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YEH-CHIANG TECHNOLOGY CORP.

ANNUAL REPORT 2020

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<http://newmops.twse.com.tw>

Company website <http://www.yctc.com.tw>

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6. Company Website

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I. Letter to Shareholders

Dear Shareholders:

The consolidated operating revenue NT\$2,678,480 thousand in 2020, compared with the consolidated operating revenue NT\$2,245,683 thousand in 2019, shows an increase of 19%. The consolidated gross profit margin NT\$693,003 thousand in 2020, compared with the consolidated gross profit margin NT\$557,549 thousand in 2019, shows an increase of 24%. The net profit after tax NT\$277,797 thousand in 2020, compared with the net profit after tax NT\$225,322 thousand in 2019, shows an increase of 23%.

Looking back at the market situation in 2020, there have been repeated epidemics around the world since the second half of last year. Social isolation and remote office have become the latest lifestyle, which has also spawned the "home economy". PCs, NBs, smart phones, etc. all have good performance in sales. In addition, the vigorous development of the game and the e-sports market, as well as the growth of cloud products and servers will also greatly help the Company's operations.

According to the performance of the company on the heat conduction and dispersion components, the company will continue to strengthen its management. The business directions and future development strategies are as follows:

I. Operating policy of 2021:

1. To develop heat dispersion pipes for the emerging applications like automotive market, commercial and home appliances, drone and VR equipment.
2. To continuously promote ultra-thin heat pipes and heat spreader and promote orders and production capabilities to gain higher profit.
3. Improve the performance and new production process of heat pipes, so that to maintain the Company's leading edge in the industry continuously.
4. To develop non-heat pipe products that are new to the company.
5. To develop automated manufacturing process for heat pipe and heat spreader production to overcome the weaknesses and shortcomings from the production stage, and thus to significantly reduce manufacturing costs and to enhance product quality.
6. To continuously focus on the core business, cultivate quality customers and actively develop new customers, and strengthen customer loyalty.
7. To continuously invest in research and development activities, develop top-notch innovative services and products to strengthen core competitiveness.
8. Strengthen corporate governance and implement the corporate culture spirit to achieve the goal of sustainable management.

II. Future developing strategy:

1. To expand and develop global markets by supplying diverse products and services.
2. To improve the efficiency of supply chain management and maximize the benefits of production management.
3. To develop innovative heat conduction and dissipation related technologies and products to meet the latest market trends and demands.
4. To expand the business scope and enhance operational performance through strategic multi-integration programs.

5. To continuously improve production processes, simplify product design procedures, increase the proportion of automated production to achieve cost reduction. To continuously emphasize on new product innovation along with research and development plans, increase technical cooperation with research institutions, and make the use of reliable sources for the mid- and long-term development of advanced technology for the company.
6. To expand the production capacity of the heat pipe continuously to meet the growing demands from the customers.
7. To establish a rapid response mechanism to shorten the heat pipe L/T so that maintaining the leading edge continuously.
8. To continuously invest in research and development of leading technologies to further strengthen the company' s core competence and competitive advantages.

Wish you all

Good health and prosperous with everything.

Chairman Tai-Kuang Wang

II. Company Profile

1. Date of Incorporation

December 23, 1994

2. Company History

1994	Yeh-Chiang Technology Corp. was officially founded on December 1994. It manufactures and sells multi-layer ceramic capacitor and electronic critical material with capital of NT200 million dollars.
1995	Officially manufacture multi-layer ceramic capacitor (MLCC)
1996	B.G.A assembly solder ball research and develop trial run. Jun 1996 – capital increased to NT260 million dollars and registered as public traded company. Dec 1996 – plant expansion phase one was completed with 6,470 square meter of land and 3,180.93 square meter of plant.
1997	Successfully developed new products of electronic critical material, such as heat pipe for laptop heat dissipation, conducting paste for round and thick film ceramic capacitor, and solder paste for SMT automatic plug-in, and planned for massive production. Jun 1997 – capital increased to NT300 million dollars and began the sales of heat pipe, solder paste, and conducting paste. Nov 1997 – purchased the land of 1,856 square meter and plant of 812.75 square meter on No. 11, Shih-Er Road.
1998	Purchased the land of 1,721 square meter and plant of 1,010.96 square meter on No. 13, Shih-Er Road. Purchased the land of 6,505 square meter and plant of 1,602.21 square meter on No. 9, Shih-Yi Road.
1999	Capital increased to NT450 million dollars. B.G.A assembly solder ball was approved and adopted by domestic and international companies such as Advanced Semiconductor Engineering, Inc., Siliconware Precision Industries Co., Ltd., Advanced Micro Devices, Inc. USA, and AT&T. The annual revenue reached NT600 million dollars. All products have reached a certain amount of sales and actively promote professional sales team to accelerate business growth.
2000	Apr 2000 - capital increased to NT530 million dollars. Continue to research and develop new material, manufacturing process, and equipment while taking the lead in the super-capacitor technology transfer in Taiwan. May 2000 - B.G.A. Ball was approved by the S.T.Micron in Europe and began to promote business sales in assembly plants in the South East Asia. Aug 2000 – introduced unleaded assembly solder ball that is eco-friendly and began to promote business sales. Sept 2000 – applied for capital increased by cash of NT200 million dollars, making the actual capital reached NT730 million dollars. Introduced domestically renounced corporate shareholders such as VIA Technologies, Right Technology, Da-Jun, Kuang-Hua, Chi-Lu, Kai-Fa, Chung-Shih, Chun-Mao, and Yi-Ho, to create a strong shareholder team. Sept 2000 – successfully developed all types of multilayer ceramic chip inductor (MLCI) and beads and actively planning for massive production. In addition, the latest automatic packing machine and testing machine for MLCC production were also successfully developed.
2001	Jan 2001 - B.G.A. Ball was approved by internationally renounced IC plants such as Intel and Motorola. Heat pipe was also approved by renounced PC plants such as Dell and HP, opened up a new chapter for the Company’s IT critical material. Feb 2001 - successfully developed and manufactured the critical electrode glue for base metal element of MLCC. Mar 2001 – officially stepped in the BME manufacturing industry with successfully developed the Y5V series of MLCC products.
2002	Mar 2002 – stock officially listed in the market. Nov 2002 – Discontinued the old MLCC manufacturing process in Yangmei due to the tough

	market competition and capital expenditure benefit.
2003	<p>Mar 2003 – subsidiary “Yuan Cherng Technology Pump Co., Ltd.” was founded with NT100 million dollars for manufacturing passive component of MLCC and business sales.</p> <p>Oct 2003 – subsidiary “Yuan Cherng Technology Pump Co., Ltd.” applied for capital increased by cash of NT40 million dollars, making the actual capital reached NT140 million dollars.</p> <p>Nov 2003 – Investment of US2 million dollars from China was approved by MOEAIC. Founded Yeh-Chiang Technology Corp. (Dongguan) with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p>
2004	<p>Feb 2004 - subsidiary “Mao Chiang Technology Corp.” was founded with NT5 million dollars for manufacturing electronic critical material and BGA assembly solder ball and business sales.</p> <p>Feb 2004 - Investment of US3 million dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Mar 2004 – officially became the largest heat pipe manufacturer in the world.</p> <p>May 2004 – the effect and risk due to the changes in the management right: there was one-third of changes in the directors and supervisors in May 2004 causing the changes in the management right. Since the major decisions of the company were resolved by the board of directors, the newly onboard directors respected the decision of the original management team and kept the existing sales strategy and company policy. The revenue of 2004 and the first quarter of 2005 grew dramatically, which showed the current management could stay on top of the industry trend very well and have a clear view on the company’s future development. This would bring the company to the leading role in the industry.</p> <p>Jun 2004 - Investment of US4 million dollars from China was approved by MOEAIC. Founded Yeh-Chiang Technology Corp. (Kunshan) with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p> <p>Oct 2004 - Investment of US4 million dollars from China was approved by MOEAIC. Founded Zhongshan Weiqiang Technology Co., Ltd. with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p> <p>Nov 2004 - Investment of US4 million dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Nov 2004 - subsidiary “Yuan Cherng Technology Pump Co., Ltd.” applied for capital decreased by cash of NT100 million dollars and increased by cash of NT90 million dollars, making the actual capital reached NT130 million dollars.</p>
2005	<p>Mar 2005 - Investment of US2.5 million dollars to decrease capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Mar 2005 - Investment of US2.5 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jun 2005 - Investment of US700 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jul 2005 - Investment of US2.3 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Aug 2005 – For the company to focus on its core business and the fact that Yuan Cherng Technology Pump Co., Ltd. was unable to finish product development and was at long-term loss, the company decided to dispose Yuan Cherng Technology Pump Co., Ltd. with an open bidding.</p> <p>Sept 2005 - Investments of US800 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. and US353 thousand dollars to increase capital in Zhongshan Weishih Electronic Parts Co., Ltd. were approved by MOEAIC.</p> <p>2005 – Officially obtained authorization from US and Japan for the unleaded electronic materials, and the heat pipe was certified by ATI globally.</p>
2006	<p>Jan 2006 - Investments of US1 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd., US1.7 million dollars in Yeh-Chiang Technology Corp. (Kunshan), and US300 thousand dollars in Zhuhai Weiqiang Technology Co., Ltd., were approved by MOEAIC.</p> <p>Apr 2006 - Investments of US75 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd., was approved by MOEAIC.</p> <p>May 2006 - Investment of US450 thousand dollars to increase capital in Zhongshan Weiqiang</p>

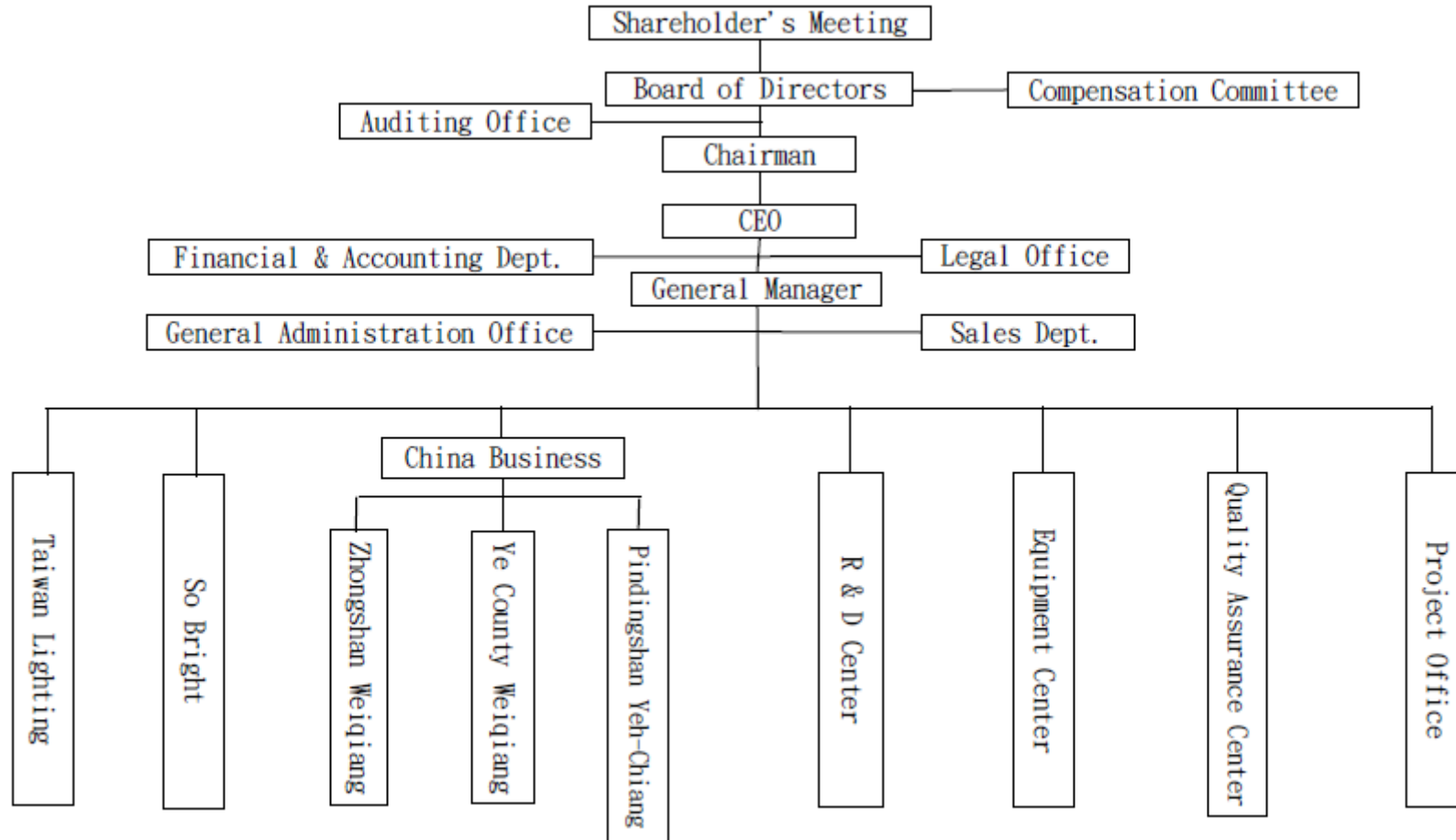
	<p>Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jun 2006 - Investment of US2.5 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jul 2006 - Investment of US2.4 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2006 - Investments of US125 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd., US147 thousand dollars in Zhongshan Weishih Electronic Parts Co., Ltd., and US900 thousand dollars in Yeh-Chiang Technology Corp. (Kunshan) were approved by MOEAIC.</p>
2007	<p>May 2007 - Investment of US2.1 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>May 2007 - Investment of US100 thousand dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Jul 2007 - Investment of US5 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2007 - Investment of US1.7 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2007 - Investment of US80 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p>
2008	<p>May 2008 - Investment of US80 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Oct 2008 - Investment of US2 million dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p>
2009	<p>Jun 2009 – Closed two oversea companies Nation Apex Ltd. and Nicestart Int’l Inc. in Belize due to the future operating plan of the company.</p> <p>Jun 2009 – Moved the company’s registration address from No. 11, Shih-Er Road, Yangmei, Taoyuan to Room A, 17F, No. 216, Dun-Hua S. Rd. Sec 2., Da-An District, Taipei.</p> <p>Sept 2009 – Signed exclusive authorized contract with Taiwan Co-Su-Mu Corp. Ltd</p> <p>Oct 2009 - subsidiary “Tsai-Shih Biotechnology Co., Ltd.” was founded with NT55 million dollars for manufacturing bioethanol and business sales due to the future operating plan of the company.</p> <p>Dec 2009 - Investment of US1,619,035 dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Dec 2009 subsidiary “Helo Illumination Co., Ltd. (95%)” was founded with NT47.5 million dollars for manufacturing LED lighting business sales due to the future operating plan of the company.</p>
2010	<p>Feb 2010 – Sold the land of 16,124.19 square meter and plant of 5,303.18 square meter on No.9 and 11, Shih-Yi Rd.</p> <p>Apr 2010 – Obtained trademark right of “Taiwan Lighting”.</p> <p>Sept 2010 - Investment of US2,602,159 dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Sept 2010 - Subsidiary “Taiwan Lighting Co., Ltd.” was founded with NT20 million dollars due to the future operating plan of the company.</p>
2011	<p>Feb 2011 – Wrote-down 10 million shares of treasury stock first repurchase. Capital decreased to NT\$1,824,799,450.</p> <p>Apr 2011 – Investment of NT 30 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary.</p> <p>Aug 2011 – Moved the company’s registration address from Room A, 17F, No. 216, Dun-Hua S. Rd. Sec 2., Da-An District, Taipei to 7F, Building E, No. 19-13, San-Chung Rd., Nan-gan District, Taipei.</p> <p>Aug 2011 - Investment of US20 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Dec 2011 – Investment of NT100 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary.</p> <p>Dec 2011 – Dissolute Mao Chiang Technology Corp. to simplify the investment structure.</p>

	Dec 2011 – Closed the oversea company Mastertek (H.K.) Ltd. due to future operating plan.
2012	Jan 2012 – Investment of NT160 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary. Feb 2012 – Dissolute Guang Pin Technology Corp. to simplify the investment structure. May 2012 – Dissolute Cheng Guang Lighting Corp. to simplify the investment structure. May 2012 – Decreased capital in Taiwan Lighting Co., Ltd. to NT276 million dollars to make up loss of 3.4 million shares. May 2012 – Invested NT\$63,903,780 in So Bright Electronics Co., Ltd. for future operating plan.
2013	Apr 2013 - Investment of US3.8 million dollars in founding Yeh-Chiang Technology Corp. (Ye County) from China was approved by MOEAIC. Sept 2013 – Decreased capital in Taiwan Lighting Co., Ltd. to NT\$207.64 million dollars to make up loss of 6.836 million shares. Nov 2013 - Investment of US5 million dollars in founding Yeh-Chiang Technology Corp. (Pingdingshan) from China was approved by MOEAIC.
2014	Nov 2014 - Decreased capital in Taiwan Lighting Co., Ltd. to NT\$182.01 million dollars to make up loss of 2.563 million shares.
2015	Jun 2015 - - Investment of US1.2 million dollars in Yeh Chiang Technology (BVI) Crop. was approved by MOEAIC Jun 2015 – Decreased capital in Taiwan Lighting Co., Ltd. to NT\$176.11 million dollars to make up loss of 590 thousand shares. Nov 2015 - Closed the oversea company Yeh-Chiang Technology Corp. (Dongguan) due to future operating plan.
2016	Jan 2016 - Investment of US755 thousand dollars in Excel Rainbow LTD. was approved by MOEAIC Mar 2016 – Dispose 100% equity of Yeh-Chiang Technology Corp. (Kunshan) to integrate domestic and oversea manufacturing and operation. Sept 2016 - Investment of US7 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC Nov 2016 – Invested NT70 million dollars in subsidiary Yuh Cheng Materials Corp. for future operating plan. Dec 2016 – Invested NT28 million dollars in subsidiary Shin San Re Corp. for future operating plan.
2017	Apr 2017 - Investment of US1.2 million dollars in Yeh Chiang Technology (BVI) Crop. was approved by MOEAIC Aug 2017 - Investment of US6.24 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC
2018	Dec 2018 - Investment of US4 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC
2019	Feb 2019 - Decreased capital in Shin San Re Corp. to NT15 million dollars to make up loss of NT14 million dollars, and increased capital of NT40 million dollars. Dec 2019 - Simplified investment structure and dismissed Tsai Sheng Eco-tech Ltd.
2020	Jun 2020 - Simplified investment structure and dismissed Tsai-Xing Biotech LTD. Jun 2020 - Decreased capital in So Bright Electronics Co., Ltd. to NT\$46 million dollars to make up loss of 60 million shares. Dec 2020 - MOEAIC approved the establishment of the Vietnam Company (named VIETNAM YEH-CHIANG TECHNOLOGY CO., LTD), capital investment was 3.5 million US dollars. Production capacity of heat tubes/vapor chambers increased again in 2020, annual sales exceeded 112 million pieces.
2021	Apr 2021 - Investment of US2.24 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC.

III. Corporate Governance Report

1. Organizational System

(i) Organizational structure of the Company



(ii) Business operations of major departments

Major Departments	Business Operations
Compensation committee	Set up and regularly review the performance evaluation, compensation policy, system, standard, and structure of directors, supervisors, and managers.
Auditing Office	Audit and evaluate functional operation in all departments, implementation of internal control system, and follow up on audited items.
Legal Office	Draft contracts; review and provide legal advice of business operations; coordinate the patent copyright trademarks of the domestic and oversea companies; technical authorization related to intellectual property, and overall legal affairs.
General Manager	Make annual policy plan and assist departments for making performance management index; labor safety and health; business coordination and goal setting.
Finance Section	Manage all financial fund scheduling, risk management, shareholders' and board of directors' meetings, stock operation, long and short term investment plan; establish accounting system, accounting record, financial statements, financial budget and difference analysis, capital expense budget and execution; set customer credit; review and manage accounts receivable.
Management Department	In charge of human resources and information managements.
Sales Section	Market development and investigation, sales strategy planning; quoted price for customer; receive and place order; collect accounts receivable; customer complaint and return.
Research and Develop Center	Evaluation on new materials; development on new products; promotion, application, and maintenance on patents.
Equipment Center	Self-manufacturing, repairing and improving the molds, production equipment and tools of various factories of the group.
Quality Assurance Center	Set quality goal; quality check for material imported, manufacturing process, and final products. Determine, follow-up, and prevent of customer complaint for poor quality.
Project Office	Enhance heat pipe production efficiency, product quality and new process introduction.
Subsidiary Business Group	In charge of oversea investment on plant setup, assessment, management, research and development, manufacture, sales, and finance affairs.

2. Information on the Company's Directors, Supervisors, General manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's Divisions and Branch Units

(1) Information on Directors and Supervisors

Apr 25, 2021

Title	Name	Gender	Nationality or Place of Registration	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			NOTE
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Corporate Director	Rayman Inc. Samoa (4 reps.)	-	Samoa	2018.6.12	3 years	2005.7.15	19,141,784	10.49%	19,141,784	10.49%	0	0%	0	0%	-	-	-	-	-	-
Chairman	Representative of Rayman Inc. Samoa: Tai-Kuang Wang	M	R.O.C	2018.6.12	3 years	2005.7.15	0	0%	0	0%	0	0%	0	0%	Taipei Municipal Chenggong High School	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Hatwear Int'l Co., Ltd. representative Supercap Industrial Co., Ltd. Corporate Director representative Advance Program Ltd. Corporate Supervisor representative How Ji Investing Corp. Chairman Tong Wei Investing Corp. Chairman Supercap Industrial Co., Ltd. Corporate Supervisor representative Taiwan Lighting Co., Ltd. Corporate Director representative So Bright Electronics Co., Ltd. Corporate Director representative	Director	Chung-Hua Chen	Spouse	Future increase of the number of independent directors

Director	Representative of Rayman Inc. Samoa: Chung-Hua Chen	F	R.O.C	2018.6.12	3 years	2005.7.15	0	0%	0	0%	0	0%	0	0%	Providence University Dept. of Business Administration	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Taiwan Lighting Co., Ltd. Corporate Director representative	Chairman	Tai-Kuang Wang	Spouse	Future increase of the number of independent directors
Director	Representative of Rayman Inc. Samoa: Shu-Lung Chung	M	R.O.C	2018.11.14	3 years	2005.7.15	15,631	0%	0	0.01%	0	0%	0	0%	National Chin-Yi University of Technology Mechanical Engineering	Yeh-Chiang Technology Corp. Vice General Manager	None	None	None	
Director	Representative of Rayman Inc. Samoa: Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corporate Director	Weichiang Ltd. Samoa (1 rep.)	-	Samoa	2018.6.12	3 years	2006.6.14	15,281,493	8.37%	15,281,493	8.37%	0	0%	0	0%	-	-	-	-	-	
Director	Representative of Weichiang Ltd. Samoa: Chung-Fu Wang (Note 1)	M	R.O.C	2018.6.12	3 years	2006.6.14	0	0%	0	0%	0	0%	0	0%	Chung Yuan Christian University Department of Mechanical Engineering	Yeh-Chiang Technology Corp. General Manager	None	None	None	
Director	Representative of Weichiang Ltd. Samoa: Chi-Huei Jang (Note 1)	M	R.O.C	2020.3.3	3 years	2006.6.14	0	0%	0	0%	0	0%	0	0%	Yuan Ze University Master of Asset Management Tsai Jou Strategy Counselling Corp. Assisting Manager Quality Management Systems Auditor ISO9001 Quality Management Systems consultant	Taiwan Lighting Co., Ltd. Corporate Assisting General Manager	None	None	None	

Independent Director	Chi-Ju Chen	M	R.O.C	2019.6.19	2 years	2019.6.19	0	0%	0	0%	0	0%	0	0%	Department of Accounting, Tamkang University	CEO at Fayi Management Consulting Co., Ltd. CEO at More Great Public Relations Agency CEO at Zero Control Investment Co., Ltd. CEO at Chuanshen Consulting Inc.	None	None	None	
Independent Director	Kuan-Chang Lee (Note 2)	M	R.O.C	2018.6.12	3 years	2015.6.9	0	0%	0	0%	0	0%	0	0%	National Central University Department of Business Administration Ph. D	United Orthopedic Corporation Independent Director, Audit Committee Convener, Compensation Committee Member Myson Century, Inc. Independent Director, Audit Committee Convener, Compensation Committee Member Tatung Fine Chemicals Co. Independent Director, Audit Committee Convener Compensation Committee Member Eastern Media International Corporation Independent Director, Audit Committee Convener, Compensation Committee Member	None	None	None	
Independent Director	Ping-Chung Hou (Note 3、4)	M	R.O.C	2020.6.10	1 years	2020.6.10	0	0%	0	0%	0	0%	0	0%	Master's Degree in Accounting, The City University of New York	CEO of Lin's Educational Institute	None	None	None	
Corporate Supervisor	Tong Wei Investing Corp. (1 rep)	-	R.O.C	2018.6.12	3 years	2012.6.12	3,544,964	1.98%	3,544,964	1.98%	0	0%	0	0%	-	-	-	-	-	
Supervisor	Representative of Tong Wei Investing Corp: Ya-Ting Hsu	F	R.O.C	2018.6.12	3 years	2012.6.12	0	0%	0	0%	0	0%	0	0%	Hwa Hsia University of Technology	Bellevuecity Construction Co., Ltd Interior Engineer	None	None	None	
Corporate Supervisor	How Ji Investing Corp. (2 reps)	-	R.O.C	2018.6.12	3 years	2006.6.14	2,031,753	1.11%	2,031,753	1.11%	0	0%	0	0%	-	-	-	-	-	

Supervisor	Representative of How Ji Investing Corp.: Chen-Ting Wu	F	R.O.C	2018. 6. 12	3 years	2006. 6. 14	0	0%	0	0%	0	0%	0	0%	Tamkang University Dept. of Banking and Finance	Yuh Cheng Materials Corp. Supervisor	None	None	None
Supervisor	Representative of How Ji Investing Corp.: Shu-Yuan Lin	F	R.O.C	2018. 6. 12	3 years	2006. 6. 14	0	0%	0	0%	0	0%	0	0%	Yu Da High School of Commerce	None	None	None	

Note 1: The representative of Weichiang Ltd. Samoa has changed from Mr. Chung-Fu Wang to Mr. Chi-Huei Jang on Mar 3, 2020.

Note 2: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning.

Note 3: Newly-elected independent director on Jun 10, 2020.

Note 4: Resigned on Jul 6, 2020 the position of independent director of the company due to personal career planning.

Major shareholder of the juridical person

Name of the juridical person	Major shareholder of the juridical person
Rayman Inc. Samoa	Bestrime Inc. (100%)
Weichiang Ltd. Samoa	Bestrime Inc. (100%)
Tong Wei Investing Corp.	Tai-Kuang Wang (99.99%) 、 Wan-Jie Tseng (0.01%)
How Ji Investing Corp.	Tai-Kuang Wang (100%)

Major shareholder of the major juridical person

Name of the juridical person	Major shareholder of the juridical person
Bestrime Inc.	Shih-Jang Ma (50%); Yu Hua Chen (50%)

Name	Terms	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute (Note 1)												Number of Holding Concurrent Independent Director Position in Other Public Companies	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12		

Rayman Inc. Samoa (4 reps) Representative: Tai-Kuang Wang	—	—	✓	—	—	✓	—	✓	✓	✓	✓	✓	—	✓	—	None
Rayman Inc. Samoa (4 reps) Representative: Chung-Hua Chen	—	—	✓	—	—	✓	—	✓	✓	✓	✓	✓	—	✓	—	None
Rayman Inc. Samoa (4 reps) Representative: Shu-Lung Chung	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	None
Rayman Inc. Samoa (4 reps) Representative: Vacancy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Weichiang Ltd. Samoa (1 rep) Representative: Chi-Huei Jang(Note2)	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	None
Chi-Ju Chen	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Kun-Chang Lee(Note3)	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Ping-Chung Hou(Note4、5)	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Tong Wei Investing Corp. (1 rep) Representative: Ya-Ting Hsu	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	None
How Ji Investing Corp. (2 reps) Representative: Chen-Ting Wu	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	None
How Ji Investing Corp. (2 reps) Representative: Shu-Yuan Lin	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	None

Note 1 : The Directors and Supervisors comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

- (1) Not an employee of this Company or its affiliates
- (2) Not a Director or Supervisor of the Company or its affiliates. (However, this does not apply, in cases where the person is an Independent Director of the company or its parent company, subsidiaries are set up according to this Act or local country ordinances).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (6) Not the same person who controls a majority of the company's director seats or voting shares and those of any other company: a director, supervisor, or employee of that other company (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (7) Not the same person or its spouse as the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution: a director (or governor), supervisor, or employee of that other company or institution (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (a specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company, and when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has

received cumulative compensation under NT\$500,000, nor a spouse thereof; provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note 2: The representative of Weichiang Ltd. Samoa has changed from Mr. Chung-Fu Wang to Mr. Chi-Huei Jang on Mar 3, 2020.

Note 3: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning.

Note 4: Newly-elected independent director on Jun 10, 2020.

Note 5: Resigned on Jul 6, 2020 the position of independent director of the company due to personal career planning.

