

Stock Code: 6201

# YA HORNG ELECTRONIC CO., LTD.

## 2021 Regular Shareholders' Meeting

### Meeting Agenda

Meeting Time : The Republic of China June 10,2021(Thursday)Nine o'clock in the morning

Meeting Place : No.35,Shalun,Anding Dist.,Tainan City 745,Taiwan(R.O.C.)  
(Conference Room of the company executive Building)

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# YA HORNG ELECTRONIC CO., LTD.

## 2021 Regular Shareholders' Meeting Procedure

1. Call the Meeting to Order And Chairperson Remarks
2. Management Presentations
3. Proposals Presentations
4. Discussion Presentations
5. Questions and Motions
6. Adjournment

# YA HORNG ELECTRONIC CO., LTD.

## Year 2021 Agenda of Annual Meeting of Shareholders

Time : The Republic of China June 10,2021(Thursday)Nine o'clock in the morning

Place : No.35,Shalun,Anding Dist.,Tainan City 745,Taiwan(R.O.C.)

(Conference Room of the company executive Building)

### **1.Call the Meeting to Order and Chairperson Remarks**

(1)Call the Meeting to Order

(2)Chairperson Remarks

### **2.Management Presentations**

(1)2020 Business Report

(2)Audit Committee's Review Report on the 2020 Financial Statements

(3)Employees'bonus and directors'compensation from 2020 profits

(4)Distribution of 2020 Profits

(5)Amendment to the Guidelines for the Adoption of Ethical Conduct

(6)Other reporting Matters

### **3.Proposals Presentations**

(1)Adoption of the 2020 Business Report and Financial Statements

(2) Adoption of the Proposal for Distribution of 2020 Profits

### **4.Discussion Presentations**

(1) Amendment to the Procedures for Election of Directors

### **5.Questions and Motions**

### **6.Adjournment**

## 1. Call the Meeting to Order and Chairperson Remarks

### 2. Management Presentations

(1) Proposed by the Board

Proposal: 2020 Business Report

Explanation: The 2020 Business Report is attached as pp. [6-8], Annex 1.

(2) Proposed by the Board

Proposal: Audit Committee's Review Report on the 2020 Financial Statements

Explanation : The 2020 Audit Committee's Review Report is attached as pp.[8], Annex 2.

(3) Proposed by the Board

Proposal: Employees' bonus and directors' compensation from 2020 profits

Explanation: Handle in accordance with Article 26 of the Articles of Association of the Company and pass the resolution of the Board of Directors, and issue it to the supervisors in cash NT \$ 6,652,200 for work and NT \$26,608,700 for employees.

(4) Proposed by the Board

Proposal: Distribution of 2020 Profits

Explanation: YAHORNG company 2020-year after-tax net profit of 298,681,238 yuan, according to the company regulations to mention the statutory surplus of the public product 10%, and another according to the basis of the shareholders of the register of shares per share of cash dividends allocated 3.0 yuan, cash payments to yuan (yuan below), its abnormal 0 of the total number into the company's other income, the base date for dividend distribution and the date of distribution are intended to be authorized by the chairman.

(5) Proposed by the Board

Proposal: Amendment to the Guidelines for the Adoption of Ethical Conduct.

Explanation: Cooperate with the Taiwan Certificate Management Letter No. 10900094681 dated June 3, 109 of the Republic of China. The Report is attached as pp. [9], Annex 3

(6) Proposed by the Board

Proposal: Other reporting Matters

Explanation: No.

### 3. Proposals Presentations

(1) Proposed by the Board

Proposal: Adoption of the 2020 Business Report and Financial Statements

Explanation: 1) The company's 2020 consolidated financial report and individual financial report were approved by the board of directors and sent to Audit Committee's requested to review the completion.

2) Business report and financial report (The Report is attached as pp. [6-8], Annex 1 and pp. [10-25], Annex4 .

Resolution:

(2) Proposed by the Board

Proposal: Adoption of the Proposal for Distribution of 2020 Profits

Explanation: 1) YAHORNG company 2020-year after-tax net profit of 298,681,238 yuan, according to the company regulations to mention the statutory surplus of the public product 10%, and another according to the basis of the shareholders of the register of shares per share of cash dividends allocated 3.0 yuan, cash payments to yuan (yuan below), its abnormal 0 of the total number into the company's other income, the distribution base day and issuance day to brought to the shareholders will authorize the Board of other.

2) Profit Distribution Table (The Report is attached as pp. [26], Annex 5.

Resolution:

#### **4. Discussion Presentations**

(1) Proposed by the Board

Proposal: Amendment to the Procedures for Election of Directors.

Explanation: Cooperate with the Taiwan Certificate Management Letter No. 10900094681 dated June 3, 109 of the Republic of China The Report is attached as pp. [27-28], Annex 6.

Resolution:

#### **5. Questions and Motions**

#### **6. Adjournment**

## Business Report

Dear Ladies and gentlemen,

First of all, thank you shareholders in the past year, the full support of the company, on behalf of the company to the shareholders to pay the deepest respect and gratitude!

## 1. 2020 Business Achievements:

## (1) Results of the implementation of the Business plan:

The company's 2020-year group combined operating income net of NT \$3,511,749, Net profit after tax is NT \$298,681 yuan, the after-tax surplus of 3.35 yuan per share.

## (2) Budget execution situation: according to the "Public Disclosure company public financial Forecasting Information Processing Guidelines", the company does not need to disclose 2020 annual financial forecasting information, so there is no 2020-year budget implementation analysis data.

## (3) Financial balance and profitability analysis: For a 2020-year financial overview, please refer to the accompanying financial statements.

## (4) Research development status:

The company's 2020-year group invested 118,726 Yuan in research and development costs, about 3.38% of the turnover To facilitate the research and development of electronic audio, small household appliances and other new products, in order to strengthen the development capacity and quality, and cultivate the ability of independent development.

Actively towards self-development of important key technologies of products and cooperation with domestic and foreign academic and research institutions to expand the scale of R & amp; d team, the construction of the company's more complete core competitiveness.

## 2. Of the current year (Y2021) business plan

## (1) Business policy:

A. Specializing in high value-added, quality products, strive for high profits.

B. Product differentiation design to make products more competitive and low parity, to improve the value of products.

C. Actively launch new products and expand overseas markets to provide customers with faster and more complete services, with a view to Increase group revenue.

D. Integration of the group parts and design rationalization, parts standardization, strengthen procurement, reduce the cost of materials.

E. Reinvested in labor-intensive Southeast Asian subsidiaries, differentiated the European and American markets and resisted the risk of manufacturing in China and reduced production costs.

F. Actively diversify products, expand customer base, increase production process capacity, production efficiency and quality Investment layouts such as upgrading, process systemization, capacity expansion and manpower improvement.

## (2) Expected sales quantity and its basis:

The company's Y2021 group forecast sales situation as follows:

Unit: Thousand Set

Items	Year	2021 Annual Forecast Sales Quantity
Audio Products		863
Small Appliances		895
Other Products		262
Total		2,020

According to: The company expects sales quantity according to the industry environment and market supply and demand situation, and considers its own Capacity and group business development, the company firmly believe that upgrading product quality is sustainable management Important factors, the company will continue to develop new products, continuously improve product quality, customer Satisfaction and maintain good relations with suppliers, and jointly toward the company's goals.

(3) Important Marketing Policy:

- A. Product differentiation design makes the product more competitive and low parity, in order to improve the value of products.
- B. Through the Professional Procurement Unit, in many ways to seek cheaper parts source, in order to reduce the cost of materials.
- C. Work with the school and external design house to attract new blood.
- D. Improve the international medical regulatory system and enhance the competitiveness of the production of medical and healthcare products to become home wisdom The most preferred foundry partner in the medical equipment market.
- E. Research and develop related products, such as telemedicine care, wearable medical equipment, and smartphone APP Smart medical equipment with interactive and networked functions.

