestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 13 THE company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 14 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.

3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 15 THE company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12-1 herein.

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

Article 16 When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, After the approval of the audit committee and the approval of the board of directors, the transaction contract and payment shall be signed:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

2. The reason for choosing the related party as a trading counterparty.

3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance.

4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.

5. Monthly cash flow forecasts for the year commencing from the anticipated of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been

approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, The Board of Directors shall, in accordance with rule fifth, authorize the Chairman to make a firm decision within a certain amount, and then report the most recent confirmation of the Board of Directors:

- 1.Acquisition or disposal of equipment or right-of-use assets thereof held for business se.
- 2.Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

According to the first stipulation, more than one-half of all members of the audit committee shall agree and propose a resolution of the board of directors.If the above paragraph is not approved by more than one-half of all members of the audit committee, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.

Article 17 Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- 1.The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- 2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- 4.The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 18 Where a public company acquires real property Or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

- 1.The difference between the transaction price of immovable property or its right to use assets and the cost of assessment shall be set out in accordance with the provisions of the special surplus reserve, which shall not be assigned or transferred to the issue. If the investor in the evaluation of the investment and interest law of the company is a public offering company, it shall also make a special surplus reserve in accordance with the provisions of the proposed amount according to the shareholding ratio.
- 2.The Audit Committee shall be in accordance with Company Law 280 Articles apply.3.Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored,or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When a public company obtains real property or-right-of-use assets thereof from a related party,it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 19 The company engaged in derivative

financial commodities, should be in accordance with the Company "engaged in derivative financial commodity transaction procedures", and should pay attention to risk management and audit matters to implement the nternal control system.

Article 20 The company that conducts a merger, demerger, acquisition, or transfer shares,prior to convening the board of directors to resolve on the matter, shall engagea CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to board of directors for deliberation and passage.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

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

Article 22 The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, that affects the company's financial operations.

3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The company merger, segmentation, acquisition or share of the contract shall specify the relevant

matters in accordance with the provisions in order to safeguard the interests of participating companies.

Article 23 Provisions of acquisition or disposition of subsidiary assets he acquisition or disposition of assets of a subsidiary shall also be made accordance with the relevant provisions of "the acquisition or disposition of assets of the public issuing company", "obtaining or disposing of assets procedures".

1. Subsidiaries are non-domestic public issuing companies, obtaining or disposing of assets amounting to the declaration of the eighth article should be declared standard by the parent company to declare the announcement matters.

2. The company's declared standard in the subsidiary's declaration of "The amount of capital received 20% or total assets 10%", is the parent company's paid-up capital or total assets.

Article 24 Financial Statements Disclosure matters

The company obtains or disposes of assets of the process of the eighth article shall announce Thes standard of Declaration, and its trading object is the real relationship person, should disclose the content of the announcement to the financial statement notes, and to mention the shareholders will report.

Article 25 Execution date

The Company's "Procedure for Obtaining or Disposing of Assets" was approved by the Audit Committee, approved by the Board of Directors, and implemented after submission to the shareholders' meeting for approval. The same applies to amendments. If any director expresses objections and has a record or written statement, the company should also send the director's objections to the audit committee. When submitting the "Procedure for Obtaining or Disposing of Assets" to the Board of Directors for discussion, the opinions of each independent director should be fully considered, and the opinions and reasons for their approval or opposition should be included in the minutes of the meeting. If the first item is not approved by more than one-half of all the members of the audit committee, it may be agreed by more than two-thirds of all the directors, and the resolutions of the audit committee shall be stated in the minutes of the board meeting. The company's acquisition or disposal of assets shall be approved by the audit committee in accordance with this procedure or other legal provisions, and shall be approved by more than one half of all members of the audit committee. If no more than one-half of all members of the audit committee agree, it may be agreed by more than two-thirds of all directors, and the resolutions of the audit committee shall be stated in the minutes of the board meeting. All members of the audit committee referred to in this procedure and all directors referred to in the preceding paragraph are calculated based on actual incumbents.

Article 26 This process was established in the Republic of China September 1, 2000, First Amendment to February 10, 2003, the Second Amendment June 14, 2006, the third amendment to June 14, 2007, fourth revision in June 6, 2012, the fifth evision to June 11, 2014, the sixth evision to June 8, 2017, seventh amended on June 6, 2019, Eighteenth h amended on June 9, 2020.