(2) Information on General manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's Divisions and Branch Units

Apr 25, 2021

Title	Gender	Name	Nationality	Date Elected	Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			Status of Managers Obtaining Employee Stock Option Certificates	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
CEO & General Manager	M	Tai-Kuang Wang	R.O.C	2012.4.11	0	0.00%	0	0.00%	0	0.00%	Taipei Municipal Chenggong High School	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Hatwear Int'l Co., Ltd. representative Supercap Industrial Co., Ltd. Corporate Director representative Advance Program Ltd. Corporate Supervisor representative How Ji Investing Corp. Chairman Tong Wei Investing Corp. Chairman Supercap Industrial Co., Ltd. Corporate Supervisor representative Taiwan Lighting Co., Ltd. Corporate Director representative So Bright Electronics Co., Ltd. Corporate Director representative	None	None	None	None	
General Manager	M	Chung-Fu Wang (Note 1)	R.O.C	2019.2.1	0	0.00%	0	0.00%	0	0.00%	Chung Yuan Christian University Dept of Mechanical Engineering Chaun-Choung Technology Corp Vice General Manager Chaun-Choung Technology Corp Chairman/General Manager Chaun-Choung Technology Corp /General Manager Executive Assistant	None	None	None	None		

Vice General Manager	M	Min-Ho Lee	R.O.C	2011.5.1	161	0.00%	0	0.00%	0	0.00%	Lunghwa University of Science and Technology	Zhongsan Weiqiang Technology Co., Ltd. Corporate Director Representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director Representative	None	None	None	None
Vice General Manager	M	Shu-Lung Chung	R.O.C	2005.4.1	15,631	0.01%	0	0.00%	0	0.00%	National Chin-Yi University of Technology, Dept of Mechanic	None	None	None	None	None
Vice General Manager	M	Tien-Chung Chen (Note 2)	R.O.C	2018.9.17	0	0.00%	0	0.00%	0	0.00%	Yuan Ze University	None	None	None	None	None
Vice General Manager	M	Chi-Xuan Yeh (Note 3)	R.O.C	2019.3.18	0	0.00%	0	0.00%	0	0.00%	Chien Hsin University of Science and Technology, Dept of Mechanical Engineering Chongqing Platinum Han Plastic Co., Ltd. General Manager Chi-Shin Industry Assisting General Manager Jin-Yuan Mechanic Vice General Manager	None	None	None	None	None
Vice General Manager	M	Wei-Dong Lee(Note 4)	R.O.C	2020.10.19	0	0.00%	0	0.00%	0	0.00%	National Taiwan University Department of Business Iron Force Industrial Co., Ltd., Manager of Department of Accounting	None	None	None	None	None
Assisting General Manager	M	Ting-Kai Chou (Note 5)	R.O.C	2019.9.18	0	0.00%	0	0.00%	0	0.00%	Guangwu Industrial and Commercial College, Mechanical Engineering Department Arlitech Electronic Corp./Materials Manager CS'Bright Corporation/Materials Manager I-Chiun Electronics/Materials Manager High-tek Electronics/Materials Manager	None	None	None	None	None
Assisting General Manager	F	Yi-Hua Lin	R.O.C	2018.7.4	0	0.00%	0	0.00%	0	0.00%	Soochow University, Bachelor of Laws Peking University, Bachelor of Arts in Laws Passed the exam of Professional agent of land registration Passed the Attorney of higher examination	None	None	None	None	None
Assisting General Manager	M	Song-Chung Chen (Note 6)	R.O.C	2019.9.18	0	0.00%	0	0.00%	0	0.00%	Chung Yuan Christian University Department of Enterprise Management	None	None	None	None	None

Assisting General Manager	M	Jin-Min Chang (Note 7)	R.O.C	2019.3.18	0	0.00%	0	0.00%	0	0.00%	Ta Hwa University of Science and Technology Dept of Electronic Engineering Chung-Chien Po Han Plastic Co., Ltd. Vice General Manager Si Kuo Technology Executive Vice President Communication Opto-Electronic Manager	None	None	None	None	None
Assisting General Manager	M	Wen-Rong Lin (Note 8)	R.O.C	2020.3.17	0	0.00%	0	0.00%	0	0.00%	Master' s Degree	None	None	None	None	None
Assisting General Manager	M	Yu-Nan Lin (Note 9)	R.O.C	2020.7.13	0	0.00%	0	0.00%	0	0.00%	National Chung Kung University Department of Naval Architecture Lanner Electronics, Senior Manager Hon Hai Precision Industry Co., Ltd., Manager Primax Electronics Ltd., Director	None	None	None	None	None
Vice Assisting General Manager	M	Jie-Hua Lin (Note 10)	R.O.C	2019.3.18	0	0.00%	0	0.00%	0	0.00%	National Kaohsiung University of Applied Sciences Dept of Accounting Jiangmen PSC electronics Ltd. Finance Manager WIN LOCK Capital Management & C.L Manager Jiwubao Creative Technology Finance Manager	None	None	None	None	None
Vice Assisting General Manager	M	Hong-Jie Chen (Note 11)	R.O.C	2020.6.1	0	0.00%	0	0.00%	0	0.00%	National Tsing Hua University Zhongshan Weiqiang Technologies, Manager of Engineering Department Zhongshan Weiqiang Technologies, Manager of Development Department Zhongshan Weiqiang Technologies, Assistant Vice President of Research and Development Office	None	None	None	None	None
Vice Assisting General Manager	M	Cheng-Bin Huang (Note 12)	R.O.C	2020.6.1	0	0.00%	0	0.00%	0	0.00%	Minghsin University of Science and Technology Innolux Corporation, Manager of Engineering Department	None	None	None	None	None
Financial Accounting Supervisor	M	Wen-How Cheng (Note 13)	R.O.C	2012.1.1	0	0.00%	0	0.00%	0	0.00%	The City University of New York Baruch College MBA (Major in Finance) · MS in Accountancy Chung-Hsin Electric & Machinery Mfg. Corp. Accounting Division, Vice Director	None	None	None	None	None

Financial Accounting Supervisor	F	Ya-Chiu Chu (Note 14)	R.O.C	2020.4.15	0	0.00%	0	0.00%	0	0.00%	Providence University, Department of Accounting Yeh-Chiang Technology Corp., Assistant Manager of Accounting	None	None	None	None	
Financial Accounting Supervisor	M	Tsung-Tou Lee (Note 15)	R.O.C	2020.8.6	0	0.00%	0	0.00%	0	0.00%	Soochow University, Accounting Department in Graduate School Asia Cement Corporation, Head of Accounting Section	None	None	None	None	

Note 1: Resigned on Feb 7, 2020. Note 2: Resigned on Dec 25, 2020. Note 3: Resigned on Jan 6, 2020. Note 4: Elected on Oct 19, 2020 ; Resigned on Dec 21, 2020. Note 5: Resigned on Jun 6, 2020. Note 6: Resigned on Oct 8, 2020. Note 7: Resigned on Feb 16, 2020. Note 8: Elected on Mar 17, 2020 ; Resigned on May 31, 2020. Note 9: Elected on Jul 13, 2020. Note 10: Resigned on May 31, 2020. Note 11: Elected on Jun 1, 2020. Note 12: Elected on Jun 1, 2020. Note 13: Resigned on Apr 15, 2020. Note 14: Elected on Apr 15, 2020 ; Job adjustment on Aug 6, 2020 ; Elected on Jan 7, 2021. Note 15: Elected on Aug 6, 2020 ; Resigned on Nov 11, 2020.

3. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers

(1) Remuneration of Directors (including independent directors)

Unit: NT thousand dollars

Unit: NT thousand dollars	Title	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (5)		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
																Cash	Stock	Cash	Stock			
Corporate Director	Rayman Inc. Samoa	0	0	0	0	3,604	3,604	0	0	1.30	1.30	0	0	0	0	0	0	0	0	1.30	1.30	None
Director	Tai-Kuang Wang	0	0	0	0	0	0	10	10	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Chung-Hua Chen	0	0	0	0	0	0	20	20	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None
Director	Shu-Lung Chung	0	0	0	0	0	0	20	20	0.01	0.01	2,099	2,650	0	0	0	0	0	0	0.76	0.96	None
Director	Vacancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Director	Wei Chiang Ltd. Samoa	0	0	0	0	2,877	2,877	0	0	1.04	1.04	0	0	0	0	0	0	0	0	1.04	1.04	None
Director	Chung-Fu Wang(Note1)	0	0	0	0	0	0	0	0	0	0	368	368	0	0	0	0	0	0	0.13	0.13	None
Director	Chi-Huei Jang(Note1)	0	0	0	0	0	0	20	20	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None
Independent Director	Chi-Ju Chen	0	0	0	0	0	0	20	20	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None
Independent Director	Kun-Chang Lee(Note2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Ping-Chung Hou (Note3、4)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None

* Except the sheet disclosed above, the remuneration to all the directors served for all the companies within the consolidated financial statement (such as a consultant not an employees) in the most recent fiscal year

Note 1: The representative of Weichiang Ltd. Samoa has changed from Mr. Chung-Fu Wang to Mr. Chi-Huei Jang on Mar 3, 2020. Note 2: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning. Note 3: Newly-elected independent director on Jun 10, 2020. Note 4: Resigned on Jul 6, 2020 the position of independent director of the company due to personal career planning.

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statement	The Company	All companies in the financial statement
Under NT\$ 1,000,000	Rayman Inc. (representative: Tai-Kuang Wang, Chung-Hua Chen, Shu-Lung Chung) Weichiang Ltd. (representative: Chung-Fu Wang(Note 1),Chi-Huei Jang) Chi-Ju Chen Kun-Chang Lee (Note 2) Ping-Chung Hou (Note 3、4)	Same as the left column	Rayman Inc. (representative: Tai-Kuang Wang, Chung-Hua Chen) Weichiang Ltd. (representative: Chung-Fu Wang(Note 1),Chi-Huei Jang) Chi-Ju Chen Kun-Chang Lee (Note 2) Ping-Chung Hou (Note 3、4)	Same as the left column
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	-	-	-	-
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	-	-	Shu-Lung Chung	Shu-Lung Chung
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	-	-	-
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	8 people	Same as left column	8 people	Same as left column

Note1: The representative of Weichiang Ltd. Samoa has changed from Mr. Chung-Fu Wang to Mr. Chi-Huei Jang on Mar 3, 2020. Note2: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning. Note 3: Newly-elected independent director on Jun 10, 2020. Note 4: Resigned on Jul 6, 2020 the position of independent director of the company due to personal career planning.

(2) Remuneration of Supervisors

Unit: NT thousand dollars

Title	Name	Remuneration of Supervisors						Ratio of total compensation (A+B+C) to net income (5)		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Supervisors Compensation (B)		Allowance (C)		The Company	All companies in the financial statement	
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement			
Corporate Supervisor	Tong Wei Investing Corp.	0	0	680	680	0	0	0.24	0.24	None
Supervisor	Representative: Ya-Ting Hsu	0	0	0	0	20	20	0.01	0.01	None
Corporate Supervisor	How Ji Investing Corp.	0	0	382	382	0	0	0.14	0.14	None
Supervisor	Representative: Chen-Ting Wu	0	0	0	0	15	15	0.01	0.01	None
Supervisor	Representative: Shu-Yuan Lin	0	0	0	0	20	20	0.01	0.01	None

Range of remuneration	Names of Supervisors	
	Total of (A+B+C)	
	The Company	All companies in the financial statement
Under NT\$ 1,000,000	Tong Wei Investing Corp. (Representative: Ya-Ting Hsu) How Ji Investing Corp. (Representative: Chen-Ting Wu, Shu-Yuan Lin)	Tong Wei Investing Corp. (Representative: Ya-Ting Hsu) How Ji Investing Corp. (Representative: Chen-Ting Wu, Shu-Yuan Lin)
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	-	-
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	-	-
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	-
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-
Over NT\$100,000,000	-	-
Total	3 people	Same as left column

(3) Remuneration of General Manager and Vice General Manager

Unit: NT thousand dollars

Title	Name	Base Compensation (A)		Severance Pay (B)		Salary, Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
General Manager	Chung-Fu Wang	368	368	0	0	0	0	0	0	0	0	0.13	0.13	None
Vice General Manager	Min-Ho Lee	869	869	0	0	148	148	0	0	0	0	0.37	0.37	None
Vice General Manager	Chi-Xuan Yeh	20	24	0	0	0	0	0	0	0	0	0.01	0.01	None
Vice General Manager	Shu-Lung Chung	1,092	1,386	0	0	316	400	0	0	0	0	0.51	0.64	None
Vice General Manager	Tien-Chung Chen	586	691	0	0	0	0	0	0	0	0	0.21	0.25	None
Vice General Manager	Wei-Dong Lee	209	209	0	0	0	0	0	0	0	0	0.08	0.08	None

Range of remuneration	Names of General Manager and Vice General Managers	
	The Company	All companies in the financial statement
Under NT\$ 1,000,000	Chung-Fu Wang, Chi-Xuan Yeh, Tien-Chung Chen, Wei-Dong Lee	Same as left column
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	Min-Ho Lee, Shu-Lung Chung	Same as left column
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	-	-
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	-
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-
Over NT\$100,000,000	-	-
Total	6 people	Same as left column

(4) Remuneration of the top five remuneration supervisors

Title	Name	Base Compensation (A)		Severance Pay (B)		Salary, Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (5)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
Vice General Manager	Shu-Lung Chung	1,783	2,250	0	0	316	400	0	0	0	0	0.77	0.95	None
Vice General Manager	Tien-Chung Chen	1,226	1,460	0	0	0	0	0	0	0	0	0.45	0.53	None
Assisting General Manager	Yu-Nan Lin	548	665	0	0	1,018	1,060	0	0	0	0	0.57	0.62	None
Assisting General Manager	Yi-Hua Lin	1,178	1,178	0	0	200	200	0	0	0	0	0.50	0.50	None
Assisting General Manager	Hong-Jie Chen	836	1,121	0	0	150	200	0	0	0	0	0.36	0.48	None

(4) Employees profit sharing granted to the management team: none in 2020.

(5) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and vice general managers of the Company paid by the Company and all companies to net profit after tax of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Unit: NT thousand dollars

Item	The Company				All companies in the financial statement			
	2019		2020		2019		2020	
	Amount	Ratio to net income	Amount	Ratio to net income	Amount	Ratio to net income	Amount	Ratio to net income
Directors	9,392	4.21%	9,038	3.29%	10,185	4.57%	9,589	3.49%
Supervisor	790	0.35%	1,117	0.40%	790	0.35%	1,117	0.40%
General Manager and Vice General Manager	6,894	3.09%	3,608	1.31%	7,512	3.37%	4,095	1.49%
Total	17,076	7.66%	13,763	5.01%	18,487	8.29%	14,801	5.39%

Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance:

1. Remuneration to directors and supervisors is stated in the company policy.
2. The salary structure of general managers and vice general managers are base salary, confidential allowance, and job grade. The salary is depended on the differences in education, experience, performance, and seniority.
3. The annual bonus of the managements is depended on the operating performance.
4. Linkage to the future risk. The significant decisions are the most suitable decisions made by the managements after considering all possible risk factors that the company might face. The performance of the managements will eventually reflect on the profit of the company. Hence, there is a positive correlation between the remuneration to the directors, supervisors, CEO, and general manager and the Company's performance and future risk.

4. The state of the company's implementation of corporate governance

(1) The state of operations of the board of directors

Four meetings were held by the Board of Directors in the recent fiscal year of 2020, the attendance of directors and supervisors is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Chairman	Rayman Inc. Samoa (4 reps) Representative: Tai-Kuang Wang	2	2	50%	Continue in office on Jun 12, 2018
Director	Rayman Inc. Samoa (4 reps) Representative: Chung-Hua Chen	4	0	100%	Continue in office on Jun 12, 2018
Director	Rayman Inc. Samoa (4 reps) Representative: Shu-Lung Chung	4	0	100%	Continue in office on Jun 12, 2018
Director	Rayman Inc. Samoa (4 reps) Representative: Vacancy	-	-	-	-
Director	Weichiang Ltd. Samoa (1 rep) Representative: Chi-Huei Jang	4	0	100%	1. The original representative Chung-Fu Wang took in office on Mar 3, 2020 with 0 out of 0 actual attendances. 2. The new representative Chi-Huei Jang took in office on Mar 3, 2020 with 4 out of 4 actual attendances.
Independent Director	Chi-Ju Chen	4	0	100%	Elected on Jun 19, 2019.
Independent Director	Kun-Chang Lee	-	-	-	Resigned on Mar 11, 2020
Independent Director	Ping Chung-Hou	-	-	-	Resigned on Jul 6, 2020

1. Other matters to be recorded:

2. According to matters specified in Article 14.3 of the Taiwan Securities and Exchange Act, when other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing, the meeting date, period, content, qualified opinion and resolution made by any independent directors should be specified:

Board of Directors	Content and follow-up	Matters specified in Article 14.3 of TSEA.	Independent Directors who expressed opposition or qualified opinions
The 8 th meeting	1. Set up partial articles in Company's policy.	V	

of the 10th session Mar 19, 2020	<p>2. The company plans for lending capital of US 2 million dollars to Ye County Weiqiang Technology Co., Ltd.</p> <p>3. The Company plans for lending capital of US 3.5 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan).</p>		
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			
The 9 th meeting of the 10th session May 7, 2020	<p>1. The company plans for lending capital of US 3 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>2. Personnel appointment of the company's financial accounting supervisor and spokesperson.</p>	V	
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			
The 10 th meeting of the 10th session Aug 6, 2020	<p>1. The proposed operation of gold and bulk material derivative commodity contracts shall be conducted in accordance with the company's "Acquisition or Disposal of Assets Management Regulations" for evaluation, reporting and announcement matters.</p> <p>2. Personnel appointment of the company's financial accounting supervisor.</p> <p>3. Personnel appointment of the company's chief internal auditor.</p>	V	
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			
The 11 th meeting of the 10th session Nov 5, 2020	<p>1. Proposed to provide a subsidiary endorsement guarantee case in response to a subsidiary's application for a financial institution's credit and financing line.</p> <p>2. The company plans for lending capital of US 14 million dollars to Ye County Weiqiang Technology Co., Ltd.</p> <p>3. The company plans for lending capital of US 10 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p>	V	
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			
The 12 th meeting of the 10th session Jan 7, 2021	Personnel appointment of the company's financial accounting supervisor.	V	
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			
The 13 th meeting of the 10th session Mar 16, 2021	<p>1. Set up partial articles in Company's policy.</p> <p>2. Proposal to amend part of the company's management measures.</p> <p>3. Case B of the proposed capital increase of the Chinese subsidiary Yexian Weiqiang Technology Co., Ltd. (hereinafter referred to as Yexian).</p>	V	

<p>4. The company plans for lending capital of US 5 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>5. Amend the sixth case of the eleventh meeting of the 10th board of directors on the case B capital loan of Yexian Weiqiang Technology Co., Ltd.</p> <p>6. Supplement the third case of the eleventh session of the tenth board of directors: "The company's financing case" and the fifth case "The case of endorsement and guarantee for the subsidiary Excel Rainbow financing line".</p>			
Qualified Opinion from any Independent Director: None			
Resolutions: None			
Result: Approved by all independent directors			

3. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded :

Date of Meeting	Name of Directors	Content	Reason for avoiding conflict of interest	Participation in the voting process
Aug 6, 2020	Tai-Kuang Wang Chung-Hua Chen	<p>1. Yeh-Chiang Technology Corp. (Pingdingshan) plans to borrow RMB 20 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>2. Ye County Weiqiang Technology Co., Ltd. plans to borrow RMB 41 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>3. Zhongshan Weiqiang Technology Co., Ltd. plans to borrow RMB 46 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p>	Directors of Bellevuecity Construction Co., Ltd. Pingdingshan.	Not participated.
Nov 5, 2020	Tai-Kuang Wang Chung-Hua Chen	Ye County Weiqiang Technology Co., Ltd. plans to borrow RMB 40 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.	Directors of Bellevuecity Construction Co., Ltd. Pingdingshan.	Not participated.

4. TWSE/TPEX listed companies shall disclose information on the evaluation cycle, period, scope, method, and content of the self (peer) evaluation.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2020/1/1-2020/12/31	Evaluate last year's performance before the most recent Board of Director meeting after the end of a fiscal year.	The corporate governance unit will evaluate based on the evaluation indicators of the year.	The compliance of the related laws and regulations. The participation in the company operation.

5. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment: The Company has set up "Rules and Procedures of Board of Directors Meetings" to enhance the function of the Board and report all information in the MOPS as required to promote information transparency.

(2) The state of operations of the audit committee

1. The Company has not set up audit committee.
2. The state of participation in board meetings by the supervisors.

Four meetings were held by the Board of Directors in the recent fiscal year of 2020, the attendance of directors and supervisors is shown below:

Title	Name	In-person Attendance	In-person Attendance Rate (%)	Remarks
Supervisor	Tong Wei Investing Corp. Representative: Ya-Ting Hsu	4	100%	Continue in office on Jun 12, 2018
Supervisor	How Ji Investing Corp. (2 reps) Representative: Shu-Yuan Lin	4	100%	Continue in office on Jun 12, 2018
Supervisor	How Ji Investing Corp. (2 reps) Representative: Chen-Ting Wu	3	75%	Continue in office on Jun 12, 2018

Other matters to be recorded:

1. The formation and duty of the supervisors :

- (1) The state of communication among the supervisors, employees, and shareholders: in addition to attending the meeting of the board of the directors and the meeting of the shareholders, supervisors may contact the managements, department supervisors, and auditors at any time to keep themselves updated on important business and financial status.
 - (2) The state of communication among the supervisors, internal audit supervisors, and accountants (for examples: the communication of items, method, and result of the company's finance and business.):
 1. Internal audit supervisors will file the audit reports to the supervisors regularly and report the implementing status of the audit plan on the meeting of the board of the directors.
 2. The accounts will communicate the consolidated governance matters with the supervisors after reviewing the financial statements.
2. Supervisors who expressed qualified opinions that were recorded or declared in writing, the meeting date, period, content, qualified opinion and resolution made by the board and the follow-up of the supervisors' opinions should be specified: None.

3. The state of the company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such departure:

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has set a “Corporate Governance Guideline” according to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclose on the Company’s website.	No Difference
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has designated a specific personnel and email account to handle proposals from shareholders as well as matters in dispute.	No Difference
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has set up a shareholder unit and stock transfer agency to monitor the list of controlling shareholders of the Company.	No Difference
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company follows the “Standard Rules Governing Financial and Business Matters Between the Company and Its Affiliated Enterprises” for financial and business interactions.	No Difference
(4) Does the Company establish internal rules against insiders trading with undisclosed information??	V		(4) The Company has established the “Management of the prevention of insider trading” and “Codes of Ethical Conduct” to promote and prevent insider trading.	No Difference
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a	V		(1) the Company’s directors shall be responsible to	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
diversified policy for the composition of its members?			the Board of the Directors for the operation and arrangement of the Company’s governance system to ensure the directors will perform their duties according to the law, the Company’s regulation, and the resolution from the shareholders’ meeting. There are five directors and two independent directors currently. To ensure the diversity of the Board members, they shall have equipped themselves with the knowledge, skill, and literacy to perform their duty such as: 1. Operation judgement. 2. Accounting and finance analysis ability. 3. Management ability. 4. Risk management ability 5. Knowledge of the industry. 6. Global aspect. 7. Leadership ability. 8. Decision making ability.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has set up the Remuneration Committee according to the law, but does not have any other functional committees.	No Difference
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) The Company has established assessment rules for the Board of Directors’ performance and reviewed annually based on the speech performance.	No Difference
(4) Does the Company regularly evaluation the independence of CPAs?	V		(4) The Company has hired CPAs Chien-Hui Lu and Jun-Yuan Wu from KPMG who are not related parties of the Company and strictly independent. The Company has received independent statements from the CPA and the	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			assessment of the independence was reviewed annually.	
4. As a TWSE/TPEX listed company, does the Company have set corporate governance (concurrent) unit or personnel in responsible for the concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters pursuant to board of directors' resolutions, executing the corporate registration and change of registration, proceedings for the board of directors and shareholder meetings and so on)	V		The Company’s Stock Department is responsible for corporate governance. It is in charge of providing all necessary materials for directors and supervisors, implementing procedures pursuant to the Board of Directors' resolutions, handling corporate registration and change of registration, and managing proceedings for the Board of Directors as well as shareholder meetings	No Difference
5. Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		The Company has a designated spokesperson to handle all forms of communication with the stakeholder.	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company authorized “KGI Securities” as shareholder services agent.	No Difference
7. Disclosure of information				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has set up a website for information disclosure: http://www.yctc.com.tw	No Difference
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has designated a specific person for data collection and disclosure. It has appointed a spokesperson in accordance with the regulation.	No Difference
(3) Does the Company announce and report the annual financial report within two months of the	V		(3) At present, it is still complying with the announcement in accordance with the law.	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month’s operating performance ahead of the required deadline?				
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(1) Employees are the best assets of the Company and their equity and benefits are especially important. In addition to labor and health insurance and travel arranged by the employee benefit committee which are required by the law, all types of training are provided as well.</p> <p>(2) Care for employees: The Company’s management policies are based on the interests of employees, their quality of life, welfare and competitive compensation.</p> <p>(3) Investor relations: The Company has designated a spokesperson responsible for all forms of communication, as well as collection and disclosure of information. The Stock Department is also in charge of dealing with advice from stockholders.</p> <p>(4) Supplier Relationship: The Company maintains good relations with suppliers at all times and optimizes production cost.</p> <p>(5) Relationship with stakeholders: Stakeholders communicate with the Company and give proposals to protect their legal rights and interests. At present, the Company has</p>	<p>No Difference</p> <p>No Difference</p> <p>No Difference</p> <p>No Difference</p> <p>No Difference</p>

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			designated a spokesperson and deputy spokesperson to handle issues and proposals submitted by shareholders.	
			(6) Continuing education opportunities for directors and supervisors: The Company will arrange these training courses for directors in the future.	No Difference
			(7) Implementation of risk management policy and risk measurement standards: Various internal regulations are created for risk management and evaluation. The internal audit department periodically examines the implementation of the internal control system.	No Difference
			(8) Implementation of customer policies: The Company maintains good relations with customers in accordance with internal management measures, and aims for customer satisfaction as part of its quality assurance policy.	No Difference
			(9) Liability insurance for the Company’s directors and supervisors: The Company has completed renewal in the specified period.	No Difference
<p>9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measurements to the not improved items:</p> <p>1. Items need to be improved in the future: None.</p> <p>The company will face the impact of corporate governance on corporate operations, attach importance to shareholder rights and equal treatment of shareholders, implement corporate social responsibilities, and shape the corporate governance culture through effective board operations and credible and transparent information disclosure, thereby enhancing competitiveness. In the future, the company will continue to implement corporate governance to create maximum value for the company and shareholders.</p>				

(4) If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

1. Information on members of the Compensation Committee

Identity	Condition	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute										Concurrent compensation committee position in other publicly listed companies	Remarks	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent director	Chi-Ju Chen	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	—
Others	Kun-Chang Lee (Note2)	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	—
Others	Chun-Pin Lee	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	—

Note 1 : All members comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (6) Not the same person who controls a majority of the company's director seats or voting shares and those of any other company: a director, supervisor, or employee of that other company (does not apply when an independent director of the Company has served as

an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).

- (7) Not the same person or its spouse as the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution: a director (or governor), supervisor, or employee of that other company or institution (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (a specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company, and when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- (9) Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- (10) Not a person of any conditions defined in Article 30 of the Company Act.

Note 2: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning.

2. Operation status of the Compensation Committee

(1) There are 3 members in the Company's Compensation Committee.

(2) Current Term: From Jun 12, 2018 to Jun 11, 2021. The Compensation Committee held 2 meetings in the recent year up to the date of printing of the annual report, the qualifications and attendance of the Committee are shown as follows:

Title	Name	In-person Attendance	By Proxy	In-person Attendance Rate (%)	Remarks
Convener	Chi-Ru Chen	3	0	100%	Newly elected on Aug 11, 2015.
Member	Kun-Chang Lee	3	0	100%	Newly elected on Aug 11, 2015.
Member	Chun-Pin Lee	3	0	100%	Newly elected on Aug 9, 2018.

Other mentionable items:

- If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- Discussed items and resolutions result:

Session	Items	Resolutions
The 5 th meeting of the 4 th session Mar 19, 2020	1. Altered the convener and chairperson of the Remuneration Committee. 2. Compensation of the directors and supervisors in 2019. 3. Evaluate the rationality of the compensation and bonus of the manager or above in 2019.	Approved by all members.
The 6 th meeting of the 4 th session May 7, 2020	1. Personnel appointment of the company's financial accounting supervisor and spokesperson.	Approved by all members.
The 7 th meeting of the 4 th session Nov 5, 2020	1. Evaluate the rationality of the compensation of the directors, independent directors, supervisors, finance and accounting supervisor, and manager or above in 2020. 2. Appointment and promotion of department managers.	Approved by all members.

(5) The state of the company's performance of corporate social responsibilities:

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the company conducts risk assessments on environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle, and formulates relevant risk management policies or strategies?	V		(1) The Company has established a “corporate social responsibility policy” that promote company governance, comply the regulation, provide good working environment and reasonable compensation and benefit. It involves in all sorts of public welfare events to implement corporate social responsibility. (2) The Company has asked the employees to comply with related regulations and ethic to implement corporate social responsibility. (3) The Company has developed the Employee Code of Conduct and Ethics to uphold business ethics and ensure that employees abide by the rules and code of conduct. The Company provides a reasonable salary and compensation policy based on a performance appraisal system. It strictly and effectively implements a reward and discipline system.	No Difference
2. Does the Company set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	V		The management department of the company promotes social responsibility full-time (part-time) units. The company will be an example and spare no effort in environmental protection and related social responsibility activities.	No Difference
3. Environment Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Company does not cause pollution in particular. To protect the environment, employees keep their work areas and public	No Difference

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		areas clean and orderly. The Company implements energy-saving measures such as turning the lights off when leaving a room. (2) The company maximizes the use of various resources, pushes the implementation of an electronic form system, and promotes waste classification, as well as recycling and reduction activities. The Company uses recycled paper and enhances the efficiency of all kinds of resources by strongly advocating resource recycling.	No Difference
(3) Does the company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?	V		(3) The Company reduces the usage of air conditioner and water and promote the energy saving policy in all departments. It is responsible for save the environment as a corporate.	No Difference
(4) Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?	V		(4) Conservation of water and energy management policies: (1) Promote water-conserving management to effectively achieve the water-conserving effect of recycling and reuse. (2) Promote a 5-year energy-conserving project, with an annual electricity conserving rate of 1%. (3) Adopt products with energy-conserving and environmental-friendly labels: install LED energy-conserving lamps to improve the efficiency of the lighting system; since 2018, they have been largely replaced with energy-saving lamps, which have successfully achieved energy-conserving and power-conserving	No Difference

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			functions and improved lighting. (4) Rented environmentally friendly photocopiers, the use of recycled photocopying paper, and the use of environmentally friendly toners reduce the impact on the environment. Since our company has fully used electronic forms, the consumption of photocopying paper has been reduced year by year. (5) Improvement of equipment system efficiency: The use of equipment or the installation of frequency converters can improve efficiency, reduce damage and reduce electricity expenses.	
4.Social Issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) In accordance with labor laws, the Company respects employees’ legal rights. In implementing policies, the Company offers a two-way communication, which enables employees to fully understand the Company’s business philosophy and easily communicate with managers.	No Difference
(2) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V		(2) The Company has established a standard process for handling employee complaint. Every department manager and HR department are the channels for complaint and communication. They will process employee’s feedback immediately.	No Difference
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company regularly monitors and evaluates the work environment to keep it healthy and safe. It strives to improve the working	No Difference

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
(4) Does the company provide its employees with career development and training sessions?	V		conditions of employees. (4) The Company encourages employees to actively taking external training courses to improve their skills and competencies.	No Difference
(5) Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and formulates relevant policies and procedures to protect consumer rights and handling complaints?	V		(5) The Company gives importance to customer feedback. It has a designated unit to handle customer complaints. This helps guarantee the best quality service and protects customer rights and interests. The Company’s products have been labelled in accordance with the regulations and international standards.	No Difference
(6) Does the company formulated and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		(6) If contracts between the Company and suppliers, including suppliers with violations or corporate social responsibility failure, resulted in a negative outcome on the environment and society, they may be temporarily or permanently terminated.	No Difference
5. Does the company compile corporate social responsibility reports or reports that disclose the company’s non-financial information base on international CSR compiling standard or guidelines? Does the report accredited from accreditation agency or third-party verification organization?		V	Not yet compiled.	The company has not yet prepared a corporate responsibility report, and it will be prepared according to actual needs in the future.
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The company has not yet prepared a corporate responsibility report, and it will be prepared according to actual needs in the future.				