3. The future company development strategy

- (1) Look for a third factory to increase overall production capacity and reduce production costs.
- (2) Good inventory management for long-delivery parts such as electronic materials.
- (3) Efforts to develop and expand new customer base and high-end turntable market.
- (4) Integrate product development and production, promote design simplification and production automation, reduce manpower requirements, and improve Competitive.
- (5) Expand other markets to collaborate with customers.
- (6) Focus on strengthening the cardiovascular related sensory device technology, and continue to explore the digital health care application program.
- (7) Actively explore the market for new customers.

4. Influenced by external competitive environment, regulatory environment and overall business environment

(1) Impact of external competitive environment:

The company pays close attention to any external changes that may affect the business and operating development of the company, Republic of China The Y2020 period is not affected by the major external competition environment and the business and operation of the company.

(2) Impact of regulatory environment:

- A. In accordance with Guangdong Provincial Guangdong Provincial Yuewei Disease Control Letter [2020] No. 14, the guidelines for enterprises and factories to resume work after the holiday to prevent and control the new coronavirus, the mainland subsidiary has announced relevant arrangements: a.the establishment of a prevention and control leading group, b. Classification of key populations, c. Daily epidemic prevention operations. Therefore, there is no significant impact on the company's business and operational development.
- B. In May 2021, the European Union will implement the new MDR medical device regulations. This is the largest and most stringent regulatory upgrade in the European Union in 25 years. The company expects to launch the EU MDR certification in 2021.Q4, and the goal is to become the first batch of Taiwanese that can be sold freely in the EU. The manufacturer has become the most preferred foundry partner in the home smart medical equipment market.

(3) Impact of the overall business environment:

- A. Raw materials, wages, exchange rates and other continued rise, and mainland factory bidding, resulting in less competitive prices, affecting some large thin profit of the machine to undertake difficulties, coupled with the mainland labor shortage affecting production efficiency and shipping. In other, by the U.S.-China trade war, although the company's small part of the product items in the list but the impact is very little, Ashong Electric group has been staying in Taiwan, maintaining cross-strait production base,Provide customers with more flexibilityProduction services.
- B. In Q1 2020, affected by the new coronavirus (COVID-19), the global epidemic was severe.The U.S. epidemic is heating up, crude oil has plummeted, and the stock exchange market has fluctuated widely.

These epidemic fear shocks continueIn the face of concerns, Yahongdian Group continues to pay attention to the upstream and downstream supply, demand andFacing the impact of the Group, funds will be more cautious and conservative in responding to changes in these economic situations. another,The Group has adopted the "prevention of employees, stable production, and epidemic prevention outside the factory" as its epidemic prevention strategy, and has fully expanded its plantEpidemic prevention operations, all members participate together to achieve "prevent the occurrence, avoid infection" and "mitigation of rushStrike, and quickly respond "to the overall epidemic prevention goal.Although the epidemic has affected the overall progress of investment and production in Southeast Asia in the group's operations However, some of the products of the group



are also affected by the economic benefits of housing, resulting in slight overall performance and profitability.

Have a good performance.

Ashong will continue to strive for the spirit of continuous innovation and change, in good faith, steady, solid and do a good job in each product, I wish you everyone happy.

Chairman : HUANG CHIN-I

President : HSU JUEI FENG

Accounting Manager : CHAO CHIH-YUNG

Annex 2

### Audit Committee's Review Report

The board of directors prepares the company's 2020 business report, consolidated financial statements (including individual financial statements) and surplus distribution proposals .The financial statements have been verified by Ernst & Young and the joint accounting firm has been entrusted, and the verification report has been issued. The above business report .The report, financial statements and earnings distribution proposal have been checked by the Audit Committee and found that there are no discrepancies, and are in accordance with Article 14 of the Securities and Exchange Act The report stipulated in Article 4 and Article 219 of the Company Law is the same as above, so please review and verify.

Sincerely

2021 Regular Shareholders' Meeting

YA HORNG ELECTRONIC CO., LTD.

Convener of the Audit Committee : Chen,Jung-Chao

On the date of March 05, 2021

## YA HORNG ELECTRONIC CO., LTD.

## Comparison Table for the Guidelines for the Adoption of Ethical Conduct

## Before and After Revision

Before the Version	After the Version
<p>Article 3 Preventing conflicts of interest The directors or managers of the Company shall conduct their official duties in an objective and efficient manner and shall not be able to hold their duties with the intention of obtaining undue benefits to themselves, spouses, parents, children or relatives within the third party. The Company and the aforementioned personnel or their affiliated enterprises, such as funds loans and, for their endorsement of the guarantee, major asset transactions or goods exchanges, should follow the Company's "fund loan stake and other operating procedures", "endorsement guarantee measures" and "acquisition or disposition of assets processing procedures" and procurement and delivery related operations provisions. "Procedures for Loaning Funds with thers", "Endorsement Guarantee Measures", "Procedures for Acquiring or Disposing of Assets" and related procurement and supply operations.</p>	<p>Article 3 Preventing conflicts of interest The directors or managers of the company shall act in an objective and efficient manner. To manage official duties, not to be able to take up positions, but to make oneself, Spouse or relatives within the scope of the second parent receive improper benefits. The Company and the aforementioned personnel or their affiliated enterprises, such as funds loans and, for their endorsement of the guarantee, major asset transactions or goods exchanges, should follow the Company's "fund loan stake and other operating procedures", "endorsement guarantee measures" and "acquisition or disposition of assets processing procedures" and procurement and delivery related operations provisions. "Procedures for Loaning Funds with thers", "Endorsement Guarantee Measures", "Procedures for Acquiring or Disposing of Assets" and related procurement and supply operations.</p>
<p>Article 9 Whistleblowing procedures The company shall raise awareness of ethics internally and encourage employees to report to a company, 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, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Article 9 Whistleblowing procedures The company should strengthen the promotion of this Code. Employees in doubt or discovery In case of violation of laws, regulations or this Code, report to the manager, internal Reported by the department's audit supervisor or other appropriate personnel. To encourage employees to submit For reporting violations, the company allows anonymous reports and allows employees to be aware of The company will do its utmost to protect the safety of the whistleblower and prevent them from being reported.</p>
<p>Article 16 These guidelines were first formulated on June 13, 2008, and the first amendment was made on June 9, 2020.</p>	<p>Article 16 This Code was first formulated on June 13, 1997, the first One amendment was made on June 9, 2020, and the second amendment On June 10, 2021.</p>

## Independent Auditors' Report

To Ya Horng Electronic Co., Ltd.

### Opinion

We have audited the accompanying parent company only balance sheets of Ya Horng Electronic Co., Ltd. (the "Company") as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 parent company only financial statements. 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.

#### Loss allowance on accounts receivable

As of December 31, 2020, the Company's net accounts receivable amounted to NT\$789,621 thousand, which accounted for a significant amount of 22% of total assets. Loss allowance on accounts receivable is measured by lifetime expected credit losses, and the process involves appropriate groupings to accounts receivable and analysis of related assumptions used including aging bucket and rate of loss. As the evaluation required management's judgment, analysis, and estimation, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing management's established internal controls; analyzing and assessing appropriateness of groupings and rate of loss; sample-testing the provision matrix, including the appropriateness of aging buckets and vouching to original supporting document; and inspecting amounts collected in subsequent period to assess their recoverability.

We also assessed the adequacy of disclosures of accounts receivable. Please refer to Notes 5, 6, and 12 to the parent company only financial statements.

