

YA HORNG ELECTRONIC CO., LTD.

Operational Procedures for Trading Derivatives

- Article 1 Legal basis
The processing procedure is governed by the provisions of letter No. 0960001463 of the Monetary Supervisory Commission (hereinafter referred to as the HKMA) 96.01.19.
- Article 2 Definition and scope of application
Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- Article 3 The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts
- Article 4 Margin transaction processing
Matters relating to bond margin trading shall be handled in relation to the relevant provisions of this procedure.
- Article 5 Type of transaction
When the company is engaged in the trading of derivative commodities, the types of transactions are limited to the forward foreign exchange, option, interest rate or exchange rate Exchange (SWAP) of foreign currencies, and if other goods are to be used, they should be approved by the Board of directors before they can be traded.
- Article 6 Risk aversion Strategy
Foreign exchange operations carried out through the commodities referred to in the preceding article shall not engage in any speculative transactions but may be held in accordance with the requirements of the company in addition to the actual import and export transactions, in order to avoid the exchange risk on the operation and the dispatch of funds.
- Article 7 Division of responsibilities
The Finance Department planning team is responsible for the formulation, implementation and periodic evaluation and reporting of the holding site of derivative commodity transactions, and the senior executives designated by the board of Directors who are not members of the financial planning team are responsible for the measurement, supervision and control of the risks.
- Article 8 Key points of performance evaluation
1. The Finance Department planning team shall assess and review operational performance at market prices every week and report regularly to the Chairman and general manager on a monthly basis to review and improve the risk aversion strategy adopted.
2. In order to fully grasp and express the evaluation risk of transactions, the company's monthly closing evaluation method to assess profit and loss.
- Article 9 Contract Amount Limit
The total amount of the forward foreign exchange transaction contract of foreign currency shall not exceed the total foreign currency demand of the company's actual import and export, and when the transaction of foreign currency option is assessed at market value, the total amount of the transaction contract which may be required to perform the option of performance shall not exceed US \$ million.
- Article 10 Total and individual contract loss caps
The maximum amount of the total contract loss engaged in the trading of derivative commodities is USD million, and the maximum amount of individual contract losses is 5% of the amount of individual contracts, and must not exceed the \$ million.
- Article 11 Authorization amount and level, execution unit
The planning team of the Finance Department shall select a financial institution with better conditions, after the approval of the general manager and the chairman of the petition, enter into a credit line contract with it and engage in derivative commodity transactions within that amount.
- Article 12 Operating Procedures
1. When engaging in derivative commodity trading, the operation should be carried out according to the letter of credit to a single batch by pen.
2. After the derivative commodity transaction is completed and confirmed by the transaction confirmation officer, the delivery person shall be notified of the "Exchange Avoidance transaction Form".
3. The company engaged in the trading of derivative commodities shall establish a memorandum detailing the types, amounts, dates of adoption of the Board of directors and matters which should

be carefully assessed in accordance with the requirements of the derivative commodity transactions, and shall be published in the memo book for reference.

Article 13 Announcement and Declaration

Derivative commodity transactions are completed and confirmed by the transaction confirmation personnel shall be handled in accordance with the relevant provisions. And shall, on a monthly basis, enter the information Declaration website designated by the HKMA before 10th of each month in accordance with the prescribed format for the trading of derivative commodities by the company and subsidiaries of non-domestic public offering companies until the end of last month. Subsidiaries shall, by 10th of the month preceding the month, make a breakdown of the transactions in derivative commodities as at the end of last month and report to the finance Department of the company. The company and in accordance with the provisions of the designated website for notice and declaration.

Article 14 Accounting treatment

1. The Finance Department planning team shall immediately submit it to the accounting unit for cash receipts and payments arising from foreign exchange operations.
2. The company's accounting treatment of derivative commodity transactions, in addition to the provisions of this procedure, in accordance with the provisions of the Financial Accounting standards and relevant laws and regulations, in accordance with the purpose of their transactions to use appropriate accounting treatment, complete recording of the transaction process, permissible to express transaction matters.
3. In preparing regular financial reports (including annual, semi-annual and quarterly financial reports and consolidated financial reports), the Company shall, in accordance with the provisions of the Financial Accounting Standards Bulletin, disclose its general matters by commodity category according to the purpose of engaging in derivative commodity transactions in the appendix to the financial statements.

Article 15 Internal control

1. Traders engaged in derivative commodities and operators of confirmation, delivery and other workers shall not concurrently hold each other.
2. The scope of risk management should include risk management such as credit, market price, liquidity, cash flow, operation and law. The measurement, supervision and control of the risk shall be divided into different departments from the persons of the preceding terms and shall be reported to the board of directors or to the senior executives who are responsible for decision-making in non-trading or parts.
3. The location held by the derivative commodity Exchange shall be assessed at least once a week, provided that the risk-averse transaction for business needs is assessed at least two times per month and that the assessment report shall be submitted to the higher authority authorized by the Board of Directors.
4. Senior executives authorized by the Board of Directors shall always pay attention to the supervision and control of the risks of derivative commodity transactions, and periodically assess whether the performance of engaging in derivative commodity transactions is in accordance with the established business strategy and whether the risks assumed are within the scope of the company's tolerance. The adequacy of the risk management procedures currently in use should also be assessed periodically and indeed in accordance with the relevant provisions of this procedure.

Article 16 Internal Audit

A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.

A public company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, The Audit Committee shall be notified in writing.

Article 16-1 The Company shall urge subsidiaries to engage in derivative commodity transactions in accordance with the relevant guidelines to "engage in derivative commodity affairs processing procedures" and in accordance with the procedures established. The company's internal auditors shall also include the subsidiary's "engaged in derivative commodity transaction processing procedures" in the internal audit scope, perform audit operations on a regular or irregular basis, and review their own inspection reports.

If a major violation is found, the independent director The Audit Committee shall be notified in writing.

Article 17 The "Procedures for dealing with derivative commodities" This   Engaged in Derivative Commodities Trading Process With the approval of the Audit Committee, the meeting will be approved and should be reported to the shareholders It ' s the same when it ' s amended. If not all members of the Audit Committee If more than one-hundred agrees, all More than two-thirds of the directors agreed to do it, Not limited by the provisions of the preceding paragraph, and shall be The minutes of the board meeting specify the audit committee Resolution.

The views of independent directors shall be fully taken into account in the discussion of the Board of Directors of the "Procedures for dealing with derivative commodities" in accordance with the preceding paragraph, and independent directors who have objections or reservations shall be set out in the proceedings of the Board of Directors.

Article 18 This procedure was set out on September 1, 2000; The First Amendment was made on June 20, 2003, the Second Amendment on June 10, 2005, the third amendment on June 14, 2006, the fourth Amendment to June 14, 2007 and the fifth Amendment to June 6, 2019 and the sixth Amendment to June 9, 2020.