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices:</p> <p>(1) The Company follows the Labor Act of Japan to conduct employee management and has assigned specialist to handle all kinds of employee benefits to ensure employee rights.</p> <p>(2) The Company does not cause pollution in particular. Nevertheless, the Company helps to save the environment and energy by classifying the waste, paper, metal for recycling and also renew its equipment for energy saving.</p> <p>8. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None</p>				

(6) Ethical Corporate Management:

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company formulate ethical corporate management policy that approved by the board of directors, and declare its policies and procedures in its guidelines and external documents, as well as the commitment from its board and top executives to implement the policies?	V		(1) The Company has established the “Integrity Operations Code” and is operated based on the honest policy.	No Difference
(2) Has the company established an evaluation mechanism to assess the unethical conducts risk, and regularly analyzes and evaluates business activities with high potential unethical conducts, and formulates a precaution plan which at least covered listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(2) The Company has outlined the rules for preventing dishonest behavior which clearly stated the operating procedure, behavior guideline, discipline for violation and appealing system. It is actively implemented.	No Difference
(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and the policy regularly?	V		(3) The Company has requested all employees to No Difference decline gifts that could cause conflict of interest. All employees are required to keep the Company’s trade secrets and others confidential.	No Difference
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(1) The Company utilizes an assessment system for its customers and suppliers. The rights and obligations of both parties are detailed in the contract, including a confidentiality clause.	No Difference

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the Board about the implementation of ethical corporate management policy and the plan against unethical conducts?		V	(2) The Company has not set up a unit for promoting corporate integrity. HR department is responsible for it and all departments also implement corporate integrity while performing their duties.	The Company will evaluate if it’s necessary to set up a unit for promoting corporate integrity.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company’s Human Resources and Auditing units provide the proper communication channel for individuals who intend to report incidents while keeping their identity confidential.	No Difference
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and audit the implementation of preventing unethical conduct, either by internal auditors or CPAs on a regular basis?	V		(4) The Company has set up internal audit plan. The internal auditing unit performs the audit plan accordingly.	No Difference
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company makes sure the employees have followed the honest policy in daily operation, and promote related information irregularly via emails.	No Difference
3. Operation of the integrity channel				
(1) Does the company establish both a reward punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has set up standard procedure for handling employee complaint and guidelines for ethical behavior. Employees may report any violation of honest operation via phone or email.	No Difference
(2) Does the company establish standard operating	V		(2) The Company handles the violation report	No Difference

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
procedures for confidential reporting on investigating accusation cases? (3) Does the company provide proper whistleblower protection?	V		seriously with caution and confidentiality. We would review and verify with care. (3) The Company will keep the confidentiality of the prosecutor to prevent any inappropriate situation such as dismissal or retaliation.	No Difference
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has disclosed relevant information on corporate social responsibility in its annual report and on its website.	No Difference
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No Difference.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (such as review and revision of regulations): The Company has set up internal audit system and regulation to keep the honest operation. There are guidelines reference for vendor and customer communication.				

(7) If the company has adopted corporate governance best-practice principles or related by laws, disclose how these are to be searched: Please refer to the Company’s website (<http://www.yctc.com.tw>).

(8) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

1. To manage the important internal information, the Company has set up the “Insider Trading Policy” and is known to all directors, supervisors, managers, and employees. It is also available on the Company’s internal website for reference to prevent any insider trading.
2. When a new director, supervisor, manager is onboard, the latest version of the relevant laws and regulations of the insider at the general stock board listed company and emerging stock board listed company prepared by the TPEX are given. The Company will keep and related information up to date.

(9) Internal Control System Execution Status

i. Statement of Internal Control System

Yeh-Chiang Technology Corp.
Statement of Internal Control System

Date: Mar 16, 2021

Based on the findings of a self-assessment, Yeh-Chiang Technology Corp. states the following with regard to its internal control system during the year 2020:

1. The Company's board of directors and management team understand their responsibilities of developing, implementing, and maintaining the Company's internal control system is to reasonably assure the following objectives: i. The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); ii. Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2020 has effectively assured that the following objectives have been reasonably achieved during the assessing period: i. The degree that effectiveness and efficiency of business operation; ii. The reliability of the financial and related reports; iii. The compliance of the relevant laws/regulations and company policies.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 16, 2021, with none of the four attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Yeh-Chiang Technology Corp.

Chairman : Tai-Kuang Wang

signature

General Manager : Tai-Kuang Wang

signature

ii. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

- (10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.: None.
- (11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:
- i. Important resolutions made by the Shareholders' Meeting during the fiscal year of 2020.

Meeting Date	Important Resolutions	Implementation Status
Jun 10, 2020	Rectification of 2019 business report and financial statements.	Approved
	Rectification of 2019 loss make-up proposal.	Approved
	Amendment on the Company policy.	Approved and received registration and public approval from Ministry of Economic Affairs on Jul 10, 2020.
	To elect an Independent Director	Approved and received registration and public approval from Ministry of Economic Affairs on Jul 10, 2020.

- ii. Important resolutions made by the board of directors' Meeting during the fiscal year of 2020 and up to the date of printing of the annual report:

Meeting Date	Important Resolutions
2020/03/19	<ol style="list-style-type: none"> 1. Propose the "Statement on Internal Control" of 2019 in accordance with the law. 2. Change of the Company's certified accountants. 3. The compensation of the directors, supervisors, and employees in 2019. 4. Propose the business report and financial report of 2019 in accordance with the law. 5. The disposition of earnings of 2019. 6. Amendment on some provisions of the Rules and Regulations of the Company. 7. Plan to decrease investment of 60 million NTD to make up loss for So Bright Electronic Co., Ltd. 8. In accordance with the Article 29-1 of the Company Act, it agrees to remove the restriction on prohibition of competition during the tenure of accountant supervisor. 9. Loan capital of 2 million US dollars to Ye County Weiqiang Technology Co., Ltd. 10. In order to enrich the capital of subsidiary Zhongshan Weiqiang Technology Co., Ltd in China, the Company plans to apply for credit financing rating with Fubon China Bank.

	<p>11. Loan capital of 3.5 million US dollars to Yeh-Chiang Technology Corp. (Pingdingshan).</p> <p>12. The budget plan of 2020.</p> <p>13. By-election of the independent directors.</p> <p>14. Nomination of the independent director candidates.</p> <p>15. Discuss of the regular shareholders' meeting of 2020.</p>
2020/05/07	<p>1. The company plans for lending capital of US 3 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>2. Proposal to apply to Taipei Fubon Commercial Bank to increase the short-term operating turnover to NT\$100 million</p> <p>3. Insurance coverage on directors and supervisors for the listed company in accordance with the regulation and requested by the authority.</p> <p>4. Personnel appointment of the company's financial accounting supervisor and spokesperson.</p>
2020/08/06	<p>1. Yeh-Chiang Technology Corp. (Pingdingshan) plans to borrow RMB 20 million yuan from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>2. Ye County Weiqiang Technology Co., Ltd. plans to borrow RMB 41 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>3. Zhongshan Weiqiang Technology Co., Ltd. plans to borrow RMB 46 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>4. The proposed operation of gold and bulk material derivative commodity contracts shall be conducted in accordance with the company's "Acquisition or Disposal of Assets Management Regulations" for evaluation, reporting and announcement matters.</p> <p>5. Personnel appointment of the company's financial accounting supervisor.</p> <p>6. Personnel appointment of the company's chief internal auditor.</p>
2020/11/05	<p>1. Annual internal audit plan of 2021.</p> <p>2. Proposal to amend part of the company's "Financial Statement Preparation Process Operating Standards".</p> <p>3. Plan to renew the contract of short-term comprehensive credit rating with the China Trust Commercial Bank.</p> <p>4. Plan to renew the contract of credit rating with the Taipei Fu Bon Commercial Bank.</p> <p>5. Proposed to provide a subsidiary endorsement guarantee case in response to a subsidiary's application for a financial institution's credit and financing line.</p> <p>6. Loan capital of 14 million US dollars to Ye County Weiqiang Technology Co., Ltd.</p> <p>7. The company plans for lending capital of US 10 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>8. Ye County Weiqiang Technology Co., Ltd. plans to borrow RMB 40 million dollars from Bellevuecity Construction Co., Ltd. Pingdingshan.</p> <p>9. Evaluation of the independence of the Accounts of the Company.</p>
2021/01/07	<p>1. Personnel appointment of the company's financial accounting supervisor.</p>
2021/03/16	<p>1. Propose the "Statement on Internal Control" of 2019 in accordance with the law.</p> <p>2. The budget plan of 2021.</p> <p>3. The compensation of the directors, supervisors, and employees in 2020.</p> <p>4. Propose the business report and financial report of 2020 in accordance with the law.</p> <p>5. The disposition of earnings of 2020.</p> <p>6. Amendment on some provisions of the Rules and Regulations of the Company.</p> <p>7. Proposal to amend part of the company's management measures.</p> <p>8. Draft the company's audit committee organization charter.</p> <p>9. Case B of the proposed capital increase of the Chinese subsidiary Yexian Weiqiang Technology Co., Ltd. (hereinafter referred to as Yexian).</p> <p>10. The company plans for lending capital of US 5 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>11. Amend the sixth case of the eleventh meeting of the 10th board of directors on the case B capital loan of Yexian Weiqiang Technology Co., Ltd.</p>

	<p>12. Proposal to invest in domestic OTC companies.</p> <p>13. Proposal to apply to Taipei Fubon Commercial Bank to increase credit facilities.</p> <p>14. Supplement the third case of the eleventh session of the tenth board of directors: "The company's financing case" and the fifth case "The case of endorsement and guarantee for the subsidiary Excel Rainbow financing line".</p> <p>15. Proposal to establish the company's first corporate governance supervisor.</p> <p>16. Re-election and nomination of candidates for the 11th term of directors (including independent directors).</p> <p>17. Removal of the prohibition of manager competition.</p> <p>18. Release the Prohibition on new Directors from Participation in Competitive Business.</p> <p>19. Drafting the date, place and reasons for convening the company's 2021 general meeting of shareholders, etc.</p>
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(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer:

TITLE	NAME	DATE ASSUMED	DATE DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
General Manager	Chung-Fu Wang	2019.1.2	2020.2.7	Career planning
Finance and Accounting Supervisor	Wen-Hao Cheng	2011.10.31	2020.4.15	Career planning
Finance and Accounting Supervisor	Ya-Chu Chiu	2020.4.15	2020.8.6	Post adjustment
Finance and Accounting Supervisor	Tsung-Tou Lee	2020.8.6	2020.11.11	Career planning
Chief internal auditor	Chia-Yi Lin	2016.4.18	2020.7.6	Career planning

5. Information on CPA professional fees:

- (1) The non-audit fee paid to certified CPA, certified Office of CPA and affiliated companies accounts for over 1/4 to audit fee: N/A
- (2) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: N/A
- (3) The audit fee is reduced by over 15% compared with the previous year, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A

Information on CPA professional fees interval chart

Name of CPA Firm	Name of the Accountant		Period Covered by CPA's Audit	Remarks
KMPG	Chien-Hui Lu	Jun-Yuan Wu	2020.1.1~2020.12.31	

Currency: Thousand

Amount Interval		Item	Audit Fee	Non-Audit Fee	Total
1	Under 2,000			v	
2	2,000 (included) ~ 4,000		v		v
3	4,000 (included) ~ 6,000				
4	6,000 (included) ~ 8,000				
5	8,000 (included) ~ 10,000				
6	Over 10,000 (included)				

Currency: Thousand

Name of CPA Firm	Name of the Accountant	Audit Fee	Non-Audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company registration	Human Resources	Others	Subtotal		
KMPG	Chien-Hui Lu , Jun-Yuan Wu	2,400	0	0	0	440 (Note 1)	440	2020.1.1~2020.12.31	

Note 1 : Non-Audit Fee 440 thousand dollars is for transfer pricing report and English financial report.

6. Information on replacement of certified public accountant:

(1) Former CPAs:

Date of Replacement	2020.03.31		
Reason for replacement	The Company originally appointed accountants Hai-Ning Huang and Chien-Hui Lu of KPMG Taiwan to verify the financial reports. In coordination with the internal re-organization of KPMG Taiwan, the verification (review) of the financial report in the first quarter of 109 was changed to be verified (review) by accountants Chien-Hui Lu and Chung-Yuan Wu.		
State whether the appointment is terminated or rejected by the consignor or CPAs	Party		
	Status	CPAs	Consignor
	Terminated	Not applicable	Not applicable
	Do not accept the appointment	Not applicable	Not applicable
The opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions	Not applicable		
Is there any disagreement in opinion with the issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.5.1.4 of the Standards)	None.		

(2) Successor CPAs:

Accounting firm	KPMG Taiwan
CPAs	Chien-Hui Lu and Chung-Yuan Wu
Date of Engagement	2020.03.31
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None.
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None.

(3) The reply of former CPAs on Article 10.5.1 and Article 10.5.2.3 of the standards: Not applicable.

7. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates: None.

8. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Changes of directors, supervisors, managers or shareholders holding greater than a 10 percent stake in the company:

Title	Name	2020		Current year up to Apr 25, 2021	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman	Rayman Inc. Samoa (4 reps)	-	-	-	-
	Representative: Tai-Kuang Wang	-	-	-	-
Directors	Rayman Inc. Samoa	-	-	-	-
	Representative: Chung-Hua Chen	-	-	-	-
Directors	Rayman Inc. Samoa	-	-	-	-
	Representative: Shu-Lung Chung	-	-	-	-
Directors	Rayman Inc. Samoa	-	-	-	-
	Representative: Vacancy	-	-	-	-
Directors	Weichiang Ltd. Samoa	-	-	-	-
	Representative: Chi-Huei Jang (Note 1)	-	-	-	-
Independent directors	Chi-Ju Chen	-	-	-	-
Independent directors	Kun-Chang Lee(Note 2)	-	-	-	-
Independent directors	Ping-Chung Hou(Note 3)	-	-	-	-
Supervisor	Tong Wei Investing Corp.	-	-	-	-
	Representative: Ya-Ting Hsu	-	-	-	-
Supervisor	How Ji Investing Corp. (2 reps)	-	-	-	-
	Representative: Chen-Ting Wu	-	-	-	-
Supervisor	How Ji Investing Corp.	-	-	-	-
	Representative: Shu-Yuan Lin	-	-	-	-
CEO	Tai-Kuang Wang	-	-	-	-
General Manager	Chung-Fu Wang(Note 4)	-	-	-	-
Vice General Manager	Min-Ho Lee	-	-	-	-
Vice General Manager	Shu-Lung Chung	-	-	-	-
Vice General Manager	Chi-Xuan Yeh(Note 5)	-	-	-	-
Vice General Manager	Wei-Dong Lee(Note 6)	-	-	-	-
Vice General Manager	Tien-Chung Chen(Note 7)	-	-	-	-
Assisting General Manager	Yi-Hua Lin	-	-	-	-
Assisting General Manager	Jin-Min Chang(Note 8)	-	-	-	-
Assisting General Manager	Ting-Kai Chou(Note 9)	-	-	-	-

Assisting General Manager	Wen-Rong Lin(Note 10)	-	-	-	-
Assisting General Manager	Hong-Jie Chen(Note 11)	-	-	-	-
Assisting General Manager	Cheng-Bin Huang(Note 12)	-	-	-	-
Assisting General Manager	Yu-Nan Lin(Note 13)	-	-	-	-
Assisting General Manager	Song-Chung Chen(Note 14)	-	-	-	-
Assisting General Manager	Jie-Hua Lin(Note 15)	-	-	-	-
Finance Accounting Supervisor	Wen-How Cheng(Note 16)	-	-	-	-
Finance Accounting Supervisor	Ya-Chu Chiu(Note 17)	-	-	-	-
Finance Accounting Supervisor	Tsung-Tou Lee(Note 18)	-	-	-	-
Audit Supervisor	Chia-Yi Lin(Note 19)	-	-	-	-
10% Major Shareholder	Rayman Inc. Samoa	-	-	-	-
	Feng Li Investing Corp.	(11,000)	-	-	-
	Hitech Holdings Ltd. (Note 20)	-	-	-	-

Note 1: The representative of Weichiang Ltd. Samoa has changed from Mr. Chung-Fu Wang to Mr. Chi-Huei Jang on Mar 3, 2020. Note 2: Resigned on Mar 11, 2020 the position of independent director of the company due to personal career planning. Note 3: Newly-elected independent director on Jun 10, 2020 ; Resigned on Jul 6, 2020 the position of independent director of the company due to personal career planning. Note 4: Resigned on Feb 7, 2020. Note 5: Resigned on Jan 6, 2020. Note 6: Elected on Oct 19, 2020 ; Resigned on Dec 21, 2020. Note 7: Resigned on Dec 25, 2020. Note 8: Resigned on Feb 16, 2020. Note 9: Resigned on Jun 6, 2020. Note 10: Elected on Mar 17, 2020 ; Resigned on May 31, 2020. Note 11: Elected on Jun 1, 2020. Note 12: Elected on Jun 1, 2020. Note 13: Elected on Jul 13, 2020. Note 14: Resigned on Oct 8, 2020. Note 15: Resigned on May 31, 2020. Note 16: Resigned on Apr 15, 2020. Note 17: Elected on Apr 15, 2020 ; Job adjustment on Aug 6, 2020 ; Elected on Jan 7, 2021. Note 18: Elected on Aug 6, 2020 ; Resigned on Nov 11, 2020. Note 19: Resigned on Jul 6, 2020. Note 20: With shareholding over 10% on Mar 4, 2020.

- (2) Information on equity transfer of directors, supervisors, managers or shareholders holding greater than a 10 percent stake in the company: The counterparties of equity transfer are not related parties: N/A
- (3) Information on equity pledge of directors, supervisors, managers or shareholders holding greater than a 10 percent stake in the company: The counterparties of equity transfer are not related parties: N/A

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

NAME	SHAREHOLDING		SPOUSE & MINOR CURRENT SHAREHOLDING		CURRENT SHAREHOLDING IN THE NAME OF OTHERS		RELATIONSHIPS AMONG THE TOP TEN SHAREHOLDERS, ANYONE WHO IS A RELATED PARTY, SPOUSE, OR SECOND-DEGREE KINSHIP OF ANOTHER: NAME AND RELATION		REMARKS
	Shares	%	Shares	%	Shares	%	Name	Relation	
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)	19,141,784	10.49%	0	0.00%	0	0.00%	None	None	
Feng Lei Investing Co. Ltd.	18,904,000	10.36%	0	0.00%	0	0.00%	None	None	
Feng Lei Investing Co. Ltd. Representative: Yu-Hua Chen	0	0%	0	0.00%	0	0.00%	None	None	
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)	18,321,000	10.04%	0	0.00%	0	0.00%	None	None	
Advance Program Ltd.	17,931,181	9.83%	0	0.00%	0	0.00%	None	None	
Advance Program Ltd. Representative: Hui Tseng	1,614,000	0.88%	0	0.00%	0	0.00%	Wan-Chung Tseng	The representative is a second-degree relative	
Supercap Industrial Co., Ltd.	17,031,602	9.33%	0	0.00%	0	0.00%	None	None	
Supercap Industrial Co., Ltd. Representative: Wan-Chung Tseng	0	0%	0	0.00%	0	0.00%	Hui Tseng	The representative is a second-degree relative	
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)	16,181,000	8.87%	0	0.00%	0	0.00%	None	None	
Bellevuecity Construction Co., Ltd.	15,677,236	8.59%	0	0.00%	0	0.00%	None	None	
Bellevuecity Construction Co., Ltd. Representative: Tai-Kuang Wang	0	0%	0	0.00%	0	0.00%	Tong Wei Investing Corp.	The same person of the representative of the company	
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd.)	15,281,493	8.37%	0	0.00%	0	0.00%	None	None	
Investment Account of Wei Dan Co. Ltd.	9,095,000	4.98%	0	0.00%	0	0.00%	None	None	
Investment Account of Wei Dan Co. Ltd. Representative: Wan-Chung Tseng	0	0%	0	0.00%	0	0.00%	Hui Tseng	The representative is a second-degree relative	
Tong Wei Investing Corp.	3,609,000	1.98%	0	0.00%	0	0.00%	None	None	
Tong Wei Investing Corp. Representative: Tai-Kuang Wang	0	0%	0	0.00%	0	0.00%	Bellevuecity Construction Co., Ltd.	The same person of the representative of the company	

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company:

Dec 31, 2020; Unit: thousand shares; %

Name of the re-investment company	Name of the investing company	Shareholding		Investment of directors, supervisors, managers and directly or indirectly controlled companies		Comprehensive Investment		Remarks
		Shares	%	Shares	%	Shares	%	
YCTSC	The Company	2,007	100.00%	-	-	2,007	100.00%	
YCTBC	The Company	2,406	100.00%	-	-	2,406	100.00%	
Yuh Cheng Materials Co., Ltd.	The Company	13,678	81.80%	-	-	13,678	81.80%	
Excel Rainbow Ltd.	The Company	2,155	100.00%	-	-	2,155	100.00%	
Tai-chou	The Company	17,611	100.00%	-	-	17,611	100.00%	
Jin-lien	The Company	2,773	60.29%	-	-	2,773	60.29%	
Taiwan New Thermal System Co., Ltd.	The Company	5,448	99.06%	-	-	5,448	99.06%	
Vietnam Yeh Chiang	The Company	-	100.00%	-	-	-	100.00%	
YCTCC	YCTSC	1,244	100.00%	-	-	1,244	100.00%	
YCTYXCC	YCTSC	688	100.00%	-	-	688	100.00%	
Zhongshan Weiqiang Technology Co., Ltd.	YCTCC	-	100.00%	-	-	-	100.00%	
Zhuhai Weiqiang Technology Co., Ltd.	YCTCC	-	100.00%	-	-	-	100.00%	
Yeh-Chiang Technology Corp. (Pingdingshan)	YCTCC	-	100.00%	-	-	-	100.00%	
Ye County Weiqiang	YCTYXCC	-	100.00%	-	-	-	100.00%	

IV. CAPITAL RAISING ACTIVITIES

1. CAPITAL AND SHARES

(1) Source of capital stock

1. The formation of capital

Month/ Year	Par Value (dollars)	Authorized capital stock		Paid-in capital		Remarks			
		Shares (thousand)	Amount (thousand dollars)	Shares (thousand)	Amount (thousand dollars)	Source of capital (thousand dollars)	Capital Others Increased by Assets Other Than Cash	Othe rs	Effective (approval) date and document number
Dec 1994	10.00	20,000	200,000	20,000	200,000	—	—		Dec 23, 1994/Approval Letter No. MOEA118122
Jul 1996	16.67	40,000	400,000	26,000	260,000	Capital increase 60,000 by cash	—		Jun 25, 1996/Approval Letter No. TSE36976
Jul 1997	35.00	40,000	400,000	30,000	300,000	Capital increase 40,000 by cash	—		Jun 17, 1997/Approval Letter No. TSE48376
Sep 1999	10.00	60,000	600,000	45,000	450,000	Capital increase 150,000 by cash	—		Jun 22, 1999/Approval Letter No. TSE57139
Apr 2000	15.00	60,000	600,000	53,000	530,000	Capital increase 80,000 by cash	—		Mar 30, 2000/Approval Letter No. TSE28061
Oct 2000	55.00	100,000	1,000,000	73,000	730,000	Capital increase 200,000 by cash	—		Aug 29, 2000/Approval Letter No. TSE72858
Jun 2001	10.00	100,000	1,000,000	83,401	834,014	Capital increase 104,014 by earnings, additional paid in, and employee bonus	—		Jun 22, 2001/Approval Letter No. TSE140290
Aug 2004	10.00	150,000	1,500,000	92,558	925,583	Capital increase 9,1569 by earnings, additional paid in, and employee bonus	—		Aug 19, 2004/Approval Letter No. FSC0930136827
Jul 2005	10.00	150,000	1,500,000	102,848	1,028,475	Capital increase 102,892 by earnings, additional paid in, and employee bonus	—		Jul 6, 2005/Approval Letter No. FSC0940127237
Sep 2005	45.00	150,000	1,500,000	112,848	1,128,475	Capital increase 100,000 by cash	—		Sept 14, 2005/Approval Letter No. FSC0940137204
Feb 2006	20.84	150,000	1,500,000	114,183	1,141,825	Transfer at the 4 th quarter of 2005 by employee stock warrants for 13,350	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Feb 6, 2006/Approval Letter No. MOEA09501020470
Jun 2006	20.84	150,000	1,500,000	114,595	1,145,945	Transfer at the 1 st quarter of 2006 by employee stock warrants for 4,120	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Jun 27, 2006/MOEA09501125730
Oct 2006	20.84	200,000	2,000,000	141,364	1,413,641	Capital increase 267,586 by earnings and employee bonus and transfer at the 2 nd quarter of 2006 by employee stock warrants for 100	—		Jul 27, 2006/Approval Letter No. FSC0950133036 and Sept 29, 2003/Approval Letter No. TSE0920146099. Oct 4, 2006/ Approval Letter No. MOEA09501225900 approved to change registration.
Jan 2007	16.90	200,000	2,000,000	141,731	1,417,311	Transfer at the 3 th -4 th quarter of 2006 by employee stock warrants for 3,670	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Jan 18, 2007/Approval Letter No. MOEA09601014760

Month/ Year	Par Value (dollars)	Authorized capital stock		Paid-in capital		Remarks			
		Shares (thousand)	Amount (thousand dollars)	Shares (thousand)	Amount (thousand dollars)	Source of capital (thousand dollars)	Capital Others Increased by Assets Other Than Cash	Other rs	Effective (approval) date and document number
Mar 2007	16.9	200,000	2,000,000	141,736	1,417,361	Transfer at the 1 st quarter of 2007 by employee stock warrants for 50	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Apr 14, 2007/Approval Letter No. 09601076470
Jul 2007	10	260,000	2,600,000	172,693	1,726,927	Capital increase 309,566 by earnings, additional paid in, and employee bonus	—		Jul 5, 2007/Approval Letter No. FSC0960034345 and Aug 16, 2007/Approval Letter No. MOEA09601197420
Jul 2007	16.9	260,000	2,600,000	172,800	1,727,998	Transfer at the 2 nd quarter of 2007 by employee stock warrants for 1,070	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Aug 16, 2007/Approval Letter No. MOEA09601197420
Oct 2007	16.9	260,000	2,600,000	172,819	1,728,188	Transfer at the 3 rd quarter of 2007 by employee stock warrants for 1,900	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Nov 16, 2007/Approval Letter No. 09601283490
Mar 2007	16.9	260,000	2,600,000	173,124	1,731,238	Transfer at the 4 th quarter of 2007 by employee stock warrants for 3,050	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Apr 7, 2008/Approval Letter No. MOEA09701079630
Apr 2008	16.9	260,000	2,600,000	173,187	1,731,868	Transfer at the 1 st quarter of 2008 by employee stock warrants for 630	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and May 12, 2008/Approval Letter No. MOEA09701109930
Sep 2008	10	260,000	2,600,000	192,473	1,924,729	Capital increase 192,862 by earnings and employee bonus	—		Jul 7, 2008/Approval Letter No. FSC0970033807 and Sept 2, 2008/Approval Letter No. MOEA09701223180
Sep 2008	13.87	260,000	2,600,000	192,480	1,924,800	Transfer at the 2 nd quarter of 2008 by employee stock warrants for 70	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Sept 2, 2008/Approval Letter No. MOEA09701223180
Jan 2011	10	260,000	2,600,000	182,480	1,824,800	Write-off treasury shares 100,000	—		Jan 19, 2011/Approval Letter No. MOEA10001013850

Unit: share

Type of Stock	Authorized Capital			Remarks
	Issued Shares (listed)	Un-issued Shares	Total	
Common Stock	182,479,945	77,520,055	260,000,000	

2. General information about the reporting system: None

(2) Shareholder structure

Date: Apr 25, 2021

Shareholder Structure	Government Institutions	Financial Institutions	Other Juridical Persons	Foreign Institutions and Foreign Persons	Domestic Natural Persons	Total
Quantity						
Number of Shareholders	1	1	26	12	3,125	3,165
Shareholding	127	5,000	85,660,305	78,076,280	18,738,233	182,479,945
Holding Percentage (%)	0	0	46.94	42.79	10.27	100

(3) Diffusion of ownership

1. Common Stock

Apr 25, 2021

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%)
1 ~ 999	1,975	403,732	0.22%
1,000 ~ 5,000	855	1,698,254	0.93%
5,001 ~ 10,000	170	1,248,530	0.68%
10,001 ~ 15,000	49	610,410	0.33%
15,001 ~ 20,000	23	402,705	0.22%
20,001 ~ 30,000	24	592,791	0.32%
30,001 ~ 40,000	11	381,307	0.21%
40,001 ~ 50,000	9	410,401	0.22%
50,001 ~ 100,000	19	1,321,133	0.72%
100,001 ~ 200,000	5	750,669	0.41%
200,001 ~ 400,000	2	445,000	0.24%
400,001 ~ 600,000	1	460,000	0.25%
600,001 ~ 800,000	0	0	0%
800,001 ~ 1,000,000	1	947,000	0.52%
Over 1,000,001	21	172,808,013	94.73%
Total	3,165	182,479,945	100.00%

2. Preferred Share: None.

(4) Major Shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

Apr 25, 2021

Name of Major Shareholders	Shares	Shareholding	Percentage (%)
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.49%
Feng Lei Investing Co. Ltd.		18,904,000	10.36%
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)		18,321,000	10.04%
Advance Program Ltd.		17,931,181	9.83%
Supercap Industrial Co., Ltd.		17,031,602	9.33%
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.87%
Bellevuecity Construction Co., Ltd.		15,677,236	8.59%
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37%
Investment Account of Wei Dan Co. Ltd.		9,095,000	4.98%
Tong Wei Investing Corp.		3,609,000	1.98%

(5) Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Item	Year		2019	2020	Current Year to Mar 31, 2021
	Market Price Per Share (Note1)	Highest		53.9	48.7
Lowest		20.05	20.15	28.30	
Average		42.51	29.23	29.90	
Net Worth Per Share	Before distribution		15.86	17.45	17.94
	After distribution (Note2)		15.86	17.45	17.94
Earnings Per Share	Weighted average shares (thousand shares)		182,480	182,480	182,480
	Earnings Per Share	Before Adjustment	1.22	1.50	0.37
		After Adjustment (Note 3)	1.22	1.48	0.36
Dividend Per Share	Cash Dividend		-	-	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from capital surplus	-	-	-
	Accumulated Undistributed Dividends (Note4)		-	-	-
Return on Investment	P/E ratio (Note5)		35	19	-
	Price-dividend ratio (Note6)		-	-	-
	Cash dividend yield (Note7)		-	-	-

* If there is a surplus or capital reserve to increase the share, it shall disclose the market price and cash dividend adjusted based on the number of shares.