#### Valuation for slow-moving inventories

As of December 31, 2020, the Company's net inventories amounted to NT\$546,174 thousand, which accounted for a significant amount of 15% of total asset. The Company's manufacturing process was initiated after receiving purchase orders, therefore various raw materials were acquired based on respective orders. As the allowance of obsolescence loss required significant management judgment, we thus

determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's established internal controls and provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes of the slow-moving inventories aging; analyzing the obsolescence loss of inventories requiring individual assessment; recalculating the allowance for reduction of inventory, to ensure that the valuation for slow-moving inventories followed accounting policies.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

#### 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 requirements of 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

#### Auditor's 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 auditor's 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2020 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan

March 05, 2021

# Independent Auditors' Report

To Ya Horng Electronic Co., Ltd.

## Opinion

We have audited the accompanying consolidated balance sheets of Ya Horng Electronic Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. 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.

### Loss allowance on accounts receivable

As of December 31, 2020, the Company's net accounts receivable amounted to NT\$798,791 thousand, which accounted for a significant amount of 22% of total consolidated assets. Loss allowance on accounts receivable is measured by lifetime expected credit losses, and the process involves appropriate groupings to accounts receivable and analysis of related assumptions used including aging bucket and rate of loss. As the evaluation required management's judgment, analysis, and estimation, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing management's established internal controls; analyzing and assessing appropriateness of groupings and rate of loss; sample-testing the provision matrix, including the appropriateness of aging buckets and vouching to original supporting document; and inspecting amounts collected in subsequent period to assess their recoverability.

We also assessed the adequacy of disclosures of accounts receivable. Please refer to Notes 5, 6 and 12 to the Company's consolidated financial statements.

### Valuation for slow-moving inventories

As of December 31, 2020, the Company's consolidated net inventories amounted to NT\$1,022,241 thousand, which accounted for 28% of total consolidated asset. The Company's manufacturing process was initiated after receiving purchase orders, therefore various raw materials were acquired based on respective orders. As the allowance of obsolescence loss required significant management judgment, we thus determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's established internal controls and provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes of the slow-moving inventories aging; analyzing the obsolescence loss of inventories requiring individual assessment; recalculating the allowance for reduction of inventory, to ensure that the valuation for slow-moving inventories followed accounting policies.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

### **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### **Auditor's 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 auditor's 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

**Other**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan

March 05, 2021



YA HORNG ELECTRONIC CO., LTD.  
INDIVIDUAL BALANCE SHEET  
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Assets			DECEMBER 31,2020		DECEMBER 31,2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	current assets					
1100	Cash and cash equivalents	4/6(1)	\$554,073	15	\$588,723	19
1110	Current financial assets at fair value through profit or loss-flow	4/6(2)	8,824	-	8,788	-
1136	Financial assets in terms of amortization costs-flow	4/6(3)(13)	401,196	11	361,454	10
1150	Bills receivable, net	4/6(4)(13)	14	-	3	-
1170	Accounts receivable, net	4/6(5)(13)	789,621	22	455,866	14
1210	Other receivables-related parties	4/7	5,876	-	41	-
130x	Inventories, manufacturing business, net	4/6(6)	546,174	15	384,100	12
1470	Other current assets		28,428	1	17,980	1
11xx	Total current assets		<u>2,334,206</u>	<u>64</u>	<u>1,816,955</u>	<u>56</u>
	Non-current assets					
1550	Investing in equity law	4/6(7)	832,244	23	958,287	30
1600	Property, plant and equipment	4/6(8)	412,878	11	415,625	12
1755	Right-of-use assets	4/6(14)	0	-	150	-
1760	Investment real estate	4/6(9)	18,096	-	18,630	1
1780	Intangible assets	4	1,677	-	3,998	-
1840	Deferred tax assets	4/6(18)	23,621	1	20,726	1
1900	Other non-current assets		851	-	2,591	-
15xx	Total non-current assets		<u>1,289,367</u>	<u>35</u>	<u>1,420,007</u>	<u>44</u>
1xxx	Total assets		<u>\$3,623,573</u>	<u>99</u>	<u>\$3,236,962</u>	<u>100</u>

YA HORNG ELECTRONIC CO., LTD.  
INDIVIDUAL BALANCE SHEET  
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Liabilities and Equity			DECEMBER 31, 2020		DECEMBER 31, 2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2130	Total liabilities-flow	4/6(12)	38,683	1	30,576	1
2150	Notes payable	4	\$714	-	\$3,180	-
2170	Accounts payable	4	376,073	11	182,280	5
2180	Accounts payable to related parties	4/7	401,661	11	355,709	11
2200	Other payables	4	105,374	3	94,122	3
2220	Other payables-related persons	4/7	-	-	16	-
2230	Current tax liabilities	4/6(18)	76,525	2	34,760	1
2280	Lease liabilities-current	4/6(14)	-	-	151	-
2300	Other current liabilities, others		1,445	-	2,423	-
21xx	Total current liabilities		<u>1,000,475</u>	<u>28</u>	<u>703,217</u>	<u>21</u>
	Non-current liabilities					
2570	Deferred tax liabilities	4/6(18)	32,394	1	30,394	1
2640	Net defined benefit liability, non-current	4/6(10)	84,798	2	84,227	3
2645	Deposit security	4	129	-	129	-
25xx	Total non-current liabilities		<u>117,321</u>	<u>3</u>	<u>114,750</u>	<u>4</u>
2xxx	Total liabilities		<u>1,117,796</u>	<u>31</u>	<u>817,967</u>	<u>25</u>
	Equity					
3100	Share capital	6(11)	892,000	25	892,000	28
3200	Capital surplus	6(11)	333,205	9	333,205	10
3300	Retained earnings					
3310	Legal reserve	6(11)	511,085	14	487,130	15
3320	Special reserve	6(11)	83,011	2	83,011	2
3350	Unappropriated retained earnings (accumulated deficit)	6(11)	755,660	21	705,307	22
	Total retained earnings		<u>1,349,756</u>	<u>37</u>	<u>1,275,448</u>	<u>39</u>
3400	Other equity interest	4	(69,184)	(2)	(81,658)	(2)
3xxx	Total equity		<u>2,505,777</u>	<u>69</u>	<u>2,418,995</u>	<u>75</u>
	Total liabilities and equity		<u>\$3,623,573</u>	<u>100</u>	<u>\$3,236,962</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements. See report of independent accountants dated March 05, 2021.

YA HORNG ELECTRONIC CO., LTD.AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Assets			DECEMBER 31,2020		DECEMBER 31,2019	
Items	Notes	AMOUNT	%	AMOUNT	%	
current assets						
1100	Cash and cash equivalents	4/6(1)	\$739,938	20	\$918,037	29
1110	Financial assets as measured by fair value through profit and loss-flow	4/6(2)	8,824	-	8,788	-
1136	Financial assets in terms of amortization costs-flow	4/6(3.12)	401,196	11	361,454	11
1150	Notes receivable, net	4/6(4.12)	14	-	3	-
1170	Accounts receivable, net	4/6(5.12)	798,791	22	491,492	15
130x	Inventories, manufacturing business, net	4/6(6)	1,022,241	28	754,650	23
1470	Other current assets		60,111	2	48,602	2
11xx	Total current assets		<u>3,031,115</u>	<u>83</u>	<u>2,583,026</u>	<u>80</u>
Non-current assets						
1600	Property, plant and equipment	4/6(7)/7	554,490	15	561,310	18
1755	Right-of-use asset	4/6(13)	32,575	1	12,235	-
1760	Investment property, net	4/6(8)	18,096	-	23,894	1
1780	Intangible assets	4	1,677	-	3,998	-
1840	Deferred tax assets	4/6(17)	23,621	1	20,726	1
1900	Other non-current assets		8,679	-	7,576	-
15xx	Total non-current assets		<u>639,138</u>	<u>17</u>	<u>629,739</u>	<u>20</u>
1xxx	Total assets		<u><u>\$3,670,253</u></u>	<u><u>100</u></u>	<u><u>\$3,212,765</u></u>	<u><u>100</u></u>

(Continued)