Note 1 : List the highest and the lowest market prices of the general stock in every year. Calculate the average market price for each year by the annual turnover and volume.

Note 2 : Please use the number of share issued at the end of the year and fill in by the resolution of the shareholders' meeting next year.

Note 3 : If an adjustment is made due to stock grants, the earnings per share before and after the adjustment shall be listed.

Note 4 : In the condition term of the equity securities, if the undistributed dividend of the year may be accumulated until the year with earnings, the unpaid dividend accumulated as of the end of each year shall be disclosed.

Note 5 : P/E ratio = current year average closing price per share / earnings per share.

Note 6 : Price-dividend ratio = current year average closing price per share / cash dividend per share.

Note 7 : Cash dividend yield = cash dividend per share / current year average closing price per share.

(6) Company's dividend policy and implementation thereof

1. Dividend Policy:

The current policy of the Company regarding to the dividends is as follow:

- (1) If there is a surplus in the final accounts of the Company, 10 percent shall be reserved as employee compensation and no more than 2 percent for directors' and supervisors' compensation. A reserve is allotted to be used for making up for the accumulated losses. As for the employee compensation mentioned previously, the issuance of the object contains a certain condition for the subsidiary employees.
- (2) If there is a surplus in the final accounts of the Company, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the total amount of capital of the Company, and in accordance with the law and the competent authorities, the special surplus reserve shall be increased or rotated. A special surplus is reserved for operation need or regulation requirement. If there is still a surplus, the Board of Directors will combine with the undistributed surplus and propose a distribution plan for shareholders' resolution.
- (3) The dividend policy is in accordance with the Company's regulation. It will be adjusted based on the changes in the Company's capital, financial structure, operation status, surplus, industry nature and cycle. The cash dividend will be under 50% of the total dividend of the year.

2. Distribution of stock dividends at the Shareholders' Meeting: None.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None (No planning to distribute stock in this Shareholders' meeting.)

(8) Employee Bonus and Compensation of directors and supervisors

1. Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:

If there is surplus in the final accounts of the Company, a reserve is allotted to be used for making up for the accumulated losses. After paying taxes, 10 percent will be allotted as legal reserve. If there is a balance, 2 percent will be distributed as directors and supervisors' compensation and 10 percent as employee bonus. For the rest of the surplus, the board of directors will reserve a proper amount after reviewing the operation needs. Together with the retained earnings in the previous years, the board will propose an amount for shareholder bonus for a resolution in the Shareholders' meeting.

2. The estimated amount of employee bonus and compensation for directors and supervisors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount of employee stock dividend and estimated figure:

The calculation basis of the 2017 employee bonus and compensation for directors and supervisors is allocating 10% of the legal reserved surplus on net profit, then allocate 2% for compensation for directors and supervisors and 10% for employee bonus. The calculation basis of the stock dividend is closing price on the day before the shareholders' meeting and considerate the effects of ex-Right and Ex-Dividends. If the actual allocating amount is different from the estimated amount, it will be treated as accounting estimated change and recognized in the profit or loss next year.

3. Information on the amount of employee bonus

- (1) The employee bonus (in cash or stock) and compensation of directors and supervisors is distributed in the form of cash dividend or stock dividend. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed.:

			Unit: NT\$
State \ Item	Employee bonus in cash	Employee bonus in stock	Compensation of directors and supervisors
Distribution amount proposed by the Board of directors	37,713,180	-	7,542,636
Annual estimated amount	37,713,180	-	7,542,636
The difference	-	-	-
Reason and handling state	Not applicable	Not applicable	Not applicable

- (2) The amount of employee stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: Not applicable because no employee stock dividend will be distributed in this shareholders' meeting.

- (3) The earnings per share after allocating the employee bonus and compensation for directors and supervisors: Not applicable because allocating the employee bonus and compensation for directors and supervisors are paid in expenses.

4. The actual distribution of employee bonus and compensation for directors and supervisors in 2019:

State \ Item	Employee bonus in cash	Employee bonus in stock	Compensation of directors and supervisors
Actual distribution	0	-	0
Annual estimated amount	25,725,318	-	5,145,064
The difference	25,725,318	-	5,145,064
Reason and handling state	Undistributed employee cash bonus listed in other current liabilities	Not applicable	Undistributed compensation of directors and supervisors listed in other current liabilities

- (9) Share repurchases: None
- (10) Corporate bonds, preferred shares, global depository receipts: None
- (11) Employee stock warrants: None
- (12) New restricted employee shares: None
- (13) Status of new shares issuance in connection with mergers and acquisitions : None

2. The Status of Implementation of Capital Allocation Plans:

(1) Content of the plan

Previously issued or privately issued securities that are not completed or completed in 3 years but does not have an evidence in efficiency.: None.

(2) Execution state: None

V. Operational Highlights

1. Business Activities

1. Scopes of the business

i. The main operational categories of the Company:

The Company is a manufacturer of professional information electronics parts. The main business scopes are as follow:

- (1)CC01080 Electronic Parts and Components Manufacturing
- (2)CB01010 Machinery and Equipment Manufacturing
- (3)F401010 International Trade
- (4)CC01990 Electrical Machinery, Supplies Manufacturing
- (5)CC01040 Lighting Facilities Manufacturing
- (6)E603090 Illumination Equipment Construction
- (7)F113020 Wholesale of Household Appliance
- (8)F213010 Retail Sale of Household Appliance
- (9)IG03010 Energy Technical Services
- (10)F119010 Wholesale of Electronic Materials
- (11)F219010 Retail Sale of Electronic Materials
- (12)E603080 Traffic Signals Construction
- (13)EZ05010 Apparatus Installation Construction
- (14)F113030 Wholesale of Precision Instruments
- (15)F113090 Wholesale of Traffic Signal Equipment and Materials
- (16)F113110 Wholesale of Batteries
- (17)F114030 Wholesale of Motor Vehicle Parts and Supplies
- (18)F213090 Retail Sale of Traffic Signal Equipment and Materials
- (19)F214030 Retail Sale of Motor Vehicle Parts and Supplies
- (20)F213040 Retail Sale of Precision Instruments
- (21)ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

ii. Sales proportion

Unit: NT\$ thousand

Product \ Year	2020		2019	
	Sales	%	Sales	%
Heat pipe (Note 1)	2,344,170	87.52	1,919,508	85.48
Lighting (LED)	334,310	12.48	326,175	14.52
Total	2,678,480	100.00	2,245,683	100.00

Note : 1.Heat pipe product includes vapor chamber.

iii. Current product

Main product	Function
Heat Pipe	Heat dissipation for 3C technology products, LED lamps, car light and batteries.
Vapor Chamber	Heat dissipation for high power products such as server and display card.
Ultrathin Heat Pipe	Heat dissipation for smartphone, tablets and notebooks.
Ultrathin Vapor Chamber	Heat dissipation for smartphone, tablets and notebooks.
Heat Dissipation Module	Heat dissipation module for non-notebook products such as industrial computer and projector.
Two-Phase Thermal Syphon	Special working temperature needs such as frozen medical and large LCD.

iv. New product development projects

- (1) Apply heat pipe on cellphone heat dissipation and break the thickness limit to 0.35mm.
- (2) Develop traditional and ultrathin vapor chambers to break the thickness limit to 0.25mm. It is mainly applied on the demand of display card and cellphone heat dissipation markets.
- (3) Plans for heat pipe performance improvement and refined automation process for massive production equipment by specific re-developing new process to meet the demand of smaller and lighter products in the future. It will improve the precision on every process equipment and therefore enhance the product quality and lower the cost effectively.
- (4) Two-phase product is conducted by using two different mediums (Freon kind) and applied on LCD and frozen medical.
- (5) Complete heat pipe application demand in new industry including power generation ,car, home appliance, drone, and VR equipment.

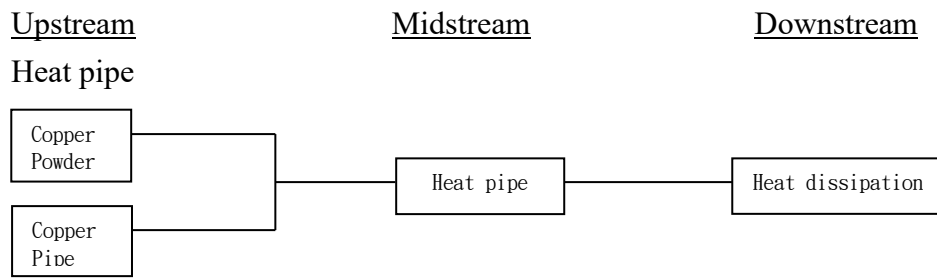
2. Industry Overview:

1. Current status and development of the industry

Looking back at the market of 2020, the global PC, NB and smartphone markets were doing well. The biggest business opportunity for heat dissipation industry was the beginning of the 5G era. In addition, the thriving development of the eSports market and the growth in cloud system product and server also benefited the operation.

The module manufacturers have transferred the production scale from notebook to other products with higher gross profit such as server, display card, console, Netcom, smartphone, and other energy industry. We will not only continue to improve our main business scope in heat pipe, but also extend the development of vapor chamber and ultrathin vapor chamber. We expect to increase the variety of the product and add in more product with higher gross profit.

2. Industry relevance of upstream, midstream and downstream companies



3. Various product development trends

The beginning of 5G era is the biggest business opportunity in the heat dissipation industry. According to the forecast of the “5G’s Effects on Economy and Society White Paper” by the CAICT, direct and indirect output driven by 5G in 2030 will reach 6.3 trillion dollars and 10.6 trillion dollars prospectively. In the direct output, it will drive estimated 4840 billion dollars in 2020 when the 5G business market begin. With a continued growth up to 2.2 trillion dollars and 6.3 trillion dollars in 2025 and 2030 prospectively, the compound annual growth rate is 29% during the 10 years. In the indirect output, it will drive estimated 1.2 trillion dollars, 6.3 trillion dollars, and 10.6 trillion dollars in 2020, 2025, and 2030 prospectively. The compound annual growth rate is 24%.

4. Product competition

The competition status on the heat pipe product: The Company and the module manufacturers are competitive-cooperative to make up the production capacity and technical deficiencies of the manufacturers.

3. Technology and R & D Overview

The R&D expense of the Company in 2020 was NT 76,000 thousand dollars. The R&D result is as follow:

1. Analyzed raw materials like copper pipe, copper powder and metal braids to makes up the best composition of raw materials to improve product performance and competitiveness.
2. Thin pipes with a wall thickness of 0.1mm a have narrower groove spacing/increased number of teeth to stretch copper pipes, which can reduce outsourcing requests and reduce costs.
3. Development of woven flat mesh, which mainly used for flat-head heat pipes with larger diameters and a flattened thickness of less than 0.4mm to improve the production yield of woven mesh heat pipes.
4. Develop ultra-thin heat spreader of thickness 0.2mm. The development of samples has been completed. If there are demands from clients, then the products can be put into test production immediately. It was mainly applied in cell phones and tablet.
5. Development of ultra-thin hot plate with a thickness of 0.25mm, using PWS copper powder printing as a capillary structure. The development of samples has been completed. If there are demands from clients, then the products can be put into test production immediately. It was mainly applied in cell phones and tablet.
6. Develop ultra-thin heat spreader made in stainless-steel materials. Such products can enhance the strength of ultra-thin heat spreader products so that it can be made thinner

and have broader application.

7. The production equipment for the heat pipes without central rods has been put into mass production. It is mainly used in the production of heat pipe with copper mesh braided, which can greatly improve the production yield and efficiency of heat pipes, and effectively reduce manpower and costs.
8. The production equipment for the heat pipes automatic bending and flattening has been put into mass production, which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
9. Develop automatic production equipment for thin hot plates, replacing brazing with resistance diffusion welding, which can reduced production process and greatly improve the production yield and efficiency.
10. Developed heat pipes and spreader applied in the emerging applications like automotive, home appliances, drones, VR equipment as well as applications operating in the high- or low-temperature environment.

The Company has continually enhanced its research and development capabilities and recruited R&D professionals. The future research and development focus is still on the improvement and enhancement of existing heat pipe products and production process and equipment of thin heat spreader as well as the development of dispersion products lighter and thinner in respond to the market demands.

4. Long and short-term business development plans

1. Short-term business development plan

- (1) Expand the sales team, customer, and product applicability. We will focus on cellphone, server, eSports, and communication product this year.
- (2) Actively develop new niche product type and automation process technology to strengthen the competitive niche.
- (3) Expand the supply in global heat conductivity and take 50% of the global market share.

2. Long-term business development plan

- (1) Create the best marketing team and make global sales of element and module to meet the ultimate goal of being the leader in global market.
- (2) Reach the international standard of the heat pipe production by new process introduction, new product development, and expansion of the equipment scales.
- (3) Actively plan for oversea production location and expand work division globally. It would reach the goal of source supply, lower production cost, and refine product quality.
- (4) Combine technology and humanity to protect global environment, while developing product of energy saving and zero pollution is the duty of a global citizen.
- (5) Gather the best corporate culture and talent to get hold on the future and create the goal for sustainability.

2. Market and Sales Overview

(1) Market analysis

1. Market share

The main sales product of Yeh-Chiang is heat pipe for PC and communication related product. The total shipment in 2020 was 112 million.

2. Market supply and demand situation and future growth

A. Ultrathin heat pipe for cellphone

Heat dissipation in cellphone, eSports console, server, and display card are the main focus in the market this year. Order in these types of products will increase dramatically.

The new fields of heat dissipation are battery for automobile, drone, VR equipment and digital TV box. They all need heat pipe or vapor chamber to solve the problem of heat. We are the experts in heat dissipation in electronic products and will provide the best solution in new application.

B. Ultrathin vapor chamber for cellphone

Production equipment and professional are set since the ultrathin vapor chamber career division was established. Multiple products are sent to customer verification and is ready for production. The production capability can be increased in accordance with the market demand.

3. Competitive niche, favorable development prospects, unfavorable factors and countermeasures

(1) Favorable factors

A. Advantage of technology integration that is industry-leading

We are equipped with overall technology integration ability. We develop our own production from basis material, process, production line design, to assembly equipment. This would not only help to control the production capacity on our own, but also reduce the production cost.

B. Strong R&D capability and abundant R&D result

With strong R&D capability, practical experience, and overall technology integration ability, we are able to develop leading product with high added value.

C. Global market scale continues to grow

With the fast development of technology, all sorts of information, communication, and consumer electronics are parts of our life now. The market is expanding year by year. The improved performance of tablet and cellphone will bring up a new demand of heat pipe. The future market of the console is also very promising. Being on top of the upstream material supplier, we will benefit from the expansion of the electronics market.

(2) Unfavorable factors and countermeasures

A. Risk of price fluctuation in metal

When producing electronics material and heat pipe, there is a certain demand in rare precious metal. Thus, the price fluctuation of precious metal would affect our material cost.

Countermeasures:

We need to strengthen the risk avoidance concept and the understanding of derivative financial products of the financial personnel, while strengthening the bond with the financial agency to keep up of the latest information on metal price. It would help us determine the future material cost on precious metal.

B. More production from domestic manufacturers

Because of the endless business opportunities in heat pipe, many competitors have prepared for massive production. With the rapid growth in the information and communication market in the country, the demand in heat pipe increases as well. This attracts more manufacturer for production.

Countermeasures:

- ① Fully develop the research and developing capability in various products for customers' need. It would increase the added value of the product and maintain its competitiveness.
- ② Increase the yield rate with the existing good production basis while lowering the production cost for better gross profit.
- ③ Continue to provide full service to existing customer in product design, massive production, admin support, distribution, and after sales service. It would help to strengthen the long-term cooperation relation.

C. More demand in product capability and production cost.

Since the shape of heat pipe is getting more complex, making it more difficult for its mold and process. As a result, the production cost increases as well.

Countermeasures:

- ① Continue to develop automation equipment with new manufacturing procedure to increase the effectiveness and reduce the production time. It would help to increase the quality and reduce the cost as well.
- ② Increase the production ability in mold design to reduce the process step and production cost.

D. New technology, new product, and new challenge.

It needs more marketing promotion and market expansion in new fields such as cellphone module, server module, and two-phases products:

Countermeasures:

- ① Analyze the industry environment to differentiate ourselves. Start from the competitors in the market, clarify the product position in the mind of consumers and the strengths and weaknesses of the product.

- ② Support with excellent quality. Quality is a comprehensive concept, including engineering quality, culture quality, and management quality. It is essential to establish an image with quality.
- ③ Integrate, propagate, and apply the heat dissipation technology in the market while actively developing new route and distributor. Increase the product and the Company's exposure via electronic media, press, internet, and trade show while promoting the advantage of the Company's high efficiency on heat dissipation.

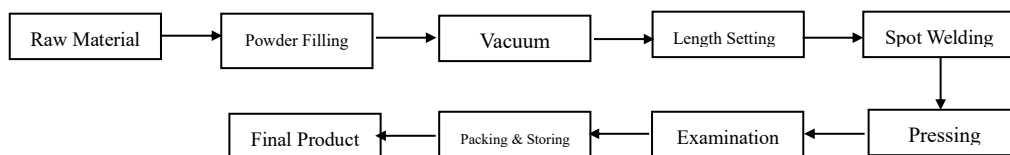
(2) Main products' important functions and production process

1. Main products' important functions

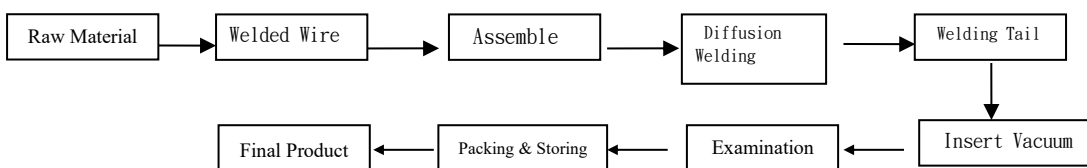
Main product	Function
Heat Pipe	Heat dissipation for 3C technology products, LED lamps, car light and batteries.
Vapor Chamber	Heat dissipation for high power products such as server and display card.
Ultrathin Heat Pipe	Heat dissipation for smartphone, tablets and notebooks.
Ultrathin Vapor Chamber	Heat dissipation for smartphone, tablets and notebooks.
Heat Dissipation Module	Heat dissipation module for non-notebook products such as industrial computer and projector.
Two-Phase Thermal Syphon	Special working temperature needs such as frozen medical and large LCD.

2. Production process

(1) Heat pipe process



(2) Vapor chamber process



(3) Primary raw materials

Product type	Main material	Main supplier	Supply status
Heat pipe/vapor chamber	Copper pipes , coil, copper plate	Hailiang, Naile	Good

(4) Customers accounted for more than 10% of the total purchases (sales) in the past two years:

1. Data of major supplier for the last two years

Unit: NT\$ thousand

		2019			2020				As of the previous season of 2021			
Item	Name	Amount	Net purchase of the year (%)	Relation with the issuer	Name	Amount	Net purchase of the year (%)	Relation with the issuer	Name	Amount	Net purchase as of the previous season of the year (%)	Relation with the issuer
1	Hailien	124,237	13.50	Vendor	Niele	242,961	34.28	Vendor	Niele	90,383	46.27	Vendor
2	Laiton	102,626	11.15	Vendor	Hailien	183,488	25.89	Vendor	Hailien	44,754	22.91	Vendor
	Other	693,588	75.35	Vendor	Other	282,329	39.83	Vendor	Other	60,183	30.82	Vendor
		920,451	100.00			708,778	100.00			195,320	100.00	

Analysis of the changes in supplier: No change in major supplier for the last two years.

2. Data of major sales customer for the last two years

Unit: NT\$ thousand

Item	2019				2020				Until the previous quarter of 2021			
	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
1	Auras (and its associates)	316,692	14.10	Customer	Delta (and its associates)	515,350	19.24	Customer	Auras (and its associates)	157,906	25.56	Customer
2	Huaying Electronics	244,645	10.89	Customer	Auras (and its associates)	511,562	19.10	Customer	Delta (and its associates)	72,959	11.81	Customer
3	Delta (and its associates)	201,790	8.99	Customer	Huaying Electronics	272,094	10.15	Customer				
	Other	1,482,556	66.02	Customer	Other	1,379,474	51.50	Customer	Other	386,918	62.63	Customer
	Net Sales	2,245,683	100.00		Net Sales	2,678,480	100.00		Net Sales	617,783	100.00	

Reason for change: No change in major sales customer for the last two years.

5. Production value in the last two years

Unit: NT\$ thousand

Major Production Volume and Value \ Year	Unit	2019			2020		
		Production Capacity	Yield	Output Value	Production Capacity	Yield	Output Value
Heat pipe	Thousand	144,000	96,750	1,783,971	216,000	112,266	2,178,153
Total	-			1,783,971			2,178,153

6. Sales value for the last two years

Unit: NT\$ thousand

Major Production Volume and Value \ Year	Unit	2019				2020			
		Domestic Sale		Export Sales		Domestic Sale		Export Sales	
		Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Heat pipe	Thousand	50,646	1,031,450	44,176	888,058	67,067	1,370,404	45,261	973,766
LED	Thousand	5,939	291,652	33	34,523	5,485	311,050	24	23,260
Total	-		1,323,102		922,581		1,681,454		997,026

3. Employees information

Unit: Person

Year		2019	2020	Up to Apr 25, 2021
Number of employees	Direct employees	964	1,230	851
	Indirect employees	2,032	1,702	2,179
	Total	2,996	2,932	3,030
Average Age		34.33	33.32	33.67
Average Service Years		10.03	5.88	8.32
Education level distribution ratio (%)	Ph. D.	-	-	-
	Master	0.51	1.36	1.22
	University	8.53	9.82	8.87
	High school	6.29	6.45	5.91
	Below high school	84.67	82.37	84.00

4. Disbursements for environmental protection

Losses (including remedial measures), total amount of penalties (including remedies) and total expenditures (including the estimated amount of compensation, fines or penalties) due to failure in taking responsive action in the recent years or ending the publication date of this report. If it is not feasible to make a reasonable estimate, it should be clearly indicated as such: None.

5. Labor relations

(1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures:

1. Employee benefits :

The Company always pay attention to employee salary and benefit while cultivating talents and implementing labor law to ensure employee's right. In addition to cover with national health insurance and labor insurance, employee welfare committee is set up for handling employee benefit matters. With a well-established welfare system, it allocates welfare every month to secure employee's life. Good employee training is also provided for employees to establish trusty and reliable relationship. The main benefits of the Company is as follow:

- A. Consolation money for sickness or injury.
- B. Cash gift on five holidays (Spring holiday, Moon Festival, Dragon Boat Festival, employee's birthday, and Labor Day)
- C. Allowance for wedding and.
- D. Allowance for travel.

2. Employee advance study:

The Company provides complete employee training system. With the training management regulation, employees may receive up to date professional training to increase their knowledge in professional field.

3. Employee training:

The Company has budget and plan to hold in-service training, professional training, and annual training every year regularly.

4. Retirement system and its implement:

The company has set up a staff retirement scheme. In accordance with Article 2 in the Labor Pension Regulations, 2% of the monthly salary of employees is allocated in a special account in the Bank of Taiwan. It is also under the rule of No. 18 retirement pension treatment in IFRSs since 2001.

When adopting a defined contribution plan, the Company will allocate 6% of the monthly salary of employees to the Labor Insurance Bureau in compliance with the regulation.

5. Employee rights and interests :

The Company has regulations and systems on employee rights, obligations, and benefits and regularly review and amend them to maintain all employee rights.

6. Labor agreements, maintenance of employee rights and interests:

All rules and regulations of the Company are in accordance with the Labor Act. In order to maintain good interaction between the Company and employees, employees can communicate with the Company about any systems or job environment via Welfare Committee, Labor-management Conference.

- (2) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: no loss incurred in the recent year and up to the date of publication of this report.

6. Important contracts: None

VI. An Overview of the Company's Financial Status

1. Condensed balance sheets and statements of comprehensive income

(1) Condensed balance sheet and consolidated income statement-
International Financial Reporting Standards

1. Condensed balance sheet (consolidated)

Unit: NT\$ thousand

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Current Assets		2,967,413	2,220,902	2,057,587	2,101,422	2,278,615	2,135,625
Property, plant, and equipment		303,958	519,932	684,551	1,307,631	1,739,139	1,772,864
Intangible assets		29,991	21,875	13,979	5,953	3,104	3,012
Other assets		132,661	288,668	287,205	442,941	496,726	619,514
Total assets		3,434,023	3,051,377	3,043,322	3,857,947	4,517,584	4,531,015
Current liabilities	Before distribution	522,432	411,303	295,297	803,161	1,122,956	1,062,291
	After distribution	522,432	411,303	295,297	803,161	1,122,956	1,062,291
Non-current liabilities		4,064	1,211	1,224	102,872	148,452	137,049
Total liabilities	Before distribution	526,496	412,514	296,521	906,033	1,271,408	1,199,340
	After distribution	526,496	412,514	296,521	906,033	1,271,408	1,199,340
Equity Attributed to Stockholders of the Company		-	-	-	-	-	-
Share capital		1,824,799	1,824,799	1,824,799	1,824,799	1,824,799	1,824,799
Capital surplus		824,660	831,350	831,350	831,220	831,220	831,220
Retained earnings	Before distribution	283,469	38,255	158,327	381,427	656,296	730,509
	After distribution	283,469	38,255	158,327	381,427	656,296	730,509
Other equity interest		(85,947)	(105,145)	(123,002)	(143,625)	(127,477)	(113,571)
Treasury stock		-	-	-	-	-	-
Non-controlling equity		60,546	49,604	55,327	58,093	61,338	58,718
Total equity	Before distribution	2,907,527	2,638,863	2,746,801	2,951,914	3,246,176	3,331,675
	After distribution	2,907,527	2,638,863	2,746,801	2,951,914	3,246,176	3,331,675

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2 : The financial information up to Mar 31, 2021 is reviewed by the accountants.

2. Condensed balance sheet (Individual)

Unit: NT\$ thousand

Item	Year	Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2 0 2 1
		2016	2017	2018	2019	2020	
Current Assets		1,243,715	905,938	765,711	948,096	1,094,651	Not applicable
Property, plant, and equipment		99,606	98,323	96,167	95,959	95,831	
Intangible assets		28,411	20,655	13,066	5,291	2,532	
Other assets		1,616,117	1,681,275	1,879,244	1,970,112	2,289,950	
Total		2,987,849	2,706,191	2,754,188	3,019,458	3,482,964	
Current liabilities	Before distribution	139,532	116,132	62,447	109,547	237,931	
	After distribution	139,532	116,132	62,447	109,547	237,931	
Non-current liabilities		1,336	800	267	16,090	60,195	
Total liabilities	Before distribution	140,868	116,932	62,714	125,637	298,126	
	After distribution	140,868	116,932	62,714	125,637	298,126	
Equity Attributed to Stockholders of the Company		-	-	-	-	-	
Share capital		1,824,799	1,824,799	1,824,799	1,824,799	1,824,799	
Capital surplus		824,660	831,350	831,350	831,220	831,220	
Retained earnings	Before distribution	283,469	38,255	158,327	381,427	656,296	
	After distribution	283,469	38,255	158,327	381,427	656,296	
Other equity interest		(85,947)	(105,145)	(123,002)	(143,625)	(127,477)	
Treasury stock		-	-	-	-	-	
Non-controlling equity		-	-	-	-	-	
Total equity	Before distribution	2,846,981	2,589,259	2,691,474	2,893,821	3,184,838	
	After distribution	2,846,981	2,589,259	2,691,474	2,893,821	3,184,838	

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

3. Condensed Income Statement (Consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenues	2,173,107	2,151,112	1,905,226	2,245,683	2,678,480	617,783
Gross profit	211,670	133,100	362,052	557,549	693,003	164,992
Net operating income	(135,066)	(184,672)	87,927	254,978	391,117	91,950
Profit before income tax, net	364,840	(64,464)	34,589	10,693	(15,233)	(8,071)
Profit	229,774	(249,136)	122,516	265,671	375,884	83,879
Profit of the operating departments	212,903	(248,489)	111,950	225,322	277,797	64,259
Loss of the closed departments	-	-	-	-	-	-
Profit(Loss)	212,903	(248,489)	111,950	225,322	277,797	64,259
Other comprehensive income, net	(92,223)	(19,257)	(55,936)	(20,296)	16,807	21,240
Total comprehensive income	120,680	(267,746)	56,014	205,026	294,604	85,499
Profit attributable to the equity holders of the company	214,003	(245,155)	111,399	222,773	274,210	66,879
Net profit attributable to non-controlling interests	(1,100)	(3,334)	551	2,549	3,587	(2,620)
Comprehensive income attributable to the equity holders of the Company	121,780	(264,412)	55,463	202,477	291,017	88,119
Comprehensive income attributable to non-controlling interests	(1,100)	(3,334)	551	2,549	3,587	(2,620)
Earnings per share	1.17	(1.34)	0.61	1.22	1.50	0.37

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2 : The financial information up to Mar 31, 2021 is reviewed by the accountants.