YA HORNG ELECTRONIC CO., LTD.AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Liabilities and Equity			DECEMBER 31,2020		DECEMBER 31,2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2130	Total liabilities-flow	4/6.11	\$38,683	1	\$30,576	1
2150	Notes payable	4	802	-	3,180	-
2170	Accounts payable	4	744,273	20	441,572	14
2180	Accounts payable to related parties	4/7	0	-	19,843	1
2200	Other payables	4/7	163,713	5	145,223	5
2230	Current tax liabilities	4/6.17	76,613	2	34,760	1
2280	Lease liabilities-current	4/6.13	7,290	-	151	-
2300	Other current liabilities, others		1,907	-	3,313	-
21xx	Total current liabilities		<u>1,033,281</u>	<u>28</u>	<u>678,618</u>	<u>22</u>
	Non-current liabilities					
2570	Deferred tax liabilities	4/6.17	32,394	1	30,394	1
2580	Lease liabilities,non-current	4/6.13	13,831	1	-	-
2640	Net defined benefit liability, non-current	4/6.9	84,798	2	84,227	2
2645	Deposit security	4	172	-	531	-
25xx	Total non-current liabilities		<u>131,195</u>	<u>4</u>	<u>115,152</u>	<u>3</u>
2xxx	Total liabilities		<u>1,164,476</u>	<u>32</u>	<u>793,770</u>	<u>25</u>
31xx	Equity attributable to owners of parent					
3100	Share capital	6.10	892,000	24	892,000	28
3200	Capital surplus	6.10	333,205	9	333,205	10
3300	Retained earnings		-	-	-	-
3310	Legal reserve	6.10	511,085	14	487,130	15
3320	Special reserve	6.10	83,011	2	83,011	3
3350	Unappropriated retained earnings (accumulated deficit)	6.10	755,660	21	705,307	22
	Total retained earnings		<u>1,349,756</u>	<u>37</u>	<u>1,275,448</u>	<u>40</u>
3400	Other equity interest	4	(69,184)	(2)	(81,658)	(3)
3xxx	Total equity		<u>2,505,777</u>	<u>68</u>	<u>2,418,995</u>	<u>75</u>
	Total liabilities and equity		<u>\$3,670,253</u>	<u>100</u>	<u>\$3,212,765</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements. See report of independent accountants dated March 05, 2021.

YA HORNG ELECTRONIC CO., LTD.  
INCOME STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2020 AN 2019

Unit: NT\$ thousand

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	4/6(12)/7	\$3,499,075	100	\$3,155,834	100
5000	Operating costs	4/6(6)(10)(15)/7	(2,876,836)	(82)	(2,600,536)	(82)
5900	Gross profit (loss) from operations		622,239	18	555,298	18
5910	Not realizing the benefits of sales		(966)	-	(944)	-
5920	has achieved the benefits of sales		944	-	512	-
5950	NET gross margin of business		622,217	18	554,866	18
6000	Operating expenses	4/6(10)(13)(14)(15)/7				
6100	Selling expenses		(43,751)	(1)	(51,783)	(2)
6200	Administrative expenses		(102,639)	(3)	(106,477)	(3)
6300	Research and development expenses		(108,968)	(3)	(119,341)	(4)
	Total operating expenses		(255,358)	(7)	(277,601)	(9)
6900	Net operating income (loss)		366,859	11	277,265	9
7000	Non-operating income and expenses					
7100	Interest income	6(16)	6769	-	14,386	-
7010	Other income	6(16)	30,460	-	7,408	-
7020	Other gains and losses	4/6(16)	(28,626)	--	(9,381)	-
	Interest expense	6(16)	(2)	-	(9)	-
7070	The share of subsidiaries, affiliated enterprises and joint ventures with equity Law recognized	4/6(7)	(7,746)	-	7,977	-
	Total non-operating income and expenses		855	-	20,381	-
7900	Profit (loss) from continuing operations before tax		367,714	11	297,646	9
7950	Tax expense (income)	4/6(18)	(69,033)	(2)	(58,097)	(2)
8200	Profit (loss)		298,681	9	239,549	7
8300	Other comprehensive income					
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	4/6(17)	(1,716)	-	4,456	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4/6(17)(18)	343	-	(891)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	4/6(17)	15,593	-	(32,938)	--
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4/6(17)(18)	(3,119)	-	6,588	-
	Comprehensive income, attributable to owners of parent		11,101	-	(22,785)	--
8500	Total comprehensive income for the year		\$309,782	9	\$216,764	7
	Earnings per share (in dollars)	6(19)				
9750	Basic earnings (loss) per share from continuing operations		\$3.35		\$2.69	
9850	Diluted earnings per share		\$3.32		\$2.67	

The accompanying notes are an integral part of these financial statements. See report of independent accountants dated March 05, 2021.

YA HORNG ELECTRONIC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	4/6(11)/7	\$3,511,749	100	\$3,235,177	100
5000	Operating costs	4/6(6)(9)(14)/7	(2,747,078)	(78)	(2,556,961)	(79)
5900	Gross profit (loss) from operations		764,671	22	678,216	21
6000	Operating expenses	4/6(9)(12)(14)/7				
6100	Selling expenses		(60,799)	(2)	(69,992)	(2)
6200	Administrative expenses		(197,318)	(6)	(201,114)	(6)
6300	Research and development expenses		(118,726)	(3)	(129,738)	(4)
	Total operating expenses		(376,843)	(11)	(400,844)	(12)
6900	Net operating income (loss)		387,828	11	277,372	9
7000	Non-operating income and expenses					
7100	Interest income	6(15)	9,175	-	23,645	-
7010	Other income	4/6(15)/7	31,618	1	11,851	-
7020	Other gains and losses	4/6(15)	(59,792)	(1)	(12,595)	-
7050	Interest expense	4/6(15)	(117)	-	(9)	-
	Total non-operating income and expenses		(19,116)	-	22,892	-
7900	Profit (loss) from continuing operations before tax		368,712	11	300,264	9
7950	Tax expense (income)	4/6(17)	(70,031)	(2)	(60,715)	(2)
8200	Profit (loss)		298,681	9	239,549	7
8300	Other comprehensive income					
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	4/6(9)(16)	(1,716)	-	4,456	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	4/6(16)(17)	343	-	(891)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	4/6(16)	15,593	-	(32,938)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4/6(16)(17)	(3,119)	-	6,588	-
	Comprehensive income, attributable to owners of parent		11,101	-	(22,785)	-
8500	Total comprehensive income for the year		\$309,782	9	\$216,764	7
8600	Profit attributable to:					
8610	Owners of the parent		\$298,681		\$239,549	
8700	Comprehensive income attributable to:					
8710	Owners of the parent		\$309,782		\$216,764	
	Earnings per share (in dollars)					
9750	Basic earnings (loss) per share from continuing operations	6(18)	\$3.35		\$2.69	
9850	Diluted earnings per share		\$3.32		\$2.67	

The accompanying notes are an integral part of these consolidated financial statements. See report of independent accountants dated March 05, 2021.

YA HORNG ELECTRONIC CO., LTD.  
STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Items	share capital	Capital surplus	Total equity			ther equity inter	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated)	Exchange differences on translation of	
	3100	3200	3310	3320	3350	3410	3XXX
2019/01/01 Equity	\$892,000	\$333,202	\$460,788	\$83,011	\$729,375	\$(55,308)	\$2,443,068
2018 Annual surplus Reference and allocation							
Legal reserve appropriated	-	-	26,342	-	(26,342)	-	-
Cash dividends of ordinary share	-	-	-	-	(240,840)	-	(240,840)
Special surplus reserve rotation							-
Changes in other capital reserves		3					3
2019 Profit (loss)	-	-	-	-	239,549	-	239,549
2019 Other comprehensive income	-	-	-	-	3,565	(26,350)	(22,785)
Comprehensive income	-	-	-	-	243,114	(26,350)	216,764
2019 Equity	<u>\$892,000</u>	<u>\$333,205</u>	<u>\$487,130</u>	<u>\$83,011</u>	<u>\$705,307</u>	<u>\$(81,658)</u>	<u>2,418,995</u>
2020/01/01 Equity	\$892,000	\$333,205	\$487,130	\$83,011	\$705,307	\$(81,658)	2,418,995
2019 Annual surplus Reference and allocation							
Legal reserve appropriated	-	-	23,955	-	(23,955)	-	-
Cash dividends of ordinary share	-	-	-	-	(223,000)	-	(223,000)
Other changes in capital reserve							-
2020 Profit (loss)	-	-	-	-	298,681	-	298,681
2020 Other comprehensive income	-	-	-	-	(1,373)	12,474	11,101
Total comprehensive income	-	-	-	-	297,308	12,474	309,782
2020/12/31 Equity	<u>\$892,000</u>	<u>\$333,205</u>	<u>\$511,085</u>	<u>\$83,011</u>	<u>\$755,660</u>	<u>\$(69,184)</u>	<u>\$2,505,777</u>

The accompanying notes are an integral part of these financial statements. See report of independent accountants dated March 05, 2021.

Note 1: The actual distribution of the staff bonus 23,910 thousand Yuan, the director of the director of the remuneration 5,978 thousand Yuan, the Republic of 2018-annual comprehensive income statement dec

Note 2: The actual distribution of the staff bonus 21,537 thousand Yuan, the director of the director of the remuneration 5,380 thousand Yuan, the Republic of 2019-annual comprehensive income statement dedu

YA HORNG ELECTRONIC CO., LTD.AND SUBSIDIARIES  
STATEMENT OF STOCKHOLDERS'EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Items	Equity attributable to owners of parent						Total equity
	share capital	Capital surplus	Total equity			Other equity inter	
			Legal reserve	Special reserve	Unappropriat ed retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial	
	3100	3200	3310	3320	3350	3410	3XXX
2019/01/01 Equity	\$892,000	\$333,202	\$460,788	\$83,011	\$729,375	\$(55,308)	\$2,443,068
2018 Annual surplus Reference and allocation							
Legal reserve appropriated	-	-	26,342	-	(26,342)	-	-
Cash dividends of ordinary share	-	-	-	-	(240,840)	-	(240,840)
Special surplus reserve rotation					-		-
		3					3
2019 Profit (loss)	-	-	-	-	239,549	-	239,549
2019 Other comprehensive income	-	-	-	-	3,565	(26,350)	(22,785)
Total comprehensive income	-	-	-	-	243,114	(26,350)	216,764
2019/12/31 Equity	<u>\$892,000</u>	<u>\$333,205</u>	<u>\$487,130</u>	<u>\$83,011</u>	<u>\$705,307</u>	<u>\$(81,658)</u>	<u>\$2,418,995</u>
2020/01/01 Equity	\$892,000	\$333,205	\$487,130	\$83,011	\$705,307	\$(81,658)	\$2,418,995
2019 Annual surplus Reference and allocation							
Legal reserve appropriated	-	-	23,955	-	(23,955)	-	-
Cash dividends of ordinary share	-	-	-	-	(223,000)	-	(223,000)
							-
2020 Profit (loss)	-	-	-	-	298,681	-	298,681
2020 Other comprehensive income	-	-	-	-	(1,373)	12,474	11,101
Total comprehensive income	-	-	-	-	297,308	12,474	309,782
2020/12/31 Equity	<u>\$892,000</u>	<u>\$333,205</u>	<u>\$511,085</u>	<u>\$83,011</u>	<u>\$755,660</u>	<u>\$(69,184)</u>	<u>\$2,505,777</u>

The accompanying notes are an integral part of these consolidated financial statements. See report of independent accountants dated March 05, 2021.



YA HORNG ELECTRONIC CO., LTD.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

		Unit: NTS thousand			
Items	2020	2019	Items	2020	2019
	AMOUNT	AMOUNT		AMOUNT	AMOUNT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			<b>Cash flows from (used in) investing activities :</b>		
Profit (loss) before tax	\$367,714	\$297,646	Disposition of financial assets as measured by amortization cost	(39,742)	(155,852)
Adjustments :			Acquire investment in equity law	(39,230)	(26,837)
Adjustments to reconcile profit (loss) :			Disciplinary subsidiary	170,552	50,000
Depreciation expense	16,315	16,171	Acquisition of property, plant and equipment	(12,938)	(18,247)
Amortization expense	2,432	2,537	Acquisition of intangible assets	(111)	(711)
Interest expense	2	9	Net cash flows from (used in) investing activities	<u>78,531</u>	<u>(151,647)</u>
Interest income	(6,769)	(14,386)			
The share of the loss of subsidiaries, affiliated enterprises and joint ventures (interests) identified by equity	7,746	(7,977)			
Disposition of non-current assets to be sold (benefits)	-		<b>Cash flows from (used in) financing activities :</b>		
Not realizing the benefits of sales	966	944	Repayment of lease principal	(151)	(1,094)
Achieved sales (benefits)	(944)	(512)	Cash dividends paid	(223,000)	(240,840)
Loss (gain) on disposal of property, plan and equipment	54		Interest paid	(2)	(1)
Changes in operating assets and liabilities :			Other fundraising activities		3
Decrease (increase) in financial assets held for trading	-		Net cash flows from (used in) financing activities	<u>(223,153)</u>	<u>(241,932)</u>
(Increase) financial assets measured at fair value through profit or loss	(36)	(47)			
Notes receivable (increase)	(11)	(3)			
Decrease (increase) in accounts receivable	(333,755)	41,749			
Other receivables-related parties (increase)	(5,835)				
Decrease (increase) in other operating assets	-				
Decrease (increase) in inventories	(162,074)	(24,360)	Net increase (decrease) in cash and cash equivalents	(34,650)	(202,598)
Decrease (increase) in other current assets	(10,785)	(7,338)	Cash and cash equivalents at beginning of period	588,723	791,321
Decrease (increase) in other operating assets	1,740	1,430	Cash and cash equivalents at end of period	<u>\$554,073</u>	<u>\$588,723</u>
Liabilities (Decrease)	8,107	(4,186)			
Increase (decrease) in notes payable	(2,466)	1,630			
Increase (decrease) in accounts payable	193,793	40,361			
Increase (decrease) in accounts payable to related parties	45,952	(114,725)			
Increase (decrease) in other payable	11,252	2,741			
Other payables-Increased number of related persons	(16)	(714)			
Increase (decrease) in other current liabilities	(978)	(1,468)			
Increase (decrease) in net defined benefit liability	(1,145)	(385)			
Cash inflow (outflow) generated from operations	<u>131,259</u>	<u>229,117</u>			
Interest received	7,106	14,493			
Dividend collected		9,983			
Income taxes refund (paid)	(28,393)	(62,612)			
Net cash flows from (used in) operating activities	<u>109,972</u>	<u>190,981</u>			

The accompanying notes are an integral part of these consolidated financial statements. See report of independent accountants dated March 05, 2021.