4. Condensed Income Statement (Individual)

Unit: NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2 0 2 1
	2016	2017	2018	2019	2020	
Operating revenues	815,485	906,822	793,987	889,950	978,891	Not applicable
Gross profit	(5,476)	7,199	27,116	129,149	176,754	
Net operating income	(107,135)	(71,431)	(41,617)	30,064	81,463	
Profit before income tax, net	332,000	(174,481)	152,738	196,318	250,413	
Profit	224,865	(245,912)	111,121	226,382	331,876	
Profit of the operating departments	214,003	(245,155)	111,399	222,773	274,210	
Loss of the closed departments	-	-	-	-	-	
Profit(Loss)	214,003	(245,155)	111,399	222,773	274,210	
Other comprehensive income, net	(92,223)	(19,257)	(55,936)	(20,296)	16,807	
Total comprehensive income	121,780	(264,412)	55,463	202,477	291,017	
Profit attributable to the equity holders of the company	214,003	(245,155)	111,399	222,773	274,210	
Net profit attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to the equity holders of the Company	121,780	(264,412)	55,463	202,477	291,017	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	1.17	(1.34)	0.61	1.22	1.50	

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

(2) The names of appointed certified accountants and their audit opinions in the last 5 years

Year	Name of the CPA	Audit opinion
2016	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2017	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2018	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2019	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2020	KPMG Chien-Hui Lu, Jun-Yuan Wu	Unqualified opinion

2. Financial analyses for the past 5 fiscal years

(1) Adoption of International Financial Reporting Standards (Consolidated)

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debts Ratio	15	14	10	23	28	26
	Long-term Funds to Property, Plant and Equipment Ratio	938	498	393	229	192	192
Solvency%	Current Ratio	568	540	697	262	203	201
	Quick Ratio	508	466	614	213	171	165
	Times Interest Earned	131	-136	99	50	28	20
Operating Performance	Average Collection Turnover (Times)	3.61	3.36	3.25	3.25	3.07	2.84
	Average number of days	101	109	112	112	119	129
	Inventory Turnover (Times)	7.83	7.56	6.36	6.03	6.32	5.80
	Average Payment Turnover (Times)	11	11	16	19	13	11
	Average Sales Days	47	48	57	61	58	63
	Property, Plant, and Equipment Turnover (Times)	7.14	4.14	2.78	1.72	1.54	1.40
	Total Assets Turnover (Times)	0.63	0.70	0.63	0.58	0.59	0.56
Profitability	Return on Total Assets (%)	6.57	-7.56	3.66	6.58	6.82	6.24
	Return on equity (%)	7.66	-9.02	4.22	7.98	9.02	8.28
	Pre-tax net profit to paid-in capital ratio (%)	12.59	-13.65	6.71	14.56	20.6	18.4
	Net Margin (%)	9.79	-11.55	5.88	9.92	10.24	10.83
	Earnings per share (NT)	1.17	-1.34	0.61	1.22	1.5	0.4
Cash Flow	Cash Flow Ratio (%)	34	-61	67	13	44	56
	Cash Flow Adequacy Ratio (%)	211	-6	63	23	37	54
	Cash Flow Reinvestment Ratio (%)	6	-9	7	4	15	17
Leverage	Operating Leverage	0	1	2	1	1	2
	Financial Leverage	1	1	1	1	1	1

Analysis of significant changes in financial ratios over the last two years (No analysis required for changes under 20%)

1. Increase in the ratio of liabilities to assets and a decline in solvency due to increase in liabilities.
2. The increase in current liabilities leads to a decline in the current ratio and a decline in short-term debt solvency.
3. The increase in interest expenses has led to a decrease in the interest coverage ratio and a decline in long-term debt solvency.
4. The growth of operating capacity and profitability is due to the increase in operating profit.
5. The increase in cash flow was mainly due to the increase in net cash flow from operating activities.

(2) Adoption of International Financial Reporting Standards (Independent)

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2021
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debts Ratio	5	4	2	4	4	Not applicable
	Long-term Funds to Property, Plant and Equipment Ratio	2,860	2,634	2,799	3,032	3,386	
Solvency%	Current Ratio	891	780	1,226	865	460	
	Quick Ratio	884	768	1,206	857	458	
	Times Interest Earned	-	-	-	1,034.71	2,088.27	
Operating Performance	Average Collection Turnover (Times)	3.04	3.00	2.66	3.29	3.34	
	Average number of days	120	122	137	111	110	
	Inventory Turnover (Times)	253	183	161	213	364	
	Average Payment Turnover (Times)	6	10	16	35	18	
	Average Sales Days	1	2	2	2	1	
	Property, Plant, and Equipment Turnover (Times)	8	9	8	9	10	
	Total Assets Turnover (Times)	0.27	0.34	0.29	0.29	0.28	
Profitability	Return on Total Assets (%)	7.15	-8.61	4.08	7.72	8.44	
	Return on equity (%)	7.66	-9.02	4.22	7.98	9.02	
	Pre-tax net profit to paid-in capital ratio (%)	12.32	-13.48	6.09	12.41	18.19	
	Net Margin (%)	26.24	-27.03	14.03	25.03	28.01	
	Earnings per share(NT)	1.17	-1.34	0.61	1.22	1.5	
Cash Flow	Cash Flow Ratio (%)	11.31	-120.67	41.96	51.38	52.54	
	Cash Flow Adequacy Ratio (%)	3,392.51	-3,793.51	856.69	1,441.97	726.06	
	Cash Flow Reinvestment Ratio (%)	0.57	-5.36	0.99	1.97	3.91	
Leverage	Operating Leverage	1	1	1	1	1	
	Financial Leverage	1	1	1	1	1	

Analysis of significant changes in financial ratios over the last two years (No analysis required for changes under 20%)

1. The increase in liabilities leads to an increase in the ratio of liabilities to assets and a decline in solvency.
2. The increase in current liabilities leads to a decline in the current ratio and a decline in short-term debt solvency.
3. The increase in operating profit leads to an increase in interest coverage and an increase in long-term debt solvency.
4. The growth of operating capacity is due to the decrease in payable turnover rate and the increase in inventory turnover rate.
5. The increase in profitability was mainly due to the increase in operating profit.

Note 1: Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2: Current financial data ending Mar 31, 2021 is signed and checked by certified accountants.

Note 3: Calculation

1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

(1) Average Collection Turnover = Net Sales / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(5) Average Payment Turnover = Cost of Sales / Average Trade Payables

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Total Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note: 6)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

3. Supervisors' or audit committee's report for the most recent year's financial statement

Yeh-Chiang Technology Corp. Review Report of Supervisors

The Board of Directors made the Company's 2020 business report and appropriation of earnings, with the consolidated financial statements and the stand alone financial statements certified by the KMPG accountants Chien-Hui Lu and Jun-Yuan Wu, are approved by the Supervisors and considered that there is no disagreement and can reflect on the Company's financial status and operating result. In accordance with the Article 219 of the Company Act made a report, please review it.

To

2021 Annual Shareholders' Meeting

Yeh-Chiang Technology Corp.

Supervisor : Tong Wei Investing Corp.

Representative: Ya-Ting Hsu

Supervisor : How Ji Investing Corp.

Representative: Chen-Ting Wu

Representative: Shu-Yuan Lin

Mar 31, 2021

- 4. Individual financial statement for the most recent fiscal year, certified by a CPA, please refer to the attachment at the end of the annual report.**
- 5. Consolidated financial statement for the most recent fiscal year, certified by a CPA, please refer to the attachment at the end of the annual report.**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position:

Unit: NT\$ thousand

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	2,101,422	2,278,615	177,193	8.43
Fund and investment	81,148	81,600	452	0.56
Fixed assets	1,307,631	1,739,139	431,508	33.00
Other assets	367,746	418,230	50,484	13.73
Total assets	3,857,947	4,517,584	659,637	17.10
Current liabilities	803,161	1,122,956	319,795	39.82
Long-term liabilities	-	-	-	-
Other liabilities	102,872	148,452	45,580	44.31
Total liabilities	906,033	1,271,408	365,375	40.33
Share capital	1,824,799	1,824,799	-	-
Capital surplus	831,220	831,220	-	-
Retained earnings	381,427	656,296	274,869	72.06
Total equity of shareholders	2,893,821	3,184,838	291,017	10.06

Analysis of items with major change:

(1) Analysis of items with changes over 20% and amount over NT 10 million dollars compared with previous period:

1. Increase in fixed assets: due to the increase in equipment, construction in progress.
2. Increase in current liabilities, other liabilities and total liabilities: due to the increase in equipment payable; Income tax payable, employee dividend payable/remuneration of directors and supervisors, etc. also increased significantly from 2019 to 2020; and the recognition of lease liabilities in conjunction with IFRS.
3. Increase in retained earnings: due to current surplus.

(2) Future responding plan for items with major change: None.

2. Financial performance:

Unit: NT\$ thousand

Item	Year		Increase / Decrease amount	% change
	2019	2020		
Net operating revenue	2,245,683	2,678,480	432,797	19.27
Operating cost	1,688,134	1,985,477	297,343	17.61
Realized operating margin	557,549	693,003	135,454	24.29
Operating expenses	302,571	301,886	(685)	(0.23)
Operating interest	254,978	391,117	136,139	53.39
Non-operating revenue and expenses	10,693	(15,233)	(25,926)	(242.46)
Income before tax of operating departments	265,671	375,884	110,213	41.48
Income tax expense	40,349	98,087	57,738	143.10
Income after tax of operating departments	225,322	277,797	52,475	23.29

1. Analysis on changes of increase and decrease ratio:

- (1) Realized operating margin: due to increase in sales.
- (2) Operating interest: increase in 2020 operating interest is due to increase in sales.
- (3) Operating expense: decrease in 2020 operating expense is due to increase in sales.
- (4) Non-operating revenue and expense: decrease in 2020 is due to foreign exchange loss of the year. In addition, the increase in fixed assets and projects during the year resulted in an increase in interest expenses due to borrowing from related parties Pingdingshan Smith Barney and financial institutions for operating turnover.

2. Estimated sales of the following year and its analysis

The Company will actively develop new product in accordance with the market trend. It will increase the automation on manufacturing process and seek sales cooperation to improve the efficiency. According to the global economy in the future and historical sales experience, the sales of 2021 are still optimistic and stable.

3. The possible effect and responding plan on the Company's future financial sales in change in Company's main business scope:

Up to date, the Company has no plan on changing the main business scope.

3. Cash Flow:

(1) Cash flow analysis for the recent two years

Item \ Year	2019	2020	Increase / Decrease %
Cash flow ratio	12%	44%	266
Cash flow adequacy ratio	23%	37%	60.87
Cash flow reinvestment ratio	3%	15%	400

Analysis of changes:

1. Cash flow ratio: increase in net cash flow from operating activities and increase in current assets.
2. Cash flow adequacy ratio: increase in net cash flow from operating activities.
3. Cash flow reinvestment ratio: increase in net cash flow from operating activities.

(2) Insufficient Capital liquidity improvement plan and Cash flow forecast analysis

Unit: NT\$ thousand

Beginning cash balance	Cash flow from operating activities	Total cash flow of the year	Estimated net cash flow balance	Cash shortage contingency plan	
				Investment plan	Financing plan
730,712	500,000	(200,000)	530,712	-	-

Analysis of changes :

- (1) Operating activities: it will enforce the cost control and improve the operating profit in accordance with the product change in the heat dissipation market.
- (2) Investment activities: mostly adding equipment and automation equipment for new heat dissipation product and investing in plant.
- (3) Financing activities: the cash position on the account is appropriate. The financing need of 2021 will be adjusted accordingly.

4. Major capital expenditures during the most recent fiscal year: None.

5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year:

- (1) Investment policy: The company will re-invest in the same business scope of the company and create a more diversified operation.

(2) Major reasons for investment profit or loss:

Dec 31, 2020

Unit: NT\$ thousand / US\$ thousand

Investment company	Major business scope	Investment purpose	Recognized in investment profit or loss	Major reasons for investment profit or loss	Improvement plan	Investment plans for the coming year
Yeh Chiang Technology (Samoa) Corp.	Re-investment oversea	Holding for re-investment oversea	244,276 (USD8,275)	Recognized in investment profit or loss	—	—
Yeh Chiang Technology (BVI) Corp.	International trading	Oversea international trading	(95) (USD(3))	No significant profit yet, will keep monitoring	—	—
Excel Rainbow Ltd.	Oversea international trading	International trading	(243) (USD(8))	No significant profit yet, will keep monitoring	—	—
Tsai-Xing Biotech Ltd.	Biomass alcohol manufacturing and sales	Biomass alcohol business	150	Recognized in investment profit or loss	—	—
Taiwan- N Lighting Corp. Ltd.	Lighting	Lighting business	20,596	Recognized in investment profit or loss	—	—
Yuh Cheng Materials Co., Ltd.	Electronics parts manufacturing and sales	Investment based on operating strategy	(1,238)	No significant profit yet, will keep monitoring	—	—
So Bright Electronic Co., Ltd.	Lighting	Lighting business	5,948	Recognized in investment profit or loss	—	—
Taiwan New Thermal System Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	(3,913)	No significant profit yet, will keep monitoring	—	—
Vietnam Yeh-Chiang Technology Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	(1,315) (USD(46))	No significant profit yet, will keep monitoring	—	—
Yeh Chiang Technology (Cayman) Corp.	Oversea holding	Holding for re-investment oversea	273,572 (USD9,267)	Recognized in investment profit or loss	—	—
Yeh Chiang Technology Ye Xian(Cayman) Corp.	Oversea holding	Holding for re-investment oversea	(29,267) (USD(991))	No significant profit yet, will keep monitoring	—	—
Zhongshan Weiqiang Technology Co., Ltd.	Heat pipe and solder ball manufacturing and sales	Investment based on operating strategy	178,923 (USD6,061)	Recognized in investment profit or loss	—	—
Zhuhai Weiqiang Technology Co., Ltd.	Heat pipe and solder paste manufacturing and sales	Investment based on operating strategy	(645) (USD(22))	No significant profit yet, will keep monitoring	—	—
Ye County Weiqiang Technology Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	(29,083) (USD(985))	No significant profit yet, will keep monitoring	—	—
Yeh-Chiang Technology Corp. (Pingdingshan)	Heat pipe manufacturing and sales	Investment based on operating strategy	86,508 (USD2,930)	Recognized in investment profit or loss	—	—

(3) Improvement plan: The Company will dispose re-investments of non-related to our business or loss when it is appropriated.

(4) Investment plans for the coming year : None.

6. Risk Management for the Most Recent Fiscal Year and During the Current Fiscal Year up to the Date of Publication of the Annual Report

(1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future :

1. Interest rate : The Company did not get loan from the bank in 2020, therefore changes in interest rate did not have significant effect on the Company's profit or loss.
2. Exchange rate : The Company pays close attention on changes in foreign exchange rate while conducting long-term foreign exchange transactions with banks to maintain a certain range of hedge ratios to reduce exchange rate risk. However, due to the exchange risk for foreign transactions, the Company has practices as follow:
 - (1) Keep an eye on the international financial status to determine exchange rate trend. This would allow the sales to keep a buffer in product quotation to ensure the profit level.
 - (2) Keep up to date information on exchange rate through professional service from the bank we have been cooperated with. Financial personnel will make proper adjustment in hedging or foreign currency to avoid exchange risk.
3. Inflation : The Company pays attention to the market price of the raw material to avoid large fluctuations in the purchase price that may cause the decrease in operating gross profit.

(2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

In order to manage financial risk, the Company has set up "acquire or dispose asset procedure" (includes the specification of trading in derivative commodities), "operating procedure on capital loan to others", and "operation procedure on endorsement guarantee" according to the Financial Supervisory Commission when engaging in relevant business.

Trading policy in derivative commodities: the purpose is to reduce the operating risk and increase profit.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work :

The Company's main R & D projects and expenses are as follows:

- (1) Ultra-thin heat pipe/ ultra-thin heat plates are applied in cellphone heat dissipation design. The major thickness is 0.4mm in the market, and will continue to break the heat pipe limit to 0.35mm. break the ultra-thin heat plates limit to 0.20mm.
- (2) Develop thin pipes with a wall thickness of 0.1mm a have narrower groove spacing/increased number of teeth to stretch copper pipes, which can reduce outsourcing requests and reduce costs.

- (3) Development of woven flat mesh, which mainly used for flat-head heat pipes with larger diameters and a flattened thickness of less than 0.4mm to improve the production yield of woven mesh heat pipes.
 - (4) Development of ultra-thin hot plate with a thickness of 0.25mm, using PWS copper powder printing as a capillary structure. The development of samples has been completed. If there are demands from clients, then the products can be put into test production immediately. It was mainly applied in cell phones and tablet.
 - (5) Develop the production equipment for the heat pipes without central rods has been put into mass production. It is mainly used in the production of heat pipe with copper mesh braided, which can greatly improve the production yield and efficiency of heat pipes, and effectively reduce manpower and costs.
 - (6) Develop the production equipment for the heat pipes automatic bending and flattening has been put into mass production, which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
 - (7) Develop automatic power testing production equipment, which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
 - (8) After developing the heat pipe, it is made into an all-in-one machine (including temperature difference test, appearance and thickness measurement, and printing), which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
 - (9) Develop automatic production equipment for thin hot plates, replacing brazing with resistance diffusion welding, which can reduced production process and greatly improve the production yield and efficiency.
 - (10) Complete heat pipe application demand in new industry including car, home appliance, drone, and VR equipment.
 - (11) The estimated investment in research and development expansion cost is US 9 million dollars in 2021.
- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:
- The Company has followed the domestic and international regulations on its daily operation. The company pays attention to amendments in domestic and international policies and regulations in order to fully understand changes in the legal environment. It adopts appropriate strategies to reduce the impact of domestic and foreign policies and legal changes on the company's financial performance.
- The company has not been affected by major policies and regulation changes locally and internationally. These policies have no significant impact on the company's financial and business activities up to the date of publication of the annual report.
- (5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response: None.
 - (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response : None.
 - (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken : None.
 - (8) Expected benefits and possible risks associated with any plant expansion,

and mitigation measures being or to be taken : None.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken :

The top 3 customers of the Company take on 48.49% of the total sales, which has centralized sales. This is a result of the PC heat dissipation module orders are centralized in top 5 module manufacturers in the upstream. The Company will continue to develop more module customer this year to gradually eliminate the doubts in centralized sales.

The Company is also actively developing new suppliers to establish long-term supply relation with multiple vendors to avoid centralized supply.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

Up to the date of publication of the annual report, the directors of the company or the majority shareholders who hold more than 10% of the company had made no significant transfer or replacement of shares.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken : None.

(12) Litigious and non-litigious matters :

1. The Company has signed contract of exclusive agent as manufacturing and sales of the fiber alcohol in R.O.C district and acquired massive production technology and consulting service with Taiwan Co-Su-Mu Corp. Ltd (Taiwan Co-Su-Mu) on Sept 15, 2009. Afterwards, Taiwan Co-Su-Mu did not perform the terms in the agreement, the Company has proposed a civil suit on Taiwan Co-Su-Mu and its Chairman and Deputy Chairman. After the motion for provisional attachment is granted by the court, the Company paid 16.8 million security deposit to the Taipei District Court. On Dec 7, 2016, Taiwan High Court adjudicated Taiwan Co-Su-Mu shall pay the Company 70.308 million dollars but denied the tort responsibility of the owner of the corporation. Taiwan Co-Su-Mu appealed against the losing part, but was denied by the Taiwan High Court on Oct 11, 2018. Taiwan Co-Su-Mu still maintains the rights to appeal. On Jan 31, 2019, Taiwan Co-Su-Mu appealed against the losing part, but was rejected by the Taiwan Supreme Court as the final determination. It obtained the Certificate of the Obligatory Claim (No.: 108JUS020266) from Taiwan Nantou District Court on Oct 31, 2019 in accordance with Article 27 of the Compulsory Enforcement Act. The Company then executed enforcement procedure on property of Taiwan Co-Su-Mu accordingly. The compulsory execution procedure was opened. On April 29th, 2020, a part of the creditor's right of NT\$599,699 was received from third party Arcadia Earth Co., Ltd. and the case was closed. The rest will be renewed after the property of Taiwan Co-Su-Mu is discovered in the future.
2. The Company purchased "Spotlights" from UNIMAX INVESTMENT SERVICES LIMITED in 2010. Due to the flaws in the product, the Company terminated the contract after summoned for improvement and appealed to the Taipei District Court on Dec 12, 2012. Also, make Taiwan Light Industry Co., Ltd. as reserved defendant while requesting 41.055 million dollars for damages. The said case has filed motion

for provisional attachment and security deposit of 7 million dollars has been paid to the Taipei District Court. The case is proceeded to the Supreme Court trial stage. The Company has appointed attorney filed a third instance appeal on Jul 28, 2017. On Jan 10, 2020, the decision from Taiwan Supreme Court was to reverse the original judgement and sent to the original Taiwan High Court and ordered for a retrial. The Company has appointed Wen-Chi Hsu, Ching-Qiang Lin, and Chi-Cheng Chao attorneys as litigation agents for the first instance retrial. The case is undergoing the first instance trial procedure of the Taiwan High Court.

(13) Other important risks: None.

7. Other important matters: None.

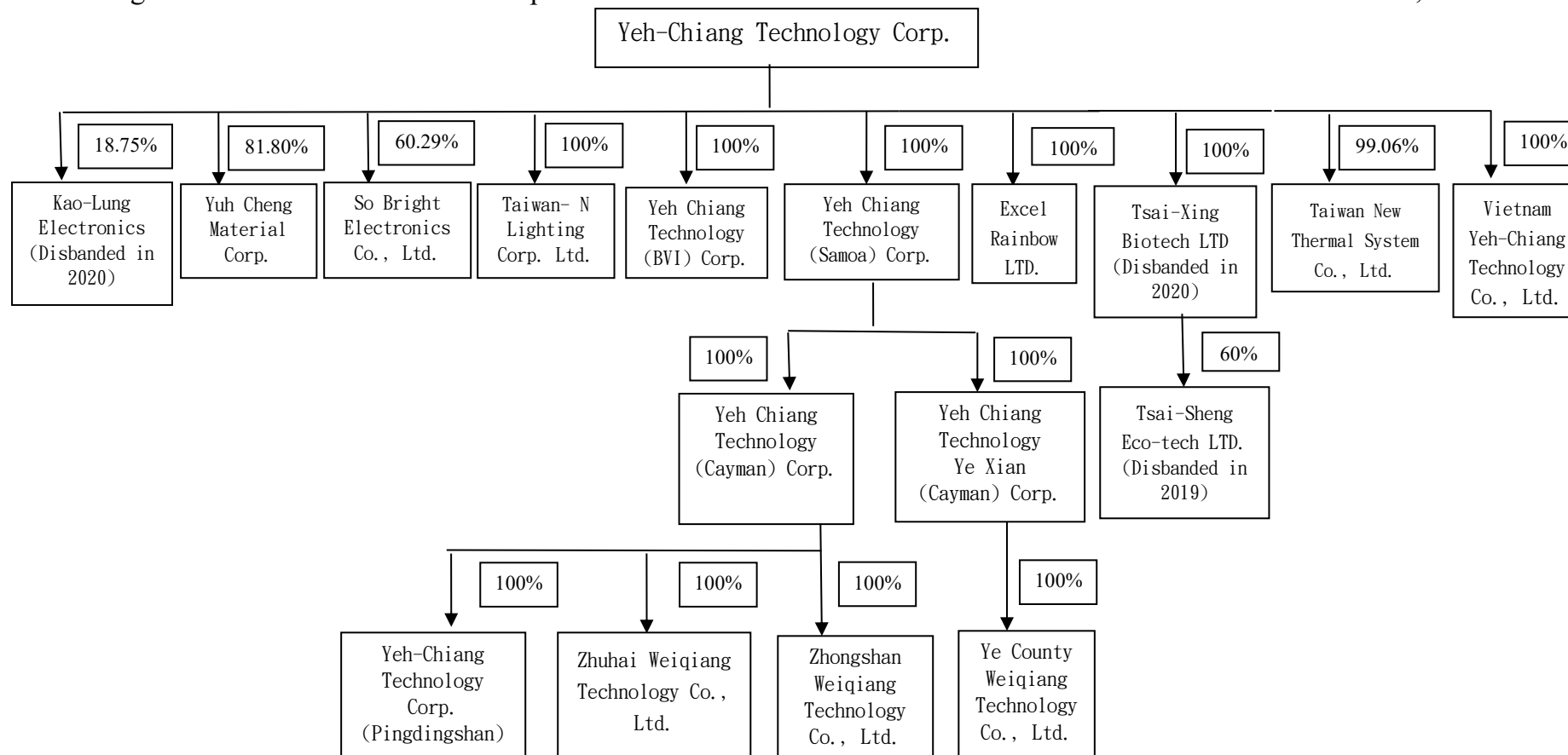
VIII. Special Disclosure

1. Information related to the company's affiliates :

(1) Consolidated Business Report of affiliate companies

1. Organizational chart of affiliate companies

Dec 31, 2020



2. Basic Information of affiliate companies

Dec 31, 2020

Foreign currency unit: thousand dollars / share: thousand shares

Investing	Invested	Location	Main	Original	Investing Amount	Holding	at the	End of Term	Invested Company	Recognized	
Company Name	Company Name		Business	End of Current Term	End of Last Term	Shares	Ratio	Carrying Value	Current Profit or Loss	Investment Profit or Loss	Remarks
The Company	YCTSC	Samoa	Oversea holding	1,194,327 (USD38,082)	1,194,327 (USD38,082)	2,007	100.00%	1,583,895 (USD55,614)	244,276 (USD8,275)	244,276 (USD8,275)	
The Company	YCTBC	B.V. I.	International trading	73,333 (USD2,557)	73,333 (USD2,557)	2,406	100.00%	10,050 (USD353)	(95) (USD(3))	(95) (USD(3))	
The Company	Excel Rainbow	Seychelles	International trading	70,520 (USD2,155)	70,520 (USD2,155)	2,155	100.00%	3,876 (USD136)	(243) (USD(8))	(243) (USD(8))	
The Company	Tsai-Xhieh Biotech	Taipei	Biomass alcohol manufacturing and sales	-	55,000	-	-	-	150	150	
The Company	Tai-Chao	Taipei	Lighting	176,110	176,110	17,611	100.00%	185,225	20,596	20,596	
The Company	So Bright Electronic	Taoyuan	Lighting	63,904	63,904	2,773	60.29%	30,834	9,830	5,948	
The Company	Yuh Cheng Materials	Taipei	Electronics parts manufacturing and sales	136,784	136,784	13,678	81.80%	181,115	(1,455)	(1,238)	
The Company	Taiwan New Thermal System	Taipei	Heat pipe manufacturing and sales	68,000	68,000	5,448	99.06%	35,179	(4,391)	(3,913)	
The Company	Vietnam Yeh Chiang	Vietnam	Heat pipe manufacturing and sales	118,140 (USD4,000)	-	-	100.00%	112,843 (USD3,968)	(1,315) (USD(46))	(1,315) (USD(46))	
YCTSC	YCTCC	Cayman	Oversea holding	USD23,828	USD28,828	1,244	100.00%	1,146,522 (USD40,257)	273,572 (USD9,267)	273,572 (USD9,267)	
YCTSC	YCTCYXC	Cayman	Oversea holding	USD13,760	USD13,760	688	100.00%	423,456 (USD14,869)	(29,267) (USD(991))	(29,267) (USD(991))	
YCTCC	Zhongshan Weiqiang	Zhongshan, China	Heat pipe and solder ball manufacturing and sales	555,362 (USD19,500)	555,362 (USD19,500)	-	100.00%	772,897 (USD27,138)	167,225 (USD5,665)	178,923 (USD6,061)	Note 1
YCTCC	Zhuhai Weiqiang	Zhuhai, China	Heat pipe and solder paste manufacturing and sales	14,240 (USD500)	14,240 (USD500)	-	100.00%	16,186 (USD568)	(645) (USD(22))	(645) (USD(22))	Note 1
YCTCYXC	Ye County Weiqiang	Pingdingshan, China	Heat pipe manufacturing and sales	391,885 (USD13,760)	391,885 (USD13,760)	-	100.00%	423,930 (USD14,885)	(29,203) (USD(989))	(29,083) (USD(985))	Note 1
YCTCC	Yeh-Chiang (Pingdingshan)	Pingdingshan, China	Heat pipe manufacturing and sales	142,400 (USD5,000)	142,400 (USD5,000)	-	100.00%	302,070 (USD10,606)	85,505 (USD2,897)	86,508 (USD2,930)	Note 1

Note 1 : Founded the re-investing company YCTSC in the 3rd region to invest in China indirectly.

Note 2 : The numbers on this chart shown in NTD is exchanged with the 2020 average rate of 29.52 except for the profit or loss recognized in this period. The rest is exchanged at spot exchange rate of 28.48 on Dec 31, 2020.

Note 3 : Recognized as the financial statement of the Taiwan Parent Company reviewed by the CPA.

Note 4 : Related transaction and balance at the end of the term have been written-off.

3. Disclose of people have control and subordinate relationship: None.

4. Information on directors 、supervisors, and general manager of the enterprise

Dec 31, 2020

Company Name	Title	Name or Representative
Taiwan- N Lighting Corp. Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Director	Yeh-Chiang Technology Corp. Representative: Jun-Hua Chen
	Director	Yeh-Chiang Technology Corp. Representative: Rui-Hong Hsu
	Supervisor	Yeh-Chiang Technology Corp. Representative: Fu-Ying Ying
So Bright Electronics Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Director	Yeh-Chiang Technology Corp. Representative: Rui-Hong Hsu
	Director	Yeh-Chiang Technology Corp. Representative: Chen-Ting Wu
	Director	Yeh-Chiang Technology Corp. Representative: Chung-Sien Liu
	Director	Chien-Yu Yi
Taiwan New Thermal System Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Supervisor	Chen-Ting Wu
Yuh Cheng Materials Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Supervisor	How-Ji Investing Corp. Representative: Chen-Ting Wu
Yeh Chiang Technology (Samoa) Corp.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology (Cayman) Corp.	Director	Yeh Chiang Technology (Samoa) Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology (BVI) Corp.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology Ye Xian (Cayman) Corp.	Director	Yeh Chiang Technology (Samoa) Corp. Representative: Ya-Chu Chiu
Excel Rainbow Ltd.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Vietnam Yeh-Chiang Technology Co., Ltd.	Director	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
Zhongshan Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Zhuhai Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Ye County Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Yeh-Chiang Technology Corp. (Pingdingshan)	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Yu-Ping Chang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen

5. Operation Status of affiliate companies

Dec 31, 2020; Unit: NT\$ thousand

Company Name	Actual	Total assets	Total liabilities	Net worth	Operating revenues	Operating interest	Current income	Earnings per share
	Capital						(After tax)	(After tax)
Yeh-Chiang Technology Corp.	1,824,799	3,482,964	298,126	3,184,838	978,891	81,463	274,210	1.50
Yeh-Chiang Technology Corp. (BVI)	73,333	10,114	63	10,051	-	(107)	(94)	(0.01)
Yeh-Chiang Technology Corp. (Samoa)	1,194,737	1,584,254	359	1,583,895	-	(48)	244,276	2.04
Yeh-Chiang Technology Corp. (Cayman)	678,621	1,146,522	-	1,146,522	-	(200)	273,572	4.03
Zhongshan Weiqiang Technology Co., Ltd.	555,362	1,539,387	748,221	791,166	1,808,412	175,494	167,225	-
Zhuhai Weiqiang Technology Corp. Ltd.	14,240	16,228	42	16,186	-	(582)	(645)	-
Excel Rainbow Ltd.	70,520	66,081	62,205	3,876	800,740	(37)	(619)	-
Tsai-Xing Biotech Ltd.	-	-	-	-	-	-	150	-
Tsai-Sheng Eco-tech Ltd.	-	-	-	-	-	-	-	-
Taiwan- N Lighting Corp. Ltd.	176,110	270,394	85,168	185,226	243,628	19,547	20,596	1.17
So Bright Electronics Co., Ltd.	63,904	76,811	29,782	47,029	90,775	7,002	5,713	0.89
Ye County Weiqiang Technology Co., Ltd.	412,400	1,077,233	653,303	423,930	426,196	(33,306)	(29,203)	-
Yeh-Chiang Technology Corp. (Pingdingshan)	149,900	808,679	506,609	302,070	1,140,190	114,369	85,505	-
Yuh Cheng Materials Co., Ltd.	167,208	221,558	147	221,411	-	(957)	(1,455)	(0.11)
Yeh-Chiang Technology Corp. (Ye County, Cayman)	391,885	424,119	663	423,456	-	(184)	(29,267)	-
Taiwan New Thermal System Co., Ltd.	55,000	36,377	965	35,512	-	(4,272)	(4,349)	(0.64)
Vietnam Yeh-Chiang Technology Co., Ltd.	118,140	112,843	-	112,843	-	(1,008)	(1,315)	(0.11)

Note : If the affiliate company is a foreign company, the amount shown is converted to NTD on the date of financial statement.

(2) Relational Business Consolidated Financial Statements:

Statement

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Yeh-Chiang Technology Corp. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2020 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Yeh-Chiang Technology Corp. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 27, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Yeh-Chiang Technology Corp. does not prepare a separate set of Consolidated FS of Affiliates.

Company Name : Yeh-Chiang Technology Corp.

Chairman: Tai-Kuang Wang

Mar 16, 2021

(3) Relational Report : None.

2. Transaction about the Company’s private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

3. Holding or disposal of shares in the company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

4. Other matters that require additional description : None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one : None.

Yeh-Chiang Technology Corp.

CEO : Tai-Kuang Wang

Yeh Chiang Technology Corporation
Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: 7F., No.19-13, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)
Telephone: (02)2655-1166

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Yeh Chiang Technology Corporation:

Opinion

We have audited the financial statements of Yeh Chiang Technology Corporation (" the Company"), which comprise the balance sheet as of December 31, 2020 and 2019, and the statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Evaluation of inventory allowance (including the inventory that was recorded in investments accounted for using the equity method)

For the evaluation of inventory policy please refer to Note 4(7) Summary of Significant Accounting Policies - Inventories, Notes 5 Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty, and Note 6(4) description of Significant Accounts - Inventories to the financial statements.

Description of key audit matter:

In financial reports, inventories are measured at the lower of cost and net realizable value. Therefore, the Company needs to use judgment and estimation to decide on the net realizable value of the inventory on the reporting date. Due to the rapid changes in technology, the launch of new products and the new technologies may cause a significant change in the market, and sales of related products may fluctuate significantly, resulting in inventory costs exceeding its net realizable value. In addition, the policy for the allowance for loss of inventories is based on past experience and the management's estimate of the future. As a result of these subjective judgments and estimates on inventory allowance for loss of value is one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included evaluating the method of providing allowance for inventory valuation and the reasonable information, assumptions and formulas on which it is based; and examining the appropriate supporting documents to assess the appropriateness of the inventory allowance; examining the inventory aging report to analyze the change of inventory aging reports; performing the sample procedures to check the correctness of the inventory aging reports; evaluate whether the evaluation of inventory is consistent with its evaluation policy; performing a retrospective testing to verify the rationality of the provision of obsolescence.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 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 Company' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(15))	\$ 978,891	100	889,950	100
5000	Operating costs (note 6(4), (11), 7 and 12)	802,137	82	760,801	85
	Gross profit from operations	<u>176,754</u>	<u>18</u>	<u>129,149</u>	<u>15</u>
	Operating expenses (note 6(10),(11), (16), 7, and 12):				
6100	Selling expenses	6,870	1	13,407	2
6200	Administrative expenses	81,345	8	80,211	9
6300	Research and development expenses	7,076	1	5,467	1
		<u>95,291</u>	<u>10</u>	<u>99,085</u>	<u>12</u>
	Net operating gain	<u>81,463</u>	<u>8</u>	<u>30,064</u>	<u>3</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net (note 6(2),(17) and 7)	(20,721)	(2)	(5,967)	(1)
7050	Finance costs, net (note 6(10))	(159)	-	(219)	-
7070	Share of profit of subsidiaries accounted for using the equity method, net (note 6(5))	264,166	27	199,802	22
7100	Interest income (note 7)	7,127	1	2,702	-
		<u>250,413</u>	<u>26</u>	<u>196,318</u>	<u>21</u>
	Income before income tax	331,876	34	226,382	24
7950	Less: Income tax expenses (note 6(12))	57,666	6	3,609	-
	Net income	<u>274,210</u>	<u>28</u>	<u>222,773</u>	<u>24</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains on remeasurements of defined benefit plans	659	-	327	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(13))	452	-	15,947	2
		<u>1,111</u>	<u>-</u>	<u>16,274</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss (note 6(13))				
8361	Exchange differences on translation of foreign financial statements	19,621	2	(45,712)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(12))	(3,925)	-	9,142	(1)
		<u>15,696</u>	<u>2</u>	<u>(36,570)</u>	<u>(4)</u>
8300	Other comprehensive income	<u>16,807</u>	<u>2</u>	<u>(20,296)</u>	<u>(2)</u>
8500	Comprehensive income	<u>\$ 291,017</u>	<u>30</u>	<u>202,477</u>	<u>22</u>
	Earnings per share (New Taiwan Dollars) (note 6(14))				
9750	Basic earnings per share	<u>\$ 1.50</u>		<u>1.22</u>	
9850	Diluted earnings per share	<u>\$ 1.48</u>		<u>1.22</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Total	Exchange differences on translation of foreign financial statements	Other equity		Total	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total		
Balance at January 1, 2019	\$ 1,824,799	831,350	33,102	94,853	30,372	158,327	(123,796)	794	(123,002)	2,691,474	
Net Income	-	-	-	-	222,773	222,773	-	-	-	222,773	
Other comprehensive income (loss)	-	-	-	-	327	327	(36,570)	15,947	(20,623)	(20,296)	
Total comprehensive income	-	-	-	-	223,100	223,100	(36,570)	15,947	(20,623)	202,477	
Appropriation and distribution of retained earnings:											
Legal capital reserve	-	-	3,037	-	(3,037)	-	-	-	-	-	
Special capital reserve	-	-	-	17,857	(17,857)	-	-	-	-	-	
Changes in ownership interests in subsidiaries	-	(130)	-	-	-	-	-	-	-	(130)	
Balance at December 31, 2019	<u>1,824,799</u>	<u>831,220</u>	<u>36,139</u>	<u>112,710</u>	<u>232,578</u>	<u>381,427</u>	<u>(160,366)</u>	<u>16,741</u>	<u>(143,625)</u>	<u>2,893,821</u>	
Net income	-	-	-	-	274,210	274,210	-	-	-	274,210	
Other comprehensive income (loss)	-	-	-	-	659	659	15,696	452	16,148	16,807	
Total comprehensive income	-	-	-	-	274,869	274,869	15,696	452	16,148	291,017	
Appropriation and distribution of retained earnings:											
Legal capital reserve	-	-	22,278	-	(22,278)	-	-	-	-	-	
Special capital reserve	-	-	-	30,915	(30,915)	-	-	-	-	-	
Balance at December 31, 2020	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>58,417</u>	<u>143,625</u>	<u>454,254</u>	<u>656,296</u>	<u>(144,670)</u>	<u>17,193</u>	<u>(127,477)</u>	<u>3,184,838</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Yeh Chiang Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 331,876	226,382
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,876	4,940
Amortization expense	2,964	8,059
Net gain on financial assets and liabilities at fair value through profit or loss	(580)	(1,288)
Interest expense	159	219
Interest income	(7,127)	(2,702)
Dividend income	(6,176)	(6,311)
Reversal of inventory obsolescence gain	(1,267)	-
Share of profit of subsidiaries accounted for using the equity method	(264,166)	(199,802)
Others accounted for using the equity method	103	19
	<u>(271,214)</u>	<u>(196,866)</u>
Changes in operating assets and liabilities:		
Notes and trade receivables, net	(22,295)	(22,961)
Inventories	2,328	1,672
Other operating assets	1,850	(1,136)
Notes and trade payables (including related parties)	34,460	11,747
Other operating liabilities	35,950	30,548
	<u>52,293</u>	<u>19,870</u>
Total adjustments	<u>(218,921)</u>	<u>(176,996)</u>
Cash flow generated from operations	112,955	49,386
Interest received	6,546	401
Dividends received	6,176	6,749
Interest paid	(159)	(219)
Income taxes paid	(520)	(36)
Net cash flows from operating activities	<u>124,998</u>	<u>56,281</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(13,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	58,362	200,314
Acquisition of investments accounted for using the equity method	(118,140)	(40,000)
Proceeds from capital reduction of investments accounted for using equity method	-	141,189
Liquidation by investment company shares shall return	56,608	-
Acquisition of property, plant and equipment	(359)	(343)
Disposal of property, plant and equipment	-	14
Decrease in refundable deposits	17,653	3,515
Increase in other receivables - related parties	(9,188)	(389,740)
Acquisition of intangible assets	(16)	-
Decrease in other financial assets	9	3,200
Net cash flows used in investing activities	<u>(8,071)</u>	<u>(81,851)</u>
Cash flows from financing activities:		
Increase in bank loan	49,990	10
Payment of lease liabilities	(4,357)	(4,295)
Net cash flows used in financing activities	<u>45,633</u>	<u>(4,285)</u>
Net increase (decrease) in cash and cash equivalents for the period	162,560	(29,855)
Cash and cash equivalents at beginning of period	110,560	140,415
Cash and cash equivalents at end of period	<u>\$ 273,120</u>	<u>110,560</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Yeh Chiang Technology Corporation (the "Company") was incorporated in December 23, 1994 and commenced its business operation in December 1995. The registered address of the Company's office is 7th Floor, No.13, No.19, Sanchong Road, Nangang District, Taipei. The Company's ordinary shares were publicly listed on the Taiwan Exchange in March 2002.

The major business activities of the Company are the production and sales of high-tech heat pipe components, and solder balls.

2. Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 16, 2021.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

- (2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its company financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

- (3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its company financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

- (1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each the Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

- C. It is due to be settled within twelve months after the reporting period; or
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings' .

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investments in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their financial statements. Under the equity method, profit, other comprehensive income and equity in the financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

The estimated useful lives for the current and comparative years of property, plant and equipment are as follows:

- | | |
|-----------------------------|-------------|
| (a) Buildings | 15~25 years |
| (b) Machinery and equipment | 8 years |
| (c) Miscellaneous equipment | 2~6 years |

The depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Lease

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Company has the right to direct the use of the asset throughout the period of use only if either:
 - the Company has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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Notes to the Financial Statements

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Notes to the Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of corporate fleet vehicle and staff dormitory that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(11) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years of patents and trademarks are 10 to 23 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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Notes to the Financial Statements

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods-electronic components

The Company manufactures and sells high-tech heat pipe components and solder balls. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

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Notes to the Financial Statements

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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Notes to the Financial Statements

(15) Income taxes

Income taxes comprise include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Notes to the Financial Statements

Deferred tax assets are recognized for the carry forward of unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(16) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(17) Operating segments

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Evaluation of inventory allowance (include the inventory that recorded in investments accounted for using the equity method.)

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

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Notes to the Financial Statements

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Petty cash and cash on hand	\$ 12	3
Check and demand deposits	108,622	18,677
Foreign exchange deposit	164,486	91,880
	\$ 273,120	110,560

Please refer to note 6(18) for the credit risk of the financial assets and liabilities of the Company.

(2) Financial instruments

A. Current financial assets at fair value through profit or loss

	December 31, 2020	December 31, 2019
Beneficiary Certificates - mutual Funds	\$ 108,682	153,464

The gains arising from the fair value assessment of the financial assets of the Company in 2020 and 2019 were \$580 thousand and \$1,288 thousand.

B. Non-Current financial assets at fair value through other comprehensive income:

	December 31, 2020	December 31, 2019
Listed stocks - ASUSTeK Computer Inc.	\$ 33,247	30,725
Listed stocks - Pegatron Corporation	19,706	20,028
Emerging Stock – Powerchip Semiconductor Manufacturing Corporation	23,289	-
Domestic non-listed (cabinet) stocks - Song Long Electronics Co., Ltd.	2,500	13,214
Domestic non-listed (cabinet) stock - Powerchip Technology Corporation	2,858	17,181
	\$ 81,600	81,148

In 2020, Powerchip Technology Corporation will reduce its capital and return the share price with property other than cash, wherein the Company will obtain 466 thousand shares of Powerchip Semiconductor Manufacturing Corporation.

The Company investments in these equity instruments are not held for trading purposes and have been designated for non-current financial assets at fair value through other comprehensive income.

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Notes to the Financial Statements

(3) Notes and trade receivables, net

	December 31, 2020	December 31, 2019
Note receivables	\$ -	1,303
Trade receivables - measured as amortized cost	304,575	285,120
Less: Loss allowance	-	(4,143)
	\$ 304,575	282,280

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision as of December 31, 2020 and 2019 were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Not past due	\$ 304,575	0%	-
	December 31, 2019		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Not past due	\$ 282,280	0%	-

The movement in the allowance for notes and trade receivables were as follows:

	December 31, 2020	December 31, 2019
Balance at January 1	\$ (4,143)	(5,126)
Impairment losses reversed	4,143	983
Balance at December 31	\$ -	(4,143)

(4) Inventories

	December 31, 2020	December 31, 2019
Trading inventories	\$ 1,673	2,734

In 2020 and 2019 the Company recognized cost of sales amounting to \$802,137 thousand and \$760,801 thousand, respectively; the reversal of write-downs amounting to \$1,267 thousand and \$0 thousand, respectively. The reversals are included in cost of sales.

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Notes to the Financial Statements

As of, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

(5) Investments accounted for using the equity method

A. The Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 2,143,017	1,797,829

For the year ended December 31, 2020 and 2019, recognized share of profit of subsidiaries accounted to \$264,166 thousand and \$199,802 thousand.

B. Subsidiaries

Please refer to the 2020 consolidated financial report.

C. Collateral

As of December 31, 2020 and 2019, the Company did not provide any investments accounted for using the equity method as collaterals for its loans.

(6) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings	Machinery and equipment	Other facilities	Total
Cost or deemed cost:					
Balance on January 1, 2020	\$ 99,391	8,362	1,122	32,127	141,002
Additions	-	-	-	359	359
Balance on December 31, 2020	\$ 99,391	8,362	1,122	32,486	141,361
Balance on January 1, 2019	\$ 99,391	8,362	1,122	31,887	140,762
Additions	-	-	-	343	343
Disposal	-	-	-	(103)	(103)
Balance on December 31, 2019	\$ 99,391	8,362	1,122	32,127	141,002
Depreciation and impairments loss:					
Balance on January 1, 2020	\$ 4,673	8,243	904	31,223	45,043
Depreciation	-	119	125	243	487
Balance on December 31, 2020	\$ 4,673	8,362	1,029	31,466	45,530
Balance on January 1, 2019	\$ 4,673	7,954	779	31,189	44,595
Depreciation	-	289	125	137	551
Disposal	-	-	-	(103)	(103)
Balance on December 31, 2019	\$ 4,673	8,243	904	31,223	45,043

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Notes to the Financial Statements

	Land	Buildings	Machinery and equipment	Other facilities	Total
Carrying amounts:					
Balance on December 31, 2020	\$ 94,718	-	93	1,020	95,831
Balance on December 31, 2019	\$ 94,718	119	218	904	95,959
Balance on January 1, 2019	\$ 94,718	408	343	698	96,167

As of December 31, 2020 and 2019, the Company did not provide any property, plant and equipment as collateral for its loans.

(7) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2020 and 2019, were as follows:

	Patent and trademark
Costs:	
Balance at January 1, 2020	\$ 81,403
Additions	16
Balance at December 31, 2020	<u>\$ 81,419</u>
Balance at December 31, 2019 (Opening Balance)	<u>\$ 81,403</u>
Accumulated amortization:	
Balance at January 1, 2020	\$ 76,112
Amortization	2,775
Balance at December 31, 2020	<u>\$ 78,887</u>
Balance at January 1, 2019	\$ 68,337
Amortization	7,775
Balance at December 31, 2019	<u>\$ 76,112</u>
Carrying value:	
Balance at December 31, 2020	<u>\$ 2,532</u>
Balance at December 31, 2019	<u>\$ 5,291</u>
Balance at January 1, 2019	<u>\$ 13,066</u>

A. Recognition of amortization

The amortization of intangible assets is included in the statement of comprehensive income under the operating expenses, please refer to note 12(1).

B. As of December 31, 2020 and 2019, the Company did not provide any intangible assets as collateral for its loans.

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Notes to the Financial Statements

(8) Bank loan

	December 31, 2020	December 31, 2019
Credit loan	\$ 50,000	10
Unused short-term credit lines	\$ 445,440	429,930
Range of interest rates	0.88%	1.54%

(9) Right-of-use assets

The Company leases buildings. Information about leases for which the Company as a lessee was presented below:

	Buildings
Cost:	
Balance at December 31, 2020 (Opening Balance)	\$ 17,557
Balance at December 31, 2019 (Opening Balance)	\$ 17,557
Accumulated depreciation:	
Balance at January 1, 2020	\$ 4,389
Depreciation	4,389
Balance at December 31, 2020	\$ 8,778
Balance at January 1, 2019	\$ -
Depreciation	4,389
Balance at December 31, 2019	\$ 4,389
Carrying amount:	
Balance at December 31, 2020	\$ 8,779
Balance at December 31, 2019	\$ 13,168
Balance at January 1, 2019	\$ 17,557

(10) Lease liabilities

The carrying amount of lease liabilities of the Company is:

	December 31, 2020	December 31, 2019
Current	\$ 4,420	4,357
Non-current	\$ 4,485	8,905

For the maturity analysis, please refer to note 6(18).

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Notes to the Financial Statements

The amounts recognized in profit or loss was as follows:

	<u>2020</u>	<u>2019</u>
Interest expense on lease liabilities	\$ 159	219
Expenses relating to short-term leases	\$ 309	2,211
Total cash outflow for leases	\$ 4,825	6,725

Real estate leases

As of December 31, 2020 and 2019, the Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 4 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company has elected not to recognize right-of-use assets and lease liabilities for these leases which are short-term and leases of low-value items.

(11) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of the defined benefit obligations	\$ (8,810)	(8,954)
Fair value of plan assets	13,970	13,428
Net defined benefit liabilities	\$ 5,160	4,474

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$13,970 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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Notes to the Financial Statements

(b) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Defined benefit obligations at 1, January	\$ 8,954	8,665
Current service costs and interest cost	56	146
Remeasurements loss (gain):		
– financial assumptions	(200)	143
Defined benefit obligations at 31, December	<u>\$ 8,810</u>	<u>8,954</u>

(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Fair value of plan assets at 1, January	\$ 13,428	12,845
Interest income	84	113
Remeasurements gain (loss):		
– Return on plan assets excluding interest income	458	470
Fair value of plan assets at 31, December	<u>\$ 13,970</u>	<u>13,428</u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current service costs	\$ -	70
Net interest of net assets for defined benefit obligations	(28)	(37)
	<u>\$ (28)</u>	<u>33</u>
Operating expense	<u>\$ (28)</u>	<u>33</u>

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rate	0.375%	0.625%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$245 thousand.

The weighted average lifetime of the defined benefits plans is 6.8 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	\$ (150)	153
Future salary increasing rate	148	(145)
December 31, 2019		
Discount rate	\$ (169)	174
Future salary increasing rate	168	(165)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis in 2020 and 2019.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$1,562 thousand and \$1,818 thousand for the years ended December 31, 2020 and 2019, respectively.

(12) Income taxes

A. Income taxes expense (benefits)

The amount of income tax expense (benefits) was as follow:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current tax expense	\$ 329	-
5% surtax on unappropriated retained earnings	8,479	474
Deferred tax expense	48,858	3,135
	\$ 57,666	3,609

The amount of income tax benefits recognized in other comprehensive income in 2020 and 2019 was as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Exchange differences on currency translation of foreign operations	\$ 3,925	(9,142)

Reconciliation of income tax expense and income before income tax in 2020 and 2019 is as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Income before income tax	\$ 331,876	226,382
Income tax at the Company's domestic tax rate	66,375	45,276
Change in unrecognized temporary differences and others	(17,517)	(42,141)
Change in provision in prior periods	329	-
5% surtax on unappropriated retained earnings	8,479	474
	\$ 57,666	3,609

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Notes to the Financial Statements

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
The carryforward of unused tax losses	\$ 45,112	59,042

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As at 31 December 2020, the information of the Company's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2016 (Approved amount)	\$ 80,520	2026
2017 (Approved amount)	134,748	2027
2018 (Approved amount)	10,293	2028
	\$ 225,561	

(b) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Inventory devaluation loss	\$ 6,741	-	-	6,741	(253)	-	6,488
Foreign currency translation differences for foreign operations and other	15,597	3,783	9,142	28,522	(80)	(3,925)	24,517
	\$ 22,338	3,783	9,142	35,263	(333)	(3,925)	31,005

Deferred Tax Liabilities	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Equity method recognized the gain of foreign subsidiaries	\$ 267	6,918	-	7,185	48,525	-	55,710

C. The Company's tax returns for the years through 2018 were assessed by the Tax Authorities.

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Notes to the Financial Statements

(13) Capital and other equity

A. Common stock

As of 31 December 2020 and 2019, the number of authorized ordinary shares were \$2,600,000 thousand shares with par value of \$10 per share (both of them reserved \$100,000 thousand for the issue of employee stock option certificates, and \$200,000 thousand for the issuance of convertible corporate bonds). The actual paid-in capital is 1,824,799 thousand.

B. Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	\$ 787,281	787,281
Changes of equities on associates	13,492	13,492
Changes of equities on subsidiaries	6,560	6,560
Employee share options	<u>23,887</u>	<u>23,887</u>
	<u>\$ 831,220</u>	<u>831,220</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is determined in accordance with the Company law and the Company's articles of association, and is determined by the Company's capital and financial structure, operating conditions, surplus, the nature of the industry and the cyclical factors. The cash dividend is not less than 50% of the total dividends for the year, and can be adjusted according to the flexibility of internal and external environmental changes.

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Notes to the Financial Statements

(a) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

By choosing to apply the exemptions granted under IFRS 1 during the Company's first-time adoption of IFRSs endorsed by the FSC, the accumulating conversion adjustments under shareholders' equity, transferred on the conversion date, resulted in an increase in retained earnings of \$109,388 thousand. However, on the conversion date, the actuarial gains and losses will be recognized immediately. The retained earnings incurred from the retained surplus of \$4,917 thousand, and the expected cost of the employee's accumulated paid leave, will be reduced by \$1,771 thousand. The conversion date was based on the first time adoption of the IFRSs endorsed by the FSC. The net increase in retained earnings amounted to \$102,700 thousand, which resulted in the loss of the original account \$(90,258) thousand and the retained surplus of \$12,422 thousand. According to the Ruling 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is use, disposed, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. In the first half of the year 2016 and the second half of the year of 2015, the special surplus reserve amounted to \$2,681 thousand and \$4,206 thousand, respectively, due to the sales of Yeh Chiang Kunshan and the disposal of Yeh Chiang Dongguan. The carrying amount of special reserve both amounted to \$5,555 thousand as of December 31, 2020 and 2019.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior-periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company did not distribute any dividends in 2020 and 2019, with the resolution approved during the shareholders' meeting held on the June 10, 2020 and June 19, 2019, respectively.

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Notes to the Financial Statements

D. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	\$ (160,366)	16,741
Exchange differences on foreign operations	15,696	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	452
Balance at December 31, 2020	<u>\$ (144,670)</u>	<u>17,193</u>
Balance at January 1, 2019	\$ (123,796)	794
Exchanges differences on foreign operations	(36,570)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	15,947
Balance at December 31, 2019	<u>\$ (160,366)</u>	<u>16,741</u>

(14) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended December 31, 2020 and 2019 are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Basic earnings per share:		
Net income / loss attributable to ordinary shareholders of the Company	<u>\$ 274,210</u>	<u>222,773</u>
Weighted-average number of ordinary shares (in thousands)	<u>182,480</u>	<u>182,480</u>
Basic earnings per share (TWD)	<u>\$ 1.50</u>	<u>1.22</u>

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

	For the year ended December 31, 2020	For the year ended December 31, 2019
Diluted earnings per share:		
Net income / loss attributable to ordinary shareholders of the Company	\$ 274,210	222,773
Weighted-average number of ordinary shares (diluted) (in thousands)	182,480	182,480
Impact of dilution of potential common stock - employee compensation (thousand shares)	2,368	593
Weighted-average number of ordinary shares (in thousands)	184,848	183,073
Diluted earnings per share (TWD)	\$ 1.48	1.22

(15) Revenue from contracts with customers

A. Details of revenue

	For the year ended December 31, 2020	For the year ended December 31, 2019
Primary geographical markets:		
China	\$ 733,838	743,876
Singapore	177,410	36,202
Taiwan	60,146	99,019
Other	7,497	10,853
	\$ 978,891	889,950
Major products:		
Heat pipe product	\$ 978,891	889,950

B. Contract balance

For details on trade receivables and allowance for impairment, please refer to note 6(3).

(16) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 10% of the profit as employee compensation and less than 2% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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Notes to the Financial Statements

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$37,713 thousand and \$25,725 thousand, and directors' and supervisors' remuneration amounting to \$7,543 thousand and \$5,145 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2020 and 2019. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting. The related information can be accessed from the Market Observation Post System website.

The Company's 2019 and 2018 employee remuneration amounts were \$25,725 thousand and \$3,393 thousand, respectively, and directors' and supervisors' remuneration amounts were \$5,145 thousand and \$679 thousand, respectively, and there was no difference from the actual distribution situation. Information about the remuneration of employees and directors' and supervisors' decided by the company's board of directors can be accessed from the Market Observation Post System website.

(17) Other gain and losses, net

	For the year ended December 31, 2020	For the year ended December 31, 2019
Foreign exchange losses	\$ (42,135)	(23,975)
Trademark rights revenue	7,500	7,500
Dividend income	6,176	6,311
Gain on financial assets at fair value through profit or loss	580	1,288
Other	7,158	2,909
	<u>\$ (20,721)</u>	<u>(5,967)</u>

(18) Financial instruments

A. Credit risk

(a) Exposure and concentration of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. The customers of the Company are mainly concentrated in the downstream heat pipe module factory of the computer industry. As of the end of December 31, 2020 and 2019, the total amount of notes and trade receivables deriving from the top five customers of the Company's operating income was \$266,711 thousand and \$208,466 thousand. They accounted for 88% and 74% of the net amount of notes and trade receivables, respectively. To reduce the concentration of credit risk, the Company continuously evaluates the credit status of its customers and collectability of notes and trade receivables, and provides an allowance for doubtful accounts.

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Notes to the Financial Statements

(b) Receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(3).

Other financial assets at amortized cost includes other receivables - related parties and time deposits (recorded in other current assets).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6). No loss allowances were recognized under financial assets at amortized cost.

B. Liquidity risk

Except for the accrued expenses under other current liabilities, the contractual maturities of financial liabilities are as follows:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>2-5 years</u>
December 31, 2020				
Non derivative financial liabilities				
Bank loan	\$ 50,000	50,440	50,440	-
Notes and trade payables (including related parties)	62,230	62,230	62,230	-
Lease liabilities (including other current liabilities)	8,905	9,028	4,514	4,514
	<u>\$ 121,135</u>	<u>121,698</u>	<u>117,184</u>	<u>4,514</u>
December 31, 2019				
Non derivative financial liabilities				
Bank loan	\$ 10	10	10	-
Notes and trade payables (including related parties)	27,770	27,770	27,770	-
Lease liabilities (including other current liabilities)	13,262	13,542	4,514	9,028
	<u>\$ 41,042</u>	<u>41,322</u>	<u>32,294</u>	<u>9,028</u>

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Notes to the Financial Statements

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Market risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 30,418	28.48	866,304	25,314	29.98	758,922
<u>Non-monetary items</u>						
USD	60,071	28.48	1,710,004	44,372	29.98	1,330,281
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,184	28.48	62,193	925	29.98	27,734

(b) Sensitivity analysis

Exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and trade receivables, and notes and trade payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as at December 31, 2020 and 2019 would have increased (decreased) the net profit before tax by \$40,206 thousand and \$36,559 thousand. The analysis is performed on the same basis for prior year.

(c) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange loss (including realized and unrealized portions) amounted to \$42,135 thousand and \$23,975 thousand, respectively.

(d) Other price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

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Prices of securities at the reporting date	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 10% (listed and emerging stocks) and 1% (mutual funds)	<u>\$ 7,624</u>	<u>1,086</u>	<u>5,075</u>	<u>1,535</u>
Decreasing 10% (listed and emerging stocks) and 1% (mutual funds)	<u>\$ (7,624)</u>	<u>(1,086)</u>	<u>(5,075)</u>	<u>(1,535)</u>

D. Interest rate analysis

The Company's assessment did not have a significant loan rate risk.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income (available for-sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, lease liabilities disclosure of fair value information is not required:

	December 31, 2020				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 108,682	108,682	-	-	108,682
Financial assets at fair value through other comprehensive income					
Stocks in listed companies (domestic)	52,953	52,953	-	-	52,953
Emerging stocks (domestic)	23,289	23,289	-	-	23,408
Stocks non-listed cabinet companies (domestic)	5,358	-	-	5,358	23,408
Financial assets measured at amortized cost					
Cash and cash equivalents	273,120	-	-	-	-
Notes and trade receivables	304,575	-	-	-	-
Other receivable - related parties	402,791	-	-	-	-
Refundable deposits (recorded in non-current assets)	20,340	-	-	-	-
	<u>\$ 1,191,108</u>	<u>184,924</u>	<u>-</u>	<u>5,358</u>	<u>190,282</u>

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Notes to the Financial Statements

	December 31, 2020				
	Book	Fair Value			Total
	Value	Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank loan	\$ 50,000	-	-	-	-
Notes and trade payables (including related parties)	62,230	-	-	-	-
Lease liabilities	8,905	-	-	-	-
	\$ 121,135	-	-	-	-
	December 31, 2019				
	Book	Fair Value			Total
	Value	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 153,464	153,464	-	-	153,464
Financial assets at fair value through other comprehensive income					
Stocks in listed companies (domestic)	50,753	50,753	-	-	50,753
Stocks non-listed companies (domestic)	30,395	-	-	30,395	30,395
Financial assets measured at amortized cost					
Cash and cash equivalent	110,560	-	-	-	-
Notes and trade receivables	282,280	-	-	-	-
Other financial assets-current(recorded in other current assets)	393,022	-	-	-	-
Refundable deposits(recorded in other non-current assets)	37,993	-	-	-	-
	\$ 1,058,467	204,217	-	30,395	234,612
Financial liabilities at amortized cost					
Bank loan	10	-	-	-	-
Notes and trade payables (including related parties)	27,770	-	-	-	-
Lease liabilities	13,262	-	-	-	-
	\$ 41,042	-	-	-	-

(b) Valuation techniques for financial instruments not measured at fair value

- i. If financial instruments measured at fair value through profit or loss, and equity instruments with quoted prices in active markets are available, the market price is established as the fair value.
- ii. If quoted prices in active markets are not available, the market comparable company method are used to estimate fair value, that is assessed by the pee stock price ratio.