YA HORNG ELECTRONIC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Items	2020	2019	Items	2020	2019
	AMOUNT	AMOUNT		AMOUNT	AMOUNT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			<b>Cash flows from (used in) investing activities :</b>		
Profit (loss) before tax	\$368,712	\$300,264	Disposition of financial assets as measured by amortization costs	(39,742)	(153,178)
Adjustments :			Disposition of non-current assets pending sale		90,713
Adjustments to reconcile profit (loss) :			Acquisition of property, plant and equipment	(29,445)	(53,853)
Depreciation expense	47,218	50,901	Proceeds from disposal of property, plant and equipment	-	53
Amortization expense	2,432	2,537	Acquisition of intangible assets	(111)	(711)
Interest expense	117	9	Net cash flows from (used in) investing activities	<u>(69,298)</u>	<u>(116,976)</u>
Interest income	(5,511)	(20,866)			
Loss (gain) on disposal of property, plan and equipment	54	50	<b>Cash flows from (used in) financing activities :</b>		
Disposition of non-current assets to be sold (benefits)	-	-	Deposit margin increase	(359)	(1,377)
Disposition of investment losses	-	-	Repayment of lease principal	(1,460)	(1,094)
Non-financial assets Impairment loss	-	-	Cash dividends paid	(223,000)	(240,840)
Changes in operating assets and liabilities :			Interest paid	(1)	(1)
Decrease (increase) in financial assets held for trading		-	Other fundraising activities		3
Mandatory financial assets measured at fair value through gains and losses (increase)	(36)	(47)	Net cash flows from (used in) financing activities	<u>(224,820)</u>	<u>(243,309)</u>
Decrease (increase) in notes receivable	(11)	(3)			
Decrease (increase) in accounts receivable	(307,299)	43,342	Effect of exchange rate changes on cash and cash equivalents	13,422	(35,801)
Decrease (increase) in inventories	(267,591)	(103,230)	Net increase (decrease) in cash and cash equivalents	(178,099)	(235,877)
Decrease (increase) in other current assets	(13,449)	(11,895)	Cash and cash equivalents at beginning of period	918,037	1,153,914
Decrease (increase) in other operating assets	(1,103)	2,276	Cash and cash equivalents at end of period	<u>\$739,938</u>	<u>\$918,037</u>
Liabilities (Decrease)	8,107	(4,186)			
Increase (decrease) in notes payable	(2,378)	1,630			
Increase (decrease) in accounts payable	302,701	108,259			
Increase (decrease) in accounts payable to related parties	(19,843)	(170,586)			
Increase (decrease) in other payable	18,490	9,810			
Increase (decrease) in other current liabilities	(1,406)	(2,169)			
Increase (decrease) in net defined benefit liability	(1,145)	(1,694)			
Cash inflow (outflow) generated from operations	<u>128,059</u>	<u>204,402</u>			
Interest received	6,387	21,611			
Income taxes refund (paid)	(31,849)	(65,804)			
Net cash flows from (used in) operating activities	<u>102,597</u>	<u>160,209</u>			

The accompanying notes are an integral part of these consolidated financial statements. See report of independent accountants dated March 05, 2021

YA HORNG ELECTRONIC CO., LTD.  
PROFIT DISTRIBUTION TABLE  
Year 2020

(Unit: NTD \$ )

Beginning retained earnings	458,352,208
Add: Other comprehensive gains and losses (actuarial gains and losses) (2020 degrees of the Republic of China)	(1,373,207)
Unappropriated Retained Earnings After Adujstment Plus:	456,979,001
Add: Net Income of 2020	298,681,238
Less: 10% legal reserve	(29,730,803)
Distributable net profit	725,929,436
Distributable items:	
Cash Dividend to shareholders(nt@3)	(267,600,000)
Unappropriated retained earnings	458,329,436

Chairman : HUANG CHIN-I

President : HSU JUEI FENG

Accounting Manager : CHAO CHIH-YUNG

**YA HORNG ELECTRONIC CO., LTD.**  
**Operational Procedures for Election of Directors**  
**Before and After Revision**

Before the Version	After the Version
Method name Operational Procedures for Election of Directors	Method name Procedures for Election of Directors
Article 1 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.	Article 1 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.
Article 2 The method of election of directors of the company shall be in accordance with the provisions of the company law. The nomination system for candidates shall be adopted for election. Voting adopts the single-cumulated cumulative election method, Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates.	Article 2 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.
Article 3 The board of directors shall prepare separate ballots for directors and supervisors 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.	Article 3 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.

<p>Article 8 A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the board of directors.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</li> <li>5. In addition to filling in the name (name) of the elected person and the shareholder's household number (identity card uniform number) and the number of assigned voting rights, the person with other words shall be among the words.</li> <li>6. A person who has not filled in the household name (name) or the shareholder's household number (identity card uniform number).</li> <li>7. On the same ballot paper, two or more persons are filled in by the elected person.</li> </ol>	<p>Article 8 A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by a person with the right to convene.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot does not conform to the director candidate list.</li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> </ol>
<p>Article 10 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 or supervisors and the numbers of votes with which they were elected.</p>	<p>Article 10 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 numbers of votes with which they were elected.</p>
<p>Article 14 This Measure was first amended on 1 September 89 in the Republic of China and amended for the first time on 14 June 96, the Second Amendment on 09 June 109.</p>	<p>Article 14 This Measure was first amended on 1 September 89 in the Republic of China and amended for the first time on 14 June 96, the Second Amendment on 09 June 109, third revision Amendment on 10 June 110.</p>

## YA HORNG ELECTRONIC CO., LTD.

### Code of Ethical Conduct (Before the Version)

**Article 1: Purpose of and basis for adoption**

In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and anagerial act in line with ethical standards, and to help interested parties better understand the ethical tandards of such companies.

**Article 2: The object for which**

All directors company managers of the Board of Directors of the Company shall be bound by the seuidelines.

**Article 3: Preventing conflicts of interest**

The directors or managers of the Company shall conduct their official duties in an objective andefficient manner and shall not be able to hold their duties with the intention of obtaining undue benefits to themselves, spouses, parents,children or relatives within the third party.

The Company and the aforementioned personnel or their affiliated enterprises, such as funds loans and, for their endorsement of the guarantee, major asset transactions or goods exchanges, should follow the Company's "fund loan stake and other operating procedures", "endorsement guarantee measures" and "acquisition or disposition of assets processing procedures" and procurement and delivery related operations provisions."Procedures for Loaning Funds with thers", "Endorsement Guarantee Measures", "Procedures for Acquiring or Disposing of Assets" and related procurement and supply operations.

**Article 4: Avoiding opportunities for elf-interest**

Directors or managers of the Company shall refrain from the use of the Company's property, information or the use of their positions for personal gain, or for personal gain, and shall refrain from acting for themselves or others in the business of the Company.

The directors or managers of the Company are responsible for aintaining or increasing the legitimate and legitimate interests of the company when the ompany has a profit opportunity.

**Article 5: Confidentiality**

The Directors or Managers of the Company shall have a duty of confidentiality to any information that may cause harm to the company, customers or suppliers, except as authorized or disclosed by law, after the ompany itself, the Customer or the Supplier may be exploited or disclosed by the Competitor.

**Article 6: Fair**

Directors or managers of the Company shall treat the Company's customers, suppliers, competitors or employees fairly and shall not obtain improper benefits by manipulating,concealing or abusing information they have learned on the basis of their duties, making false statements or other unfair transactions on important matters.

**Article 7: Protect and use company assets appropriately**

The Directors or Managers of the Company are responsible for protecting the Company's assets, ensuring that they are used effectively and lawfully in official business and that theft, negligence or waste shall be avoided, which may affect the Profitability of the Company.

**Article 8: Follow the law**

Directors or managers of the Company shall indeed comply with the provisions of the Securities Exchange Act and other relevant laws and regulations.

Article 9: Whistleblowing procedures

The company shall raise awareness of ethics internally and encourage employees to report to a company, 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, the company shall establish a concrete whistleblowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

Article 10: Disciplinary measures

When the directors of the Company have committed any violation of these Guidelines, they shall be prosecuted in accordance with the provisions of civil law, criminal law and related laws and regulations, and if the managers of the Company violate these Standards, they shall be appropriately disciplined in accordance with the rules of work.

After the disciplinary measures for the violation of these Guidelines are confirmed, the violation of the person's title, name, date of violation, cause of violation, violation of the Code, and handling of the information information disclosed in real time at the Public Information Observatory shall be recovered in accordance with the law if the circumstances are significant and the company has suffered damage.