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Notes to the Financial Statements

(c) Transfer between Level 1 and Level 3

The equity shares of the Company in Powerchip Technology Corporation were accounted for as fair value through other comprehensive income due to having without any public quotation. Also, significant unobservable inputs were used to measure their fair value, therefore, they were classified as Level 3 of the fair value hierarchy. However, a resolution was approved during the board meeting of Powerchip Technology Corporation held in September 2020 for a capital reduction, wherein the share price to be refunded will be converted into shares of Powerchip Semiconductor Manufacturing Corporation, whose shares will be listed at emerging stock market on December 9, 2020. If there is a quotation in the active market, the fair value measurement will be transferred from the Level 3 to the Level 1 on December 31, 2020.

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value are "financial assets measured at fair value through other comprehensive - equity investments".

The equity investments without an active market that use Level 3 inputs to measure fair value due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments are independent, therefore, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive - equity investments without an active market	Market Method (comparable to the price and net value ratio of the listed (cabinet) company's peers)	<ul style="list-style-type: none"> • Price and net value ratio multiplier (As of 31 December 2020 and 2019 were 1.40~1.92 and 1.37~1.76) • Lack of market liquidity discount (As of 31 December 2020 and 2019 were 20% and 20~30%) 	<ul style="list-style-type: none"> • The higher the price and net value ratio multiplier, the higher the fair value • The higher the lack of market liquidity discount, the lower the fair value

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Notes to the Financial Statements

(e) Reconciliation of level 3 fair values

	For the year ended December 31, 2020	For the year ended December 31, 2019
Financial assets measured at fair value through other comprehensive income		
- Equity instruments without an active market		
Balance at January 1	\$ 30,395	23,408
Total gain or loss - recognized in other comprehensive	(22,132)	6,987
Transfer from level 3	(2,905)	-
Balance at December 31	\$ 5,358	30,395

(19) Financial risk management

A. Overview

The Company have exposures to the following risks from its financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

This note presents information about Company' s exposure to each of the above risks, the Company' s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company' s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company' s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company' s bank deposits, trade receivables and guarantees.

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Notes to the Financial Statements

(a) Company's bank deposits

The exposure to credit risk for the bank deposits, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, corporate organizations, and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(b) Trade receivables

The Company continuously evaluate the financial status. Please refer to Note 6(18) of the financial report.

(c) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. For details of the guarantee provided by the Company of December 31, 2020 and 2019, please refer to Note 7 and 13.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk of the Company is monitored through its corporate financial department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate financial invest surplus cash in money market deposits and short term investments with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due. The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors and are subject to the monitor from internal audit office.

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Notes to the Financial Statements

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are the USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying foreign exchange option or forward exchange contracts when necessary to address short-term imbalances.

The Company is not hedges its investment in foreign subsidiaries.

(b) Interest rate risk

Bank deposits and short-term loans of the Company are financial assets and liabilities subject to floating interest rates, so changes in market interest rates will cause the effective interest rate of bank deposits and short-term borrowings to change accordingly, and cause a wave of future cash flows move.

(c) Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns. In accordance with this strategy, certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(20) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings, and other equity interest. The board of directors managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-capital ratio at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	<u>\$ 298,126</u>	<u>125,637</u>
Total equity	<u>\$ 3,184,838</u>	<u>2,893,821</u>
Debt-to-equity ratio at 31 December	<u>9.36%</u>	<u>4.34%</u>

As of December 31, 2020, the Company had not changed its capital management method.

(21) Fund-raising activities for non-cash transactions

The Company's non-cash transaction financing activities for 2020 and 2019 are as follows:

A. To obtain the right-to-use assets by lease, please refer to note 6(9).

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Notes to the Financial Statements

B. Liabilities from fund-raising activities are adjusted as follows:

	Bank loan	Lease liabilities	Total
Balance on January 1, 2020	\$ 10	13,262	13,272
Cash flow	49,990	(4,357)	45,633
Balance on December 31, 2020	\$ 50,000	8,905	58,905
Balance on January 1, 2019	\$ -	17,557	17,557
Cash flow	10	(4,295)	(4,285)
Balance on December 31, 2019	\$ 10	13,262	13,272

7. Related-party transactions:

(1) Names and relationship with related parties

Name of related party	Relationship with the Company
Yeh Chiang Technology (Samoa) Corp. (YCTSC)	The subsidiary of the Company
Yeh Chiang Technology (BVI) Corp. (YCTBC)	The subsidiary of the Company
Excel Rainbow (Seychelles) Ltd. (Excel Rainbow)	The subsidiary of the Company
Arcadia Tech Co., Ltd. (Arcadia Tech)	The subsidiary of the Company (Note 1)
Arcadia Earth Co., Ltd. (Arcadia Earth)	The subsidiary of the Company (Note 1)
Taiwan Lighting Co., Ltd. (Taiwan Lighting)	The subsidiary of the Company
So Bright Electronic Co., Ltd. (So Bright Electronic)	The subsidiary of the Company
Yu Cheng Materials Co., Ltd.(Yu Cheng Materials)	The subsidiary of the Company
Taiwan New Thermal System Co., Ltd. (Taiwan New Thermal System)	The subsidiary of the Company
Yeh Chiang Technology (Cayman) Corp. (YCTCC)	The subsidiary of the Company
Zhongshan Weiqiang Technology Co., Ltd. (Zhongshan Weiqiang)	The subsidiary of the Company
ZhuHai and Macau Spaning Border Industrial Estate Wei Qiang Technology Co.,Ltd.(ZhuHai Weiqiang)	The subsidiary of the Company
Ye Xian Weiqiang Technology Co.,Ltd.(Ye Xian Weiqiang)	The subsidiary of the Company
Ping Ding Shan Yeh Chiang Technology Co., Ltd. (Yeh Chiang Ping Ding Shan)	The subsidiary of the Company
Vietnam Yeh-Chiang Technology Company Limited(Vietnam Yeh-Chiang)	The subsidiary of the Company (Note 2)

Note1: The resolution of the Company's liquidation was adopted by the Board of Directors in November 7, 2019, the liquidation process has been completed.

Note 2: It has been established in 2020Q3.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

(2) Key management personnel

Key management personnel compensation comprised:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Short-term employee benefits	<u><u>\$ 2,827</u></u>	<u><u>6,937</u></u>

(3) Other related party transactions

A. Purchase

The amounts of significant purchases by the Company from related parties were as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Excel Rainbow	<u><u>\$ 800,545</u></u>	<u><u>758,955</u></u>

The receivable from related parties were as follows:

	December 31, 2020	December 31, 2019
Excel Rainbow	<u><u>\$ 62,185</u></u>	<u><u>27,725</u></u>

The above-mentioned transactions are different from these of other non-related party because the purchase of manufactured goods, and the transaction price cannot be compared; the trading conditions are 90 days after the end of the month, which are no different from the general manufacturers.

B. Endorsement guarantee

As of December 31, 2020 and 2019, the Company's guarantees for the related party are as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Maximum balance	Ending Balance	Maximum balance	Ending Balance
Subsidiary	<u><u>\$ 553,640</u></u>	<u><u>513,640</u></u>	<u><u>424,950</u></u>	<u><u>409,960</u></u>

As of December 31, 2020 and 2019, the balance of the actual borrowings from the bank due for the abovementioned guarantees was \$32,000 thousand and \$25,000 thousand, respectively.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

C. Loans to Related Parties

The loans to related parties were as follows (accounted for other receivable-related parties).

	For the year ended December 31, 2020	For the year ended December 31, 2019
Zhongshan Weiqiang	\$ 156,640	239,840
Ye Xian Weiqiang	142,400	104,930
Yeh Chiang Ping Ding Shan	99,680	44,970
	\$ 398,720	389,740

The interest income of the loans to related party were \$4,941 thousand and \$2,301 thousand in 2020 and 2019. As of December 31, 2020 and 2019, the interest receivable were \$2,882 thousand and \$2,301 thousand (accounted in other receivables - related parties).

D. Other

The Trademark revenue of the "Shih Kwang" trademark rights of Taiwan Fluorescent Lamps Co., Ltd. to the subsidiaries of the Company December 31, 2020 and 2019 both amounted to \$7,500 thousand for each year, which were accounted for under other gains and losses.

The Company leased its land and plant in the Yangmei District of the Taoyuan City to its subsidiaries. The rental income recognized at December 31, 2020 and 2019 were \$1,540 thousand and \$1,220 thousand respectively, which were recognized as other interests and losses were recorded.

As of December 31, 2020 and 2019, the other receivables - related parties were \$1,189 thousand and \$981 thousand, respectively.

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Account	Object	December 31, 2020	December 31, 2019
Time deposits	Other non-current assets	Litigation deposit guarantee	\$ 7,000	7,000
Refundable deposit	Other non-current assets	Futures deposit	12,980	13,664
			\$ 19,980	20,664

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

9. Commitments and contingencies:

For the financial loan credits, export bills and financial commodity trading credits, the details of the opening guarantee notes are as follows:

	December 31, 2020	December 31, 2019
	\$ 538,160	480,910

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	By function	For the year ended December 31					
		2020			2019		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
By item							
Employee benefits							
Salary	-	65,195	65,195	-	62,737	62,737	
Labor and health insurance	-	2,830	2,830	-	3,194	3,194	
Pension	-	1,534	1,534	-	1,851	1,851	
Remuneration of directors	-	7,687	7,687	-	5,425	5,425	
Others	-	1,812	1,812	-	1,804	1,804	
Depreciation	-	4,876	4,876	-	4,940	4,940	
Amortization (Note)	-	2,964	2,964	-	8,059	8,059	

(Note) Amortization expenses included intangible assets amounting to \$2,775 thousand and other non-current assets amounting to \$189 thousand in 2020. Amortization expenses included intangible assets amounting to \$7,775 thousand and other non-current assets amounting to \$284 thousand in 2019.

	For the year ended December 31, 2020	For the year ended December 31, 2019
Employee number	\$ 39	44
Director not concurrently employee number	\$ 4	3
Average employee benefit	\$ 2,039	1,697
Average employee salaries	\$ 1,863	1,530
Adjustment average employee salaries	22%	
Supervisors' remuneration	\$ -	-

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

The Company's compensation policies, is as follows:

- A. Directors' remuneration: In accordance with the article 19 of the company's articles of incorporation stipulates, the company should contribute less than 2% of the net profit before tax as directors' remuneration.
 - B. Employee compensation: In accordance with the article 19 of the company's articles of incorporation stipulates, no less than 10% of the net profit before tax as employee compensation.
 - C. Salaries of employees and managers: According to the employee treatment standard of the company, also with reference to seniority, contribution and other conditions to negotiate.
 - D. Bonuses: Bonuses is calculated and distributed based on the annual operating results and "employee assessment standards" of the company.
- (2) On September 15, 2009, the Group entered into an agreement with an agent, Taiwan Mother Cosmo Co., Ltd. (TMC), for the manufacturing and sales of fibre-alcohol in the People's Republic of China in order to obtain fibre-alcohol mass production technology and related advisory services. However, the TMC failed to comply with the agreement, resulting in the Group to file a lawsuit against the agent, including its chairman and vice chairman, to the Taipei District Court. The Company also provided the amount of \$16,800 thousand to the Taipei District Court as security after an execution of a ruling on the abovementioned lawsuit had been carried out. On the other hand, TMC was dissatisfied with the decision made by the Taipei District Court, and therefore, filed an appeal to the Taiwan High Court. On December 7, 2016, the Taiwan High Court demanded TMC to pay the amount \$70,308 thousand to the Company, but dismissing the allegation against its chairman and vice chairman. TMC disagreed with the court's decision, hence, filed an appeal against it. However, its appeal was denied on October 11, 2018. On January 31, 2019, TMC appealed to the Supreme Court. After the final judgment, the Supreme Court ruled and denied the appeal.
- (3) In 2010, the Company entered into an agreement with Unimax Investment Services Ltd. (Unimax) for the purchase of spotlights, wherein Davinci Industrial Inc. (Davinci) was responsible for the manufacturing and sales of the said product. However, there were defects found in the products, resulting in the Company to return them to Unimax for repair. Unimax, on the other hand, refused to comply with the Company's request, which prompted the Company to terminate their agreement and proceeded in filing a lawsuit against Unimax to the Taipei District Court. Furthermore, since Davinci was also involved the case, the Company filed another lawsuit against Davinci to the Taipei District Court on December 12, 2012, demanding for a compensation claim of \$41,055 thousand. In addition, the Company provided the amount \$7,000 thousand as security after an execution on the ruling on the abovementioned lawsuit against Davinci had been carried out. This case is still in progress as of the issuance of this report.

YEH CHIANG TECHNOLOGY CORPORATION

Notes to the Financial Statements

13. Other disclosures:

(1) Information on significant transactions

The following is the information on significant transactions required by the Regulations for the Company:

- A. Loans to other parties: Please refer to Attachment 1.
 - B. Guarantees and endorsements for other parties: Please refer to Attachment 2.
 - C. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Attachment 3.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Attachment 4.
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Attachment 5.
 - I. Trading in derivative instruments: None.
- (2) Name, Location, and related information of investees for the year 2020 (excluding information on investees in Mainland China): Please refer to Attachment 6.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Attachment 7(1).
 - B. Limitation on investment in Mainland China: Please refer to Attachment 7(2).
 - C. Significant transactions

The significant Company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "information on significant transactions".

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(4) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.48%
Feng Lei Investing Co. Ltd.		18,904,000	10.35%
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)		18,321,000	10.04%
Advance Program Ltd.		17,931,181	9.82%
Supercap Industrial Co., Ltd.		17,031,602	9.33%
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.86%
Bellevuecity Construction Co., Ltd.		15,677,236	8.59%
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37%

14. Segment information:

Please refer to the 2020 Consolidated Financial Statements.

Yeh Chiang Technology Corporation

Loans to others

From January 1 to December 31, 2020

Attachment 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reason for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of total financing amount
													Item	Value		
1	The Company	Zhongshan Weiqiang	Other receivable - related parties	Yes	444,770	370,240	156,640	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)
2	The Company	Ye Xian Weiqiang	Other receivable - related parties	Yes	460,960	455,680	142,400	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)
3	The Company	Yeh Chiang Ping Ding Shan	Other receivable - related parties	Yes	151,125	99,680	99,680	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)

Note 1: Limit of financing amount for individual counter-party shall not exceed 20% of latest financial statements of the Company's net assets.

Note 2: Limit of total financing amount shall not exceed 40% of latest financial statements of the Company's net assets.

Note 3: The entry method for the loading of fund is as follows:

1. For business transaction, please fill in 1.
2. Necessary for short-term financing, please fill in 2.

Yeh Chiang Technology Corporation
Guarantees and endorsements for other parties
From January 1 to December 31, 2020

Attachment 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	The Company	Excel Rainbow	Subsidiary	636,968	28,480 (USD1,000)	28,480 (USD1,000)	-	-	1%	1,273,935	Y	N	N
2	The Company	Taiwan Lighting	Subsidiary	636,968	90,000	90,000	30,000	-	3%	1,273,935	Y	N	N
3	The Company	Zhongshan Weiqiang	Subsidiary	636,968	350,160 (CNY80,000)	350,160 (CNY80,000)	-	-	11%	1,273,935	Y	N	Y
4	The Company	So Bright Electronic	Subsidiary	636,968	85,000	85,000	2,000	-	3%	1,273,935	Y	N	N
					<u>553,640</u>	<u>553,640</u>	<u>32,000</u>						

Note 1: The amount of endorsements/ guarantees for any single entity shall not exceed 20% of latest financial statements of the Company's net assets audited.

Note 2: Limit of total endorsed/ guaranteed amount shall not exceed 40% of latest financial statements of the Company's net assets audited.

Yeh Chiang Technology Corporation

Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures)

December 31, 2020

Attachment 3

(In Thousands of New Taiwan Dollars) / Thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
	Fund:						
The Company	Union Money Market Fund	None	Current financial assets at fair value through profit or loss	1,591	21,171	-	21,171
The Company	Eastspring Investments Well Pool Money Market Fund	"	"	866	11,873	-	11,873
The Company	Yuanta De-Li Money Market Fund	"	"	1,855	30,497	-	30,497
The Company	Capital Money Market Fund	"	"	1,347	21,904	-	21,904
The Company	Franklin Templeton Sinoam Money Market Fund	"	"	2,228	23,237	-	23,237
Taiwan Lighting	Union Money Market Fund	"	"	5,305	<u>70,604</u>		<u>70,604</u>
					<u>179,286</u>		<u>179,286</u>
	Stock:						
The Company	Common stock of ASUSTeK Computer Inc.	None	Non-current financial assets at fair value through other comprehensive income	133	33,247	-	33,247
The Company	Common stock of Pegatron Corporation	"	"	293	19,706	-	19,706
The Company	Emerging Stock-Powerchip Semiconductor Manufacturing Corporation	"	"	466	23,289	-	23,289
The Company	Common stock of Song Long Electronics Co., Ltd	"	"	300	2,500	-	2,500
The Company	Common stock of Powerchip Technology Coporation	"	"	300	<u>2,858</u>	-	<u>2,858</u>
					<u>81,600</u>		<u>81,600</u>

Yeh Chiang Technology Corporation

Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock From January 1 to December 31, 2020

Attachment 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes / Trade receivables (payables)		Note
			Purchase /Sale	Amount	Percentage of total purchases /sales	Payment terms	Unit price	Payment terms	Ending balance	Notes / Trade receivables (payables)	
Excel Rainbow	The Company	Parent Company	Sales	800,268 (USD27,114)	100%	Open account 90 days account	No significant different	62,185 (USD2,183)	100%	Note	
Yeh Chiang Ping Ding Shan	Excel Rainbow	Subsidiary of The Company	Sales	446,852 (USD15,817)	52%	Open account 90 days account	No significant different	32,351 (USD1,136)	11%	Note	
Yeh Chiang Ping Ding Shan	Zhongshan Weiqiang	Subsidiary of The Company	Sales	430,101 (CNY100,578)	48%	Open account 90 days account	No significant different	267,569 (CNY61,131)	89%	Note	
Zhongshan Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	261,481 (USD8,859)	16%	Open account 90 days	No significant different	11,372 (USD399)	19%	Note	

Note: Assets and revenue were recognized by company in one-way.

Yeh Chiang Technology Corporation
Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock
From January 1 to December 31, 2020

Attachment 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance	Note
					Amount	Action taken			
The Company	Zhongshan Weiqiang	Parent Subsidiary	156,640 (USD5,500)	-	-	-	-	-	
The Company	Ye Xian Weiqiang	Parent Subsidiary	142,400 (USD5,000)	-	-	-	-	-	
Yeh Chiang Ping Ding Shan	Zhongshan Weiqiang	Subsidiary of The Company	267,569 (CNY61,131)	2.00	-	198,379 (CNY45,323)	-	-	

Yeh Chiang Technology Corporation

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China)

From January 1 to December 31, 2020

Attachment 6

(In Thousands of New Taiwan Dollars) / Thousand shares

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2020			Net income (loss) of investee	Share of profits / losses of investee	Note
				December 31,2020	December 31,2020	Shares (In thousands)	Percentage of ownership	Carrying value			
The Company	YCTSC	Samoa	Overseas investment activities	1,194,737 (USD38,082)	1,194,737 (USD38,082)	2,007	100.00%	1,583,895 (USD55,614)	244,276 (USD8,275)	244,276 (USD8,275)	
The Company	YCTBC	B.V.I.	International trade	73,333 (USD2,557)	73,333 (USD2,557)	2,406	100.00%	10,050 (USD353)	(95) (USD(3))	(95) (USD(3))	
The Company	Excel Rainbow	Seychelles	International trade	70,520 (USD2,155)	70,520 (USD2,155)	2,155	100.00%	3,876 (USD136)	(243) (USD(8))	(243) (USD(8))	
The Company	Arcadia Tech	Taipei City	Sales and manufacturing of Bioethanol		55,000	-	-	-	150	150	
The Company	Taiwan Lighting	Taipei City	Lighting facilities	176,110	176,110	17,611	100.00%	185,225	20,596	20,596	
The Company	So Bright Electronic	Taoyuan City	Lighting facilities	63,904	63,904	2,773	60.29%	30,834	9,830	5,948	
The Company	Yu Cheng Materials	Taipei City	Sales and manufacturing of electronic parts and components	136,784	136,784	13,678	81.80%	181,115	(1,455)	(1,238)	
The Company	Taiwan New Thermal System	Taichung City	Sales and manufacturing of heat pipes	68,000	68,000	5,448	99.06%	35,179	(4,391)	(3,913)	
The Company	Vietnam Yeh Chiang	Vietnam	Sales and manufacturing of heat pipes	118,140 (USD4,000)	-	-	100.00%	112,843 (USD3,968)	(1,315) (USD(46))	(1,315) (USD(46))	
								<u>2,143,017</u>	<u>267,353</u>	<u>264,166</u>	

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2020			Net income (loss) of investee	Share of profits / losses of investee	Note
				December 31,2020	December 31,2020	Shares (In thousands)	Percentage of ownership	Carrying value			
YCTSC	YCTCC	Cayman	Overseas investment activities	USD23,828	USD28,828	1,244	100.00%	1,146,522 (USD40,257)	273,572 (USD9,267)	273,572 (USD9,267)	
YCTSC	YCTYXCC	Cayman	Overseas investment activities	USD13,760	USD13,760	688	100.00%	423,456 (USD14,869)	(29,267) (USD(991))	(29,267) (USD(991))	

Note 1: The shares of profits/losses of the investee company have been included in the share of profit/losses of investor company.

Note 2: The relevant transactions and closing balances have been offset.

Yeh Chiang Technology Corporation
Information on investment in Mainland China
From January 1 to December 31, 2020

Schedule 7(1)

(a) The names of investees in Mainland China, the main business and product, and other information :

(In Thousands of New Taiwan Dollars)

Investor Company	Name of investee	Main Business and Products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) (Note3)	Book value	Accumulated remittance of earnings in current period
						Out-flow	Inflow						
YCTCC	Zhongshan Weiqiang	Sales and manufacturing of heat pipes and BGA	555,362 (USD19,500)	Note1	555,362 (USD19,500)	-	-	555,362 (USD19,500)	167,225 (USD5,665)	100%	178,923 (USD6,061)	772,897 (USD27,138)	-
YCTCC	ZhuHai Weiqiang	Sales and manufacturing of heat pipes and bumping	14,240 (USD500)	Note1	14,240 (USD500)	-	-	14,240 (USD500)	(645) (USD(22))	100%	(645) (USD(22))	16,186 (USD568)	-
YCTCC	Yeh Chiang Ping Ding Shan	Sales and manufacturing of heat pipes	142,400 (USD5,000)	Note1	142,400 (USD5,000)	-	-	142,400 (USD5,000)	85,505 (USD2,897)	100%	86,508 (USD2,930)	302,070 (USD10,606)	-
YCTYXCC	Ye Xian Weiqiang	Sales and manufacturing of heat pipes	391,885 (USD13,760)	Note1	391,885 (USD13,760)	-	-	391,885 (USD13,760)	(29,203) (USD(989))	100%	(29,083) (USD(985))	423,930 (USD14,885)	-

Schedule 7(2)

(a) Limitation of investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,103,885(US\$38,760 thousand)	1,224,640 (US\$43,000 thousand)	1,910,903

Note 1: Investment in companies in Mainland China through YCTSC in the third regions.

Note 2: The investment income (loss) recognition denominated in foreign currencies are translated into New Taiwan Dollars using the average rates at 29.52 from January 1 to December 31, 2020; Other investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate at 28.48.

Note 3: The financial statements of the Company were audited by the Taiwan parent company audit team.

Note 4: The limitation on investment in Mainland China is calculated with 60% of the combined net equity.

Yeh Chiang Technology Corporation
Statement of cash and cash equivalents
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 12
Bank deposits	Check and demand deposits	108,622
	Foreign currency deposits USD: 0.07	2
	Foreign currency demand deposits USD: 5,752	163,831
	RMB: 149	<u>653</u>
	Total	<u><u>\$ 273,120</u></u>

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 28.48

RMB exchange rates: 4.3770

Yeh Chiang Technology Corporation

**Statement of current financial assets measure
fair value through profit or loss**

December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Description</u>	<u>Number of shares (In thousands)</u>	<u>Acquisition cost</u>	<u>Fair value</u>		<u>Collateral</u>
				<u>Unit price</u>	<u>Total amount</u>	
Union Money Market Fund	Mutual funds	1,591	20,843	13.3097	21,171	None
Yuanta Da-Li Money Market Fund	Mutual funds	1,855	30,000	16.4389	30,497	None
Capital Money Market Fund	Mutual funds	1,347	21,152	16.2654	21,904	None
Eastspring Investment Well Pool Money Market Found	Mutual funds	866	11,450	13.7127	11,873	None
Franklin Templeton Sinoam Money Market Fund	Mutual funds	2,228	<u>23,000</u>	10.4284	<u>23,237</u>	None
Total			<u>\$ 106,445</u>		<u>108,682</u>	

Yeh Chiang Technology Corporation
Statement of notes and trade receivables, net
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
Auras Electronic Science and Technology Industrial (Kunshan) Co., Ltd.	Operanting	\$ 112,865
Chak Huang Technology (Chongqing) Co., Ltd.	"	76,832
Forcecon Tech. Co., Ltd.	"	44,891
DELTA ELECTRONICS INT' L (SINGAPORE) PTE.LTD.	"	32,124
Others (The amount of each item in others does not exceed 5% of the account balance.)	"	<u>37,863</u>
Notes and trade receivables, net		<u><u>\$ 304,575</u></u>

Statement of other receivables - related parties

Please refer to note 6(3) and 7 for relevant information of other receivables - related parties in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of inventories
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Raw Materials	\$ 16,926	-	Note: Basis of inventories net realizable value refer to note 4(7) for further explanation in the parent-company-only financial statements.
Finished goods	15,515	-	
Commodity inventories	<u>1,673</u>	<u>1,673</u>	
	34,114	<u><u>1,673</u></u>	
Less: Allowance for reduction of inventory to market	<u>(32,441)</u>		
Total	<u><u>\$ 1,673</u></u>		

**Statement of non-current financial assets a
value through other comprehensive income**

Please refer to note 6(2) for relevant information of non-current financial assets at fair value through other comprehensive income in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition (Decrease)		Investment Income /Loss	Cumulative Translation adjustment	Ending balance			Market value or net assets value			
	Shares	Amount	Shares	Amount			Shares	Percentage of ownership	Amount	Unit price	Total amount	Collateral	Note
YCTSC	2,007	\$ 1,315,278	-	-	244,276	24,341	2,007	100 %	1,583,895	-	1,583,895	None	
YCTBC	2,406	10,675	-	-	(95)	(530)	2,406	100 %	10,050	-	10,050	"	
Excel Rainbow	2,155	4,327	-	-	(243)	(208)	2,155	100 %	3,876	-	3,876	"	
Vietnam Yeh Chiang	-	-	-	118,140	(1,315)	(3,982)	-	100 %	112,843	-	112,843	"	Note 2
Arcadia Tech	5,500	56,589	(5,500)	(56,739)	150	-	-	100 %	-	-	-	"	Note 1
Taiwan Lighting	17,611	164,629	-	-	20,596	-	17,611	100 %	185,225	-	185,225	"	
So Bright Eletronic	6,390	24,886	(3,617)	-	5,948	-	2,773	60.29 %	30,834	-	30,834	"	
Yu Cheng Materials	13,678	182,353	-	-	(1,238)	-	13,678	81.80 %	181,115	-	181,115	"	
Taiwan New Thermal System	5,448	39,092	-	-	(3,913)	-	5,448	99.06 %	35,179	-	35,179	"	
Total		<u>\$ 1,797,829</u>		<u>61,401</u>	<u>264,166</u>	<u>19,621</u>			<u>2,143,017</u>		<u>2,143,017</u>		

Note 1: The resolution of the Company's liquidation was adopted by the Board of Directors, the liquidation process has been completed.

Note 2: It has been established in 2020Q3.

Yeh Chiang Technology Corporation
**Statement of change in property, plant and
equipment**
For the year ended December 31, 2020

Please refer to note 6(6) for relevant information of property, plant and equipment in the parent-company-only financial statements.

Statement of deferred tax assets
December 31, 2020

Please refer to note 6(12) for relevant information of deferred tax assets in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of other non-current assets
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Refundable deposit	\$ 20,340
Prepaid pension cost	5,161
Others (The amount of each item in others does not exceed 5% of the account balance.)	<u>48</u>
	<u><u>\$ 25,549</u></u>

**Statement of notes and trade payable - related
parties**

Please refer to note 7 for relevant information of notes and trade payables - related parties in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of other current liabilities
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Employee compensation and directors' and supervision' remuneration payables	\$ 102,964
Salaries and bonus payables	6,998
Others (The amount of each item in others does not exceed 5% of the account balance)	<u>2,960</u>
	<u><u>\$ 112,922</u></u>

Statement of operating revenue
For the year ended December 31, 2020

Please refer to note 6(15) for relevant information of operating revenue in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of operating costs
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material used	
Raw material inventory, January 1	\$ 16,926
Raw material inventory, December 31	<u>(16,926)</u>
Direct raw materials used	-
Commodity inventories, January 1	19,515
Add: Purchases of commodity inventories	800,545
Commodity inventories returned by department	726
Deduct: Commodity inventories, December 31	(17,188)
Department picking	<u>(194)</u>
Cost of goods sold	803,404
Reversal of inventory write-downs	<u>(1,267)</u>
Operating costs	<u><u>\$ 802,137</u></u>

Yeh Chiang Technology Corporation
Statement of selling expenses
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Amortization	\$ 2,502
Salaries	2,615
Others (The amount of each item in others does not exceed 5% of the account balance.)	1,753
Total	\$ 6,870

Statement of administrative expenses
For the year ended December 31, 2020

Item	Amount
Salaries	\$ 57,411
Directors' and supervisors' remuneration	7,688
Depreciation	4,746
Others (The amount of each item in others does not exceed 5% of the account balance.)	11,500
Total	\$ 81,345

Yeh Chiang Technology Corporation
Summary statement of research and development
expense
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Salaries	\$ 5,169
Service fee	492
Labor Insurance	425
Others (The amount of each item in others does not exceed 5% of the account balance.)	990
Total	\$ 7,076

Statement of other gains and losses, net

Please refer to note 6(17) for relevant information of the net other gains and losses in the parent-company-only financial statements.