Article 11: The system of application the directors and manager of the company violates this standard, Appeals can be filed according to employee appeals processing points.

Article 12: Exemption syr Procedures for exemption The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors dopted the resolution for exemption.

Article 13: How to expose These Guidelines shall be disclosed in the Annual Report, The Public Information Statement and the Public Information Observatory and shall be revised in the same light.

Article 14: By-laws These Guidelines shall be handled in accordance with the relevant laws and regulations and the articles of association of the Company.

Article 15: Announcement of implementation A company's code of ethical conduct, and any amendments to it, shall be approved by the audit committee, approved by the board of directors, and become effective after being submitted to a shareholders meeting.

Article 16: These guidelines were first formulated on June 13, 2008, and the first amendment was made on June 9, 2020.

YA HORNG ELECTRONIC CO., LTD.

Operational Procedures for Election of Directors (Before the Version)

- Article 1: 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.
- Article 2: The method of election of directors of the company shall be in accordance with the provisions of the company law. The nomination system for candidates shall be adopted for election. Voting adopts the single-cumulated cumulative election method, Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 3: The board of directors shall prepare separate ballots for directors and supervisors 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.
- Article 4: 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.
- Article 5: Publicly checked by the vote monitoring personnel before voting commences.
- Article 6: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 7: The votes of directors shall be counted separately according to the election of independent directors and non-independent directors.
- Article 8: A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
  5. In addition to filling in the name (name) of the elected person and the shareholder's household number (identity card uniform number) and the number of assigned voting rights, the person with other words shall be among the words.
  6. A person who has not filled in the household name (name) or the shareholder's household number (identity card uniform number).
  7. On the same ballot paper, two or more persons are filled in by the elected person.
- Article 9: The directors of the company have the capacity to act from the shareholders' meeting The selection of the person is based on the company's articles of association The number of places depends on the electronic voting platform and the shareholders' meeting The statistical results of the election votes Representatives with more voting rights are elected in turn Independent director or non-independent director. If there are two Or more than two people have the same weight but exceed the rules When the quota is set, a lottery will be drawn by the same number Certainly, those who are not present will be drawn by the chairman.
- Article 10: 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 or supervisors and the numbers of votes with which they were elected.



Article 11: A person who does not comply with article 26 ter, paragraph 4, of the Securities Exchange Act shall be elected without its validity.

Article 12: These Measures do not provide for matters to be handled in accordance with the provisions of the Company Law, the Articles of Association of the Company and the relevant laws and regulations.

Article 13: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14: These Measures do not provide for matters to be handled in accordance with the provisions of the Company Law, the Articles of Association of the Company and the relevant laws and regulations.

Article 15: This Measure was first amended on 1 September 2000 and amended for the first time on 14 June 2007, the Second Amendment on 09 June 2020.

### Appendix 3

## YA HORNG ELECTRONIC CO., LTD. Shareholding of Directors and Supervisors

Book closure date: 04 12, 2021

Position	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Type	Shares	Shareholding ratio (%)	Type	Shares	Shareholding ratio (%)	
Chairman	HUANG, CHIN-I	2020.06.09	Common stock	14,524,137	16.28%	Common stock	14,524,137	16.28%	
Vice Chairman	HSU, WEN-TING	2020.06.09	Common stock	9,906,160	11.10%	Common stock	9,906,160	11.11%	
Director	HSU JUEI FENG	2020.06.09	Common stock	1,886,423	2.11%	Common stock	1,886,423	2.11%	
Director	HUANG, WEI-PO	2020.06.09	Common stock	1,851,035	2.08%	Common stock	1,851,035	2.08%	
Independent Director	JUNG CHAO CHEN	2020.06.09	Common stock	-	-	Common stock	-	-	
Independent Director	TSAI YU CHIN	2020.06.09	Common stock	-	-	Common stock	-	-	
Independent Director	CHOU MAO HSIUNG	2020.06.09	Common stock	-	-	Common stock	-	-	
合 計				28,167,755			28,167,755		

Total issued shares: 89,200,000 shares on 06/09/2020(date elected).

Total Issued shares: 89,200,000 shares on 04/12/2021 (book closure date).

註：1.The minimum required combined shareholding of all directors by law:7,136,000 shares.

The combined shareholding of all directors on the book closure date:28,167,755shares.

註：2.The shares held by independent directors shall not be counted in the calculation of director and supervisor shareholdings.

## YA HORNG ELECTRONIC CO., LTD.

## Rules and Procedures of Shareholders' Meeting

- Article 1: The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, shall be as provided in these Rules.
- Article 2: 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. The number of attendance shares is calculated according to album or payment card.
- Article 3: Attendance at shareholders meetings shall be calculated based on numbers of shares.
- Article 4: 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.
- Article 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.
- 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.
- Article 6: 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. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- Article 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.
- Article 8: 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 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, 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 the Company Act; 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.
- Article 9: 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.
- 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.
- 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).
- After the adjournment of the meeting, the shareholders shall not push the Chairman in the original or another place to renew the meeting; If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- Article 10: 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.

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.

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.

Article 11: 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.

Article 12: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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.

Article 13: After an attending shareholder has spoken, the chair may respond in person or direct relevant person monitor to respond.

Article 14: The chair shall allow ample opportunity during the meeting; 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 and call for a vote.

Article 15: Voting 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.

The results of the voting shall be reported and recorded.

Article 16: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17: Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. In the voting, the effect is the same as the voting by the Chairman, if the non-dissenting person is consulted.

Article 18: When 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.

Article 19: 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."

Article 20: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

YA HORNG ELECTRONIC CO., LTD.  
ARTICLES OF INCORPORATION

**Section 1 General Provisions**

Article 1 :The Company shall be incorporated under the Company Law of the Republic of China, and its name shall be YA HORNG ELECTRONIC CO., LTD.

Article 2 :The business scope of the company shall be as follows:

- (1) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- (2) CN01010 Furniture and Fixtures Manufacturing
- (3) CC01110 Computers and Computing Peripheral Equipments Manufacturing
- (4) CC01080 Electronic Parts and Components Manufacturing
- (5) CC01120 Data Storage Media Manufacturing and Duplicating
- (6) CE01021 Metrological Instruments Manufacturing
- (7) CF01011 Medical Materials and Equipment Manufacturing
- (8) CQ01010 Die Manufacturing
- (9) F401010 international trade industry.
- (10) F108031 Wholesale of Drugs, Medical Goods
- (11) F208031 Retail sale of Medical Equipments
- (12) F401181 Metrological Instruments Importing
- (13) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- (14) ZZ99999 other businesses not prohibited or restricted by law except any business requiring special approval

Article 3 :The Company is headquartered in Tainan City, Taiwan and when necessary may establish branches at home and abroad according to resolutions by the board of directors.

Article 4 :The company provides guarantees (including endorsements) for third parties due to business needs, and this process should be carried out in accordance with the company's "Endorsement and Guarantee Regulations.

**Section 2 Shares**

Article 5:The authorized capital of the Company is NT\$1.2 billion, consisting of 1.2billion shares, all of common stock, with a par value of NT\$10 per share.

The board of directors is authorized to issue the shares in separate installments as required.

Article 6:The company has to issue registered shares,Signed or stamped by a director representing the company Chapter, in accordance with the law by the competent authority or its nuclear Issued after the issuance of the registration institution visa Yes. Shares issued by the company are exempt from To print shares, but to negotiate the concentration of securities Custody of the business organization login.

**Section 3 Shareholders' Meeting**

Article 7 :The company's shares work noted in accordance with the competent authority issued by the public issuing shares of the company's stock handling guidelines and related laws.

Article 8 :Registration for transfer of shares all be suspended 60 days before the convocation of any regular shareholders' meeting, 30 days before the convocation of special shareholders' meeting, or 5 days before the record day for distribution of dividend,interest and bonus or any other benefit as scheduled by the Company.