**Statement of employee benefits, depreciation and
amortization expense by function**

Please refer to note (12) for relevant information of the current-period employee benefits, depreciation, and amortization expense in the parent-company-only financial statement.

Yeh Chiang Technology Corporation and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2020 and 2019

Address: 7F., No.19-13, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)
Telephone: (02)2655-1166

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Yeh Chiang Technology Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yeh Chiang Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Yeh Chiang Technology Corporation
Chairman: Wang, Tai-Kuang
Date: March 16, 2021

Independent Auditors' Report

To the Board of Directors of Yeh Chiang Technology Corporation:

Opinion

We have audited the consolidated financial statements of Yeh Chiang Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Evaluation of inventory allowance

For the evaluation of inventory policy please refer to Note 4(8) Summary of Significant Accounting Policies - Inventories, Notes 5 Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty, and Note 6(4) description of Significant Accounts - Inventories to the consolidated financial statements.

Description of key audit matter:

In financial reports, inventories are measured at the lower of cost and net realizable value. Therefore, the Group needs to use judgment and estimation to decide on the net realizable value of the inventory on the reporting date. Due to the rapid changes in technology, the launch of new products and the new technologies may cause a significant change in the market, and sales of related products may fluctuate significantly, resulting in inventory costs to exceed its net realizable value. In addition, the policy for the allowance for loss of inventories is based on past experience and the management's estimate of the future. As a result of these subjective judgments and estimates, on inventory allowance for loss of value is one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included evaluating the method of providing allowance for inventory valuation and the reasonableness of information, assumptions and formulas on which it is based; and examining the appropriate supporting documents to assess the appropriateness of the inventory allowance; examining the inventory aging report to analyze the change on inventory aging reports; performing the sample procedures to check the correctness of the inventory aging reports; evaluate whether the evaluation of inventory is consistent with its evaluation policy; performing a retrospective testing to verify the rationality of the provision of obsolescence.

Other Matter

Yeh Chiang Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Hui Lu and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 16, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(16))	\$ 2,678,480	100	2,245,683	100
5000	Operating costs (notes 6(4), (12) and 12)	1,985,477	74	1,688,134	75
	Gross profit from operations	693,003	26	557,549	25
	Operating expenses (note 6(9), (12), (17), 7, and 12):				
6100	Selling expenses	88,098	3	95,991	4
6200	Administrative expenses	173,652	7	162,824	8
6300	Research and development expenses	40,136	1	43,756	2
		301,886	11	302,571	14
	Net operating gain	391,117	15	254,978	11
	Non-operating income and expenses:				
7020	Other gains and losses, net (notes 6(2), (18) and 7)	(4,150)	-	11,869	1
7050	Finance costs, net (notes 6(9) and 7)	(14,178)	(1)	(5,373)	-
7100	Interest income	3,095	-	4,197	-
		(15,233)	(1)	10,693	1
	Income before income tax	375,884	14	265,671	12
7950	Less: Income tax expenses (benefits) (note 6(13))	98,087	4	40,349	2
	Net income	277,797	10	225,322	10
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains on remeasurements of defined benefit plans	659	-	327	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(14))	452	-	15,947	1
		1,111	-	16,274	1
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(14))	19,621	1	(45,712)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(13))	(3,925)	-	9,142	-
		15,696	1	(36,570)	(2)
8300	Other comprehensive income	16,807	1	(20,296)	(1)
8500	Comprehensive income	\$ 294,604	11	205,026	9
	Net income attributable to:				
	Owners of parent	\$ 274,210	10	222,773	10
	Non-controlling interests	3,587	-	2,549	-
		\$ 277,797	10	225,322	10
	Comprehensive income attributable to:				
	Owners of the parent	\$ 291,017	11	202,477	9
	Non-controlling interests	3,587	-	2,549	-
		\$ 294,604	11	205,026	9
	Earnings per share (New Taiwan Dollars) (note 6(15))				
9750	Basic earnings per share	\$ 1.50		1.22	
9850	Diluted earnings per share	\$ 1.48		1.22	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			Total				
Balance at January 1, 2019	\$ 1,824,799	831,350	33,102	94,853	30,372	158,327	(123,796)	794	(123,002)	2,691,474	55,327	2,746,801
Net Income	-	-	-	-	222,773	222,773	-	-	-	222,773	2,549	225,322
Other comprehensive income (loss)	-	-	-	-	327	327	(36,570)	15,947	(20,623)	(20,296)	-	(20,296)
Total comprehensive income	-	-	-	-	223,100	223,100	(36,570)	15,947	(20,623)	202,477	2,549	205,026
Appropriation and distribution of retained earnings:												
Legal capital reserve	-	-	3,037	-	(3,037)	-	-	-	-	-	-	-
Special capital reserve	-	-	-	17,857	(17,857)	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(130)	-	-	-	-	-	-	-	(130)	-	(130)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	217	217
Balance at December 31, 2019	<u>1,824,799</u>	<u>831,220</u>	<u>36,139</u>	<u>112,710</u>	<u>232,578</u>	<u>381,427</u>	<u>(160,366)</u>	<u>16,741</u>	<u>(143,625)</u>	<u>2,893,821</u>	<u>58,093</u>	<u>2,951,914</u>
Net income	-	-	-	-	274,210	274,210	-	-	-	274,210	3,587	277,797
Other comprehensive income (loss)	-	-	-	-	659	659	15,696	452	16,148	16,807	-	16,807
Total comprehensive income	-	-	-	-	274,869	274,869	15,696	452	16,148	291,017	3,587	294,604
Appropriation and distribution of retained earnings:												
Legal capital reserve	-	-	22,278	-	(22,278)	-	-	-	-	-	-	-
Special capital reserve	-	-	-	30,915	(30,915)	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(342)	(342)
Balance at December 31, 2020	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>58,417</u>	<u>143,625</u>	<u>454,254</u>	<u>656,296</u>	<u>(144,670)</u>	<u>17,193</u>	<u>(127,477)</u>	<u>3,184,838</u>	<u>61,338</u>	<u>3,246,176</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	\$ 375,884	265,671
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	188,650	105,743
Amortization expense	5,443	10,493
Net gain on financial assets and liabilities at fair value through profit or loss	(821)	(1,536)
Interest expense	14,178	5,373
Interest income	(3,095)	(4,197)
Dividend income	(6,176)	(6,311)
Provision for (reversal of) inventory obsolescence (gain)	4,466	(3,695)
Others	1,278	(4,445)
	203,923	101,425
Changes in operating assets and liabilities:		
Notes and trade receivables, net	(103,701)	(264,557)
Inventories	33,893	(109,665)
Other operating assets	(20,983)	(47,189)
Notes and trade payables (including related parties)	37,875	78,387
Other operating liabilities	23,647	103,111
	(29,269)	(239,913)
Total adjustments	174,654	(138,488)
Cash flow generated from operations	550,538	127,183
Interest received	3,220	8,447
Dividends received	6,176	6,311
Interest paid	(14,062)	(5,373)
Income taxes paid	(41,429)	(29,584)
Net cash flows from operating activities	504,443	106,984
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(33,000)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss	58,362	200,314
Acquisition of property, plant and equipment	(517,566)	(596,612)
Disposal of property, plant and equipment	1,332	4,409
Decrease in refundable deposits	17,808	3,532
Acquisition of intangible assets	(16)	-
Decrease in other financial assets	89,512	10,451
Net cash flows used in investing activities	(383,568)	(387,906)
Cash flows from financing activities:		
Increase in bank loan	80,000	10
Decrease in short-term loans	(23,010)	(15,000)
Increase (decrease) in guarantee deposits	(1,754)	1,852
Increase in other payables to related parties	578,062	151,220
Decrease in other payables to related parties	(466,114)	-
Payment of lease liabilities	(45,638)	(19,892)
Net cash flows from financing activities	121,546	118,190
Effect of exchange rate changes on cash and cash equivalents	(38,629)	23,467
Net decrease in cash and cash equivalents for the period	203,792	(139,265)
Cash and cash equivalents at beginning of period	526,920	666,185
Cash and cash equivalents at end of period	\$ 730,712	526,920

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Yeh Chiang Technology Corporation (the "Company") was incorporated in December 23, 1994 and commenced its business operation in December 1995. The registered address of the Company's office is 7th Floor, No.13, No.19, Sanchong Road, Nangang District, Taipei. The Company's ordinary shares were publicly listed on the Taiwan Exchange in March 2002.

The major business activities of the Company are the production and sales of high-tech heat pipe components, solder balls and LED lighting products, equipment.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 16, 2021.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

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Notes to the Consolidated Financial Statements

B. Functional and presentation currency

The functional currency of each the Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group' s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Group and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group' s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business	Percentage of Ownership at	
			December 31, 2020	December 31, 2019
The Company	Arcadia Tech Co., Ltd. (Arcadia Tech)	Production and sales of raw alcohol	- (note 1)	100%
The Company	Excel Rainbow (Seychelles) Ltd. (Excel Rainbow)	International trade	100%	100%
The Company	Yeh Chiang Technology (Samoa) Corp. (YCTSC)	Overseas holding business	100%	100%
The Company	Yeh Chiang Technology (BVI) Corp. (YCTBC)	International trade	100%	100%
The Company	Taiwan Lighting Co., Ltd. (Taiwan Lighting)	Production and sales of lighting equipment	100%	100%
The Company	So Bright Electronics Co. ,Ltd. (So Bright Electronic)	Production and sales of lighting equipment	60.29%	60.29%

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Name of investor	Name of subsidiary	Business	Percentage of Ownership at	
			December 31, 2020	December 31, 2019
The Company	Yu Cheng Materials Co., Ltd. (Yu Cheng Materials)	Production and sales of semiconductor package wires	81.80%	81.80%
The Company	Taiwan New Thermal System Co., Ltd. (Taiwan New Thermal System)	Production and sales of heat pipes	99.06%	99.06%
The Company	Vietnam Yeh-Chiang Technology Company Limited (Vietnam Yeh-Chiang)	Production and sales of heat pipes	100% (note 2)	- %
Arcadia Tech	Arcadia Earth Co., Ltd. (Arcadia Earth)	Environmental protection related business	- (note 1)	60%
YCTSC	Yeh Chiang Technology (Cayman) Corp. (YCTCC)	Overseas holding business	100%	100%
YCTSC	Yeh Chiang Technology Ye Xian(Cayman) Corp. (YCTYXCC)	Overseas holding business	100%	100%
YCTCC	Zhongshan Weiqiang Technology Co., Ltd. (Zhongshan Weiqiang)	Production and sales of heat pipes and solder balls	100%	100%
YCTCC	Zhuhai and Macau Spaning Border Industrial Estate Wei Qiang Technology Co., Ltd. (ZhuHai Weiqiang)	Production and sales of heat pipes	100%	100%
YCTYXCC	Ye Xian Weiqiang Technology Co., Ltd.(Ye Xian Weiqiang)	Production and sales of heat pipes	100%	100%
YCTCC	Ping Ding Shan Yeh Chiang Technology Co., Ltd. (Yeh Chiang Ping Ding Shan)	Production and sales of heat pipes	100%	100%

Note 1: The resolution of the Company's liquidation was adopted by the Board of Directors in November 7, 2019, the liquidation process has been completed.

Note 2: It has been established in 2020Q3.

C. Increase or decrease of consolidated subsidiaries

The Group increased its capital \$40,000 thousand of Taiwan New Thermal System on March, 2019, and its shareholding increased from 96.55% to 99.06%.

D. Subsidiaries excluded from the consolidated financial statements: None.

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(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;

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- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings' .

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

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Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years of property, plant and equipment are as follows:

(a) Buildings	15~25 years
(b) Machinery and equipment	3~10 years
(c) Miscellaneous equipment	3~20 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Lease

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

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- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Group has the right to direct the use of the asset throughout the period of use only if either:
 - the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group' s estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of corporate fleet vehicle and staff dormitory that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(11) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years of patents and trademarks are 10 to 23 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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A. Sale of goods-electronic components

The Group manufactures and sells high-tech heat pipe components, solder balls, LED products, equipment and semiconductor packaging wires. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(15) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and

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- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
- (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(16) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(17) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Evaluation of inventory allowance (include the inventory that recorded in investments accounted for using the equity method.)

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Petty cash and cash on hand	\$ 4,023	3,457
Check and demand deposits	647,419	429,193
Foreign exchange deposit	79,270	94,270
	<u>\$ 730,712</u>	<u>526,920</u>

Please refer to note 6(19) for the credit risk of the financial assets and liabilities of the Group.

The time deposits that did not conform the definition of cash as of December 31, 2020 and 2019 were \$78,037 thousand and \$167,549 thousand, which were classified to other financial assets -current. Please refer to note 6(5).

(2) Financial instruments

A. Current financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Beneficiary Certificates - mutual Funds	<u>\$ 179,286</u>	<u>203,827</u>

The gains arising from the fair value assessment of the financial assets of the Group in 2020 and 2019 were \$821 thousand and \$1,536 thousand.

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B. Non-Current financial assets at fair value through other comprehensive income:

	December 31, 2020	December 31, 2019
Listed stocks - ASUSTeK Computer Inc.	\$ 33,247	30,725
Listed stocks - Pegatron Corporation	19,706	20,028
Emerging Stock – Powerchip Semiconductor Manufacturing Corporation	23,289	-
Domestic non-listed (cabinet) stocks - Song Long Electronics Co., Ltd.	2,500	13,214
Domestic non-listed (cabinet) stock - Powerchip Technology Corporation	2,858	17,181
	\$ 81,600	81,148

In 2020, Powerchip Technology Corporation will reduce its capital and return the share price with property other than cash, wherein the Group will obtain 466 thousand shares of Powerchip Semiconductor Manufacturing Corporation.

The Group investments in these equity instruments are not held for trading purposes and have been designated for non-current financial assets at fair value through other comprehensive income.

(3) Notes and trade receivables, net

	December 31, 2020	December 31, 2019
Note receivables	\$ 23,408	27,218
Trade receivables - measured as amortized cost	904,323	787,238
	927,731	814,456
Less: Loss allowance	(2,087)	(2,087)
	\$ 925,644	812,369

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision as of December 31, 2020 and 2019 were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Not past due	\$ 916,651	0%	-
0 to 60 days past due	8,663	0%	-
61~90 days past due	145	0%	-
	\$ 925,459		-

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	December 31, 2019		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Not past due	\$ 736,211	0%	-
0 to 60 days past due	71,577	0%	-
61~90 days past due	3,897	0%	-
	\$ 811,685		-

In addition, the amounts of receivable were respectively \$2,272 thousand and \$2,771 thousand as of December 31, 2020 and 2019. The Group assessed the receivable of certain specific customers to inability fulfill their obligations, therefore recognized an expected credit loss \$2,087 thousand.

The movement in the allowance for notes and trade receivables were as follows:

	For the year ended December 31,	
	2020	2019
Balance on January 1 (Opening Balance)	\$ 2,087	2,087

(4) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 195,410	138,343
Work in progress	51,163	41,699
Finished goods	126,181	220,938
Trading inventories	3,064	5,044
	375,818	406,024
Loss: allowance for devaluation	(79,108)	(74,373)
	\$ 296,710	331,651

In 2020 and 2019 the Group recognized cost of sales amounted to \$1,981,011 thousand and \$1,691,829 thousand, respectively; the write-downs and reversal of write-downs amounted to \$4,466 thousand and \$(3,695) thousand. The write-downs and reversals are included in cost of sales.

(5) Other financial assets – current

The other current financial assets – current of the Group were as follows:

	December 31, 2020	December 31, 2019
Time deposits (over three months)	\$ 78,037	167,549
Other receivable, net	5,129	2,889
Other	289	789
	\$ 83,455	171,227

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A. In 2020 and 2019, the Group did not provide any impairment losses for other financial assets.

B. Please refer to note 6(19) for the remaining credit risk.

(6) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construc- tion in progress and testing equip</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2020	\$ 99,389	351,713	806,529	277,691	136,642	1,671,964
Additions	-	-	473,457	47,287	7,871	528,615
Disposal	-	5,744	41,542	(11,437)	9,205	45,054
Balance on December 31, 2020	<u>\$ 99,389</u>	<u>357,457</u>	<u>1,321,528</u>	<u>313,541</u>	<u>153,718</u>	<u>2,245,633</u>
Balance on January 1, 2019	\$ 99,389	8,362	479,728	224,269	181,545	993,293
Additions	-	232,480	327,731	80,836	99,968	741,015
Disposal	-	110,871	(930)	(27,414)	(144,871)	(62,344)
Balance on December 31, 2019	<u>\$ 99,389</u>	<u>351,713</u>	<u>806,529</u>	<u>277,691</u>	<u>136,642</u>	<u>1,671,964</u>
Depreciation and impairments loss:						
Balance on January 1, 2020	\$ 4,672	9,674	171,367	178,620	-	364,333
Depreciation	-	17,173	96,471	24,359	-	138,003
Disposal	-	425	7,354	(3,621)	-	4,158
Balance on December 31, 2020	<u>\$ 4,672</u>	<u>27,272</u>	<u>275,192</u>	<u>199,358</u>	<u>-</u>	<u>506,494</u>
Balance on January 1, 2019	\$ 4,672	7,953	111,080	185,037	-	308,742
Depreciation	-	1,776	62,185	17,679	-	81,640
Disposal	-	(55)	(1,898)	(24,096)	-	(26,049)
Balance on December 31, 2019	<u>\$ 4,672</u>	<u>9,674</u>	<u>171,367</u>	<u>178,620</u>	<u>-</u>	<u>364,333</u>
Carrying amounts:						
Balance on December 31, 2020	<u>\$ 94,717</u>	<u>330,185</u>	<u>1,046,336</u>	<u>114,183</u>	<u>153,718</u>	<u>1,739,139</u>
Balance on December 31, 2019	<u>\$ 94,717</u>	<u>342,039</u>	<u>635,162</u>	<u>99,071</u>	<u>136,642</u>	<u>1,307,631</u>
Balance on January 1, 2019	<u>\$ 94,717</u>	<u>409</u>	<u>368,648</u>	<u>39,232</u>	<u>181,545</u>	<u>684,551</u>

As of December 31, 2020 and 2019, the Group did not provide any property, plant and equipment as collateral for its loans.

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(7) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Patent and trademark
Costs:	
Balance at January 1, 2020	\$ 84,813
Additions	16
Balance at December 31, 2020	<u>\$ 84,829</u>
Balance at January 1, 2019	\$ 83,813
Additions	1,000
Balance at December 31, 2019	<u>\$ 84,813</u>
Accumulated amortization:	
Balance at January 1, 2020	\$ 78,860
Amortization	2,865
Balance at December 31, 2020	<u>\$ 81,725</u>
Balance at January 1, 2019	\$ 69,834
Amortization	9,026
Balance at December 31, 2019	<u>\$ 78,860</u>
Carrying value:	
Balance at December 31, 2020	<u>\$ 3,104</u>
Balance at December 31, 2019	<u>\$ 5,953</u>
Balance at January 1, 2019	<u>\$ 13,979</u>

A. Recognition of amortization

The amortization of intangible assets is included in the statement of comprehensive income under the operating expenses, please refer to note 12(1).

B. As of December 31, 2020 and 2019, the Group did not provide any intangible assets as collateral for its loans.

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(8) Right-of-use assets

The Group leases many assets including land, buildings and other facility. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2020	\$ 142,564	74,556	75,889	293,009
Additions	71,602	52,715	3,807	128,124
Effect of movements in exchange	1,808	1,525	1,360	4,693
Balance at December 31, 2020	<u>\$ 215,974</u>	<u>128,796</u>	<u>81,056</u>	<u>425,826</u>
Balance at January 1, 2019	\$ 148,094	51,572	-	199,666
Additions	-	24,895	78,847	103,742
Effect of movements in exchange	(5,530)	(1,911)	(2,958)	(10,399)
Balance at December 31, 2019	<u>\$ 142,564</u>	<u>74,556</u>	<u>75,889</u>	<u>293,009</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 2,944	17,662	2,922	23,528
Depreciation	3,587	40,085	6,975	50,647
Effect of movements in exchange	113	(414)	1,494	1,193
Balance at December 31, 2020	<u>\$ 6,644</u>	<u>57,333</u>	<u>11,391</u>	<u>75,368</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation	3,059	18,008	3,036	24,103
Effect of movements in exchange	(115)	(346)	(114)	(575)
Balance at December 31, 2019	<u>\$ 2,944</u>	<u>17,662</u>	<u>2,922</u>	<u>23,528</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 209,330</u>	<u>71,463</u>	<u>69,665</u>	<u>350,458</u>
Balance at December 31, 2019	<u>\$ 139,620</u>	<u>56,894</u>	<u>72,967</u>	<u>269,481</u>
Balance at January 1, 2019	<u>\$ 148,094</u>	<u>51,572</u>	<u>-</u>	<u>199,666</u>

(9) Lease liabilities

The carrying amount of lease liabilities of the Group is:

	December 31, 2020	December 31, 2019
Current	<u>\$ 51,241</u>	<u>35,294</u>
Non-current	<u>\$ 92,742</u>	<u>95,687</u>

For the maturity analysis, please refer to note 6(19).

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The amounts recognized in profit or loss was as follows:

	For the year ended December 31,	
	2020	2019
Interest expense on lease liabilities	\$ 4,053	2,842
Variable lease payments not included in the measurement of lease liabilities	\$ 295	1,116
Expenses relating to short-term leases	\$ 1,565	7,326
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 188	185
Total cash outflow for leases	\$ 51,739	31,361

A. Real estate leases

As of December 31, 2020, the Group leases land and buildings for its office space. The leases of land typically run for a period of 36 to 50 years, and of office space typically run for a period of 2 to 4 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of land and office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

B. Other leases

The Group leases nitrogen storage equipment, with lease terms of three to fifteen years.

(10) Bank loan

	December 31, 2020	December 31, 2019
Credit loan	\$ 82,000	25,010
Unused short-term credit lines	\$ 588,440	449,930
Range of interest rates	0.9%~1.5%	1.5%

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(11) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ (8,810)	(8,954)
Fair value of plan assets	13,970	13,428
Net defined benefit liabilities	\$ 5,160	4,474

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$13,970 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the year ended December 31,	
	2020	2019
Defined benefit obligations at 1, January	\$ 8,954	8,665
Current service costs and interest cost	56	146
Remeasurements loss (gain)		
— financial assumptions	(200)	143
Defined benefit obligations at 31, December	\$ 8,810	8,954

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(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the year ended December 31,	
	2020	2019
Fair value of plan assets at 1, January	\$ 13,428	12,845
Interest income	84	113
Remeasurements gain (loss):		
– Return on plan assets excluding interest income	458	470
Fair value of plan assets at 31, December	\$ 13,970	13,428

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the year ended December 31,	
	2020	2019
Current service costs	\$ -	70
Net interest of net assets for defined benefit obligations	(28)	(37)
	\$ (28)	33
Operating expense	\$ (28)	33

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the year ended December 31,	
	2020	2019
Discount rate	0.375%	0.625%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$245 thousand.

The weighted average lifetime of the defined benefits plans is 6.8 years.

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(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	\$ (150)	153
Future salary increasing rate	148	(145)
December 31, 2019		
Discount rate	\$ (169)	174
Future salary increasing rate	168	(165)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis in 2020 and 2019.

B. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$4,147 thousand and \$15,791 thousand for the years ended December 31, 2020 and 2019, respectively.

(12) Other current liabilities

	December 31, 2020	December 31, 2019
Payables on equipment	\$ 240,989	173,763
Payables on employee compensation and directors' and supervision' remuneration	103,057	57,708
Payroll and bonus payables	69,890	60,556
Other	126,807	159,620
	\$ 540,743	451,647

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(13) Income taxes

A. Income taxes expense

The amount of income tax expense was as follow:

	For the year ended December 31,	
	2020	2019
Current tax expense	\$ 40,750	36,374
5% surtax on unappropriated retained earnings	8,479	474
Deferred tax expense	<u>48,858</u>	<u>3,501</u>
	<u>\$ 98,087</u>	<u>40,349</u>

The amount of income tax benefits recognized in other comprehensive income in 2020 and 2019 was as follows:

	For the year ended December 31,	
	2020	2019
Exchange differences on currency translation of foreign operations	<u>\$ 3,925</u>	<u>(9,142)</u>

Reconciliation of income tax expense and income before income tax in 2020 and 2019 is as follows:

	For the year ended December 31,	
	2020	2019
Profit excluding income tax	\$ 375,884	265,671
Income tax using the Company' s domestic tax rate	75,177	53,134
Effect of tax rates in foreign jurisdiction	13,162	11,114
5% surtax on unappropriated retained earnings	8,479	474
Change in unrecognized temporary differences and others	<u>1,269</u>	<u>(24,373)</u>
	<u>\$ 98,087</u>	<u>40,349</u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
The carryforward of unused tax losses	\$ 120,906	162,430
Tax effect of deductible temporary differences	<u>19,114</u>	<u>19,221</u>
	<u>\$ 140,020</u>	<u>181,651</u>

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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As at 31 December 2020, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2011~2020	<u>\$ 597,292</u>	2021~2030

(b) Recognized deferred tax assets and liabilities

	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Deferred Tax Assets							
Inventory devaluation loss	\$ 6,741	-	-	6,741	(253)	-	6,488
Foreign currency translation differences for foreign operations and other	15,597	3,783	9,142	28,522	(80)	(3,925)	24,517
	<u>\$ 22,338</u>	<u>3,783</u>	<u>9,142</u>	<u>35,263</u>	<u>(333)</u>	<u>(3,925)</u>	<u>31,005</u>
Deferred Tax Liabilities							
Equity method recognized the gain of foreign subsidiaries	\$ 267	6,918	-	7,185	48,525	-	55,710

C. The Group's tax returns for the years through 2018 were assessed by the Tax Authorities.

(14) Capital and other equity

A. Common stock

As of 31 December 2020 and 2019, the number of authorized ordinary shares were \$2,600,000 thousand shares with par value of \$10 per share (both of them reserved \$100,000 thousand for the issue of employee stock option certificates, and \$200,000 thousand for the issuance of convertible corporate bonds). The actual paid-in capital is 1,824,799 thousand.

B. Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	\$ 787,281	787,281
Changes of equities on associates	13,492	13,492
Changes of equities on subsidiaries	6,560	6,560
Employee share options	23,887	23,887
	<u>\$ 831,220</u>	<u>831,220</u>

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is determined in accordance with the Company law and the Company's articles of association, and is determined by the Company's capital and financial structure, operating conditions, surplus, the nature of the industry and the cyclical factors. The cash dividend is not less than 50% of the total dividends for the year, and can be adjusted according to the flexibility of internal and external environmental changes.

(a) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

By choosing to apply the exemptions granted under IFRS 1 during the Company's first-time adoption of IFRSs endorsed by the FSC, the accumulating conversion adjustments under shareholders' equity, transferred on the conversion date, resulted in an increase in retained earnings of \$109,388 thousand. However, on the conversion date, the actuarial gains and losses will be recognized immediately. The retained earnings incurred from the retained surplus of \$4,917 thousand, and the expected cost of the employee's accumulated paid leave, will be reduced by \$1,771 thousand. The conversion date was based on the first time adoption of the IFRSs endorsed by the FSC. The net increase in retained earnings amounted to \$102,700 thousand, which resulted in the loss of the original account \$(90,258) thousand and the retained surplus of \$12,422 thousand. According to the Ruling 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is use, disposed, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. In the first half of the year 2016 and the second half of the year of 2015, the special surplus reserve amounted to \$2,681 thousand and \$4,206 thousand, respectively, due to the sales of Yeh Chiang Kunshan and the disposal of Yeh Chiang Dongguan. The carrying amount of special reserve both amounted to \$5,555 thousand as of December 31, 2020 and 2019.

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In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior-periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company did not distribute any dividends in 2020 and 2019, with the resolution approved during the shareholders' meeting held on the June 10, 2020 and June 19, 2019, respectively.

D. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	\$ (160,366)	16,741
Exchange differences on foreign operations	15,696	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	452
Balance at December 31, 2020	<u>\$ (144,670)</u>	<u>17,193</u>
Balance at January 1, 2019	\$ (123,796)	794
Exchanges differences on foreign operations	(36,570)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	15,947
Balance at December 31, 2019	<u>\$ (160,366)</u>	<u>16,741</u>

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(15) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended December 31, 2020 and 2019 are as follows:

	For the year ended December 31,	
	2020	2019
Basic earnings per share:		
Net income / loss attributable to ordinary shareholders of the Company	<u>\$ 274,210</u>	<u>222,773</u>
Weighted-average number of ordinary shares (in thousands)	<u>182,480</u>	<u>182,480</u>
Basic earnings per share (TWD)	<u>\$ 1.50</u>	<u>1.22</u>
Diluted earnings per share:		
Net income / loss attributable to ordinary shareholders of the Company	<u>\$ 274,210</u>	<u>222,773</u>
Weighted-average number of ordinary shares (diluted) (in thousands)	182,480	182,480
Impact of dilution of potential common stock - employee compensation (thousand shares)	<u>2,368</u>	<u>593</u>
Weighted-average number of ordinary shares (in thousands)	<u>184,848</u>	<u>183,073</u>
Diluted earnings per share (TWD)	<u>\$ 1.48</u>	<u>1.22</u>

(16) Revenue from contracts with customers

A. Details of revenue

For details on revenue, please refer to note 14.

B. Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	<u>\$ 10,132</u>	<u>12,696</u>	<u>2,908</u>

For details on notes and trade receivables and loss allowance, please refer to note 6(3).

The contract liabilities primarily relate to the advance consideration received from customer, for which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the year ended December 31, 2020 and 2019 that was included in the contract liabilities balance at the beginning of the period was \$10,733 thousand and \$2,908 thousand.

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Notes to the Consolidated Financial Statements

(17) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 10% of the profit as employee compensation and less than 2% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$37,713 thousand and \$25,725 thousand, and directors' and supervisors' remuneration amounting to \$7,543 thousand and \$5,145 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2020 and 2019. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting. The related information can be accessed from the Market Observation Post System website.

The Company's 2019 and 2018 employee remuneration amounts were \$25,725 thousand and \$3,393 thousand, respectively, and directors' and supervisors' compensation amounts were \$5,145 thousand and \$679 thousand, respectively, and there was no difference from the actual distribution situation. Information about the remuneration of employees and directors' and supervisors' decided by the company's board of directors can be accessed from the Market Observation Post System website.

(18) Other gain and losses, net

	For the year ended	
	December 31,	
	2020	2019
Foreign exchange gains (losses)	\$ (27,928)	(26,626)
Dividend income	6,176	6,311
Subsidy revenue	