Article 9 :Shareholders' meeting shall be of two types,namely regular and special shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year. Special shareholders' meeting shall be convened in accordance with relevant laws,rules and reguations of the Republic of China.

Article 10 :Except as otherwise stipulated in the Decree,Each share is entitled to one voting right,which have no voting rights.

Article 11 :If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, And to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law of the Republic of China.

Article 12 :The shareholders' meeting shall be convened by the board of directors. The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, To be represented by the vice chairman or other directors under the company law. be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.

Article 13 :Unless otherwise provided for in the Company Law, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares. The voting shall be deemed to be passed by the chairman, if he is consulted with no objection to the present shareholders, with the same effect as the voting.

Article 14 :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 and announced to all shareholders within 20 days. The production and distribution of the preceding proceedings shall be governed by the provisions of the company law.

#### **Section 4 Directors**

Article 15 :The company has a director of five to nine people, of whom The independent directors At least three or more people, directors, The election of independent directors is a candidate Nomination system for people.,endent directors, Election of independent directors shall adopt the candidates nomination system prescribed . In the election of directors, shall be governed by the provisions of law 198th and 1 of the company law 192th of the company, Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately. The votes earned on behalf of the more voting rights were elected as independent directors and non-independent directors.

The directors are Ren Zhi by the shareholders, for a term of three years, for re-election. The total amount of shares held by the directors of the shares of the company shall be set out in accordance with the standards prescribed by the Financial Supervision and Management Committee of the Executive Yuan, "the directors of the public issuing companies, the monitoring of the percentage of shares and the inspection of enforcement rules".

Article 16 :The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors, And to elect a vice chairman in the same way. To execute all matters of the company pursuant to decrees, statutes, shareholders' meetings and the resolutions of the board.

Article 17 :Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. Directors shall attend meetings of the board of directors. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting pursuant to Article 205 of the Company Act. When directors are interested in meeting matters, they should be at the time of the board of directors explaining important content of their own interests.

Article 18 :When the director of Inspector expires and is less than re-election, extending its practice to the re-election of the of the office, but the competent authority in accordance with the authority of the limited company re-election, failure still not re-election, since the expiration of the time, of course.

Article 19 :If there is a shortfall of one-third of directors, shareholders' meeting shall be convened by the Board of Directors within sixty days to elect new directors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor. The directors of the Company shall be more than half of the seats, the directors, should at least a seats or more than one of the following relations.

(1) Spouse.

(2) Relatives within two degree.

Article 20 :The company's business policies and other important matters are decided by the board of directors. Except for the first meeting of the board of directors of each session in accordance with Article 203 of the Company Law, the rest of the board is convened by the chairman and appointed as chairman. According to the provisions of the Company Law, the deputy chairman or other directors shall act as agent. The convocation of the board of directors shall be handled in accordance with the provisions of the Company Law, but it may be convened at any time in case of emergency. Though in emergency situations, a meeting may be called whenever necessary. Notice of the described in the preceding paragraph may be in writing, shall contain the subject for paper, e-mail or fax.

Article 21 :The resolutions of the meetings of the board of directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting. Such minutes, together with the attendance list, shall be filed and kept at the head office of the Company and announced to all directors within 20 days.

Article 22 :The Company shall be responsible for the purchasing of the Director in the term of office for the implementation of the business scope of the law should be liable for its liability insurance. The Board of Directors is authorized to decide the compensation to all directors and supervisors at a rate consistent with general practices in the try; The transportation fee of directors and supervisors shall be agreed upon by the Board in accordance with the usual level of the industry. The directors of the Company shall be remunerated by monthly salary in accordance with the remuneration of the company in addition to the distribution of directors in the office of the Company in accordance with article 26th of these bylaws.

### **Section 5 Managers**

Article 23 :The company has to set up a number of managers, its appointment, recall and remuneration, in accordance with the Law Article 29 provisions.

### **Section 6 Accounting**

Article 24 :The Company's fiscal year is starting from January 1 until December 31 of every calendar year.

Article 25 :At the end of each fiscal year of the company, the board of directors shall compile the following List and submit it to the shareholders' general meeting for approval.

(1) Business Report.

(2) Financial Statements.

(3) Proposal Concerning Appropriation of Net profits or Recovering Of losses.

Article 26 :(1)If the Company reports a surplus, the Profits shall be appropriated, The remuneration for employees may not fall below 2% and The remuneration for directors may not exceed 5%. If the Company has accumulated losses, the Company shall reserve an amount to offset it. Surplus refers to profit before tax deducted appropriated employee compensation, Employee compensations mentioned in preceding paragraph shall be distributed in stocks or in cash. The payment shall apply to employees in the subsidiaries as well whoever meets criteria developed by the Board of Directors.

(2)the company's annual accounts after the pure benefits, in addition to the law to pay income tax, should first compensate for the previous annual losses, the balance of its remaining 10% as the statutory surplus reserves, but the statutory surplus accumulation of accumulated capital amounted to the total amount is not in this limit, and accordance with the law to make or slewing special surplus reserves, and then on balance, together with the cumulative unspent surplus of the previous year as the to allocate surplus, in addition to the retention of partial surplus not allocated to the discretion of the Board of Directors to propose a dividend distribution, to report shareholder resolution.

The company assigns all or one of the dividends and dividends or statutory surplus reserve and capital reserve, in the form of cash, the Board of Directors shall be authorized to be present by more than two-thirds of the directors and, with the consent of a majority of the participants,

and shall report to the shareholders meeting.

(3) Because the company's future enterprise life cycle should be a positive maturity, that is growth and interest rate as a relatively stable industry, is the future dividend policy of the Department of Cash dividend-based, stock dividend supplement, the dividend distribution policy should take into account the company's future product planning investment environment and other matters to the demand of funds, and the interests shareholders; dividend issuance of shareholders, in addition to improving the competitive status of the major capital budget, investment in the environment investment or other major capital expenditures, such as capital requirements, The allocation of cash dividends is not less than 50% of the total dividend issued in the year.

#### **Section 7 Additional Rules**

Article 27 :The Company may engage in domestic or foreign investment in other companies. The total amount of the Company's investment in other companies is exempted from the prohibition against exceeding 40 percent of paid-up capital described in, and authorizes the board to execute.

Article 28 :The organizational rules and operational rules shall be separately worked out by the board of directors.

Article 29 : Any matters inadequately provided for herein shall be subject to Company Law and other laws and regulations concerned.

Article 30 :This statute is made in the Republic of China November 7, 1981, the First Amendment to the Republic of July 10, 1984, the Second Amendment to the Republic of August 14, 1985, the third amendment to the Republic of China February 28, 1986, the Fourth Amendment to the Republic of China May 2, 1990, the Fifth Amendment to the Republic of August 15, 1991, the Sixth Amendment to the Republic of November 1, 1998, seventh Amendment to the Republic of March 24, 2000, eighth, The Ninth amendment to the Republic of July 3, 2001, the Tenth Amendment to the Republic of China October 24, 2001, the 11th Amendment to the Republic of June 10, 2002, the 12th Amendment to the Republic of China June 20, 2003, 13th Amendment to the Republic of China October 29, 2003, 14th on the Republic of June 3, 2004 in the Republic of June 10, 2005, 15th modified in the Republic of June 14, 2006, 16th on the Republic of June 14, 2007, 18th Amendment to the Republic of June 11, 2010, 19th Amendment to the Republic of June 6, 2012, 20th Amendment to the Republic of China June 10, 2013, 21st Amendment to the Republic of China June 11, 2014, 22nd on the Republic of June 14, 2016, 23rd on the Republic of June 05, 2018, 24nd on the Republic of June 06, 2019, 25nd on the Republic of June 09, 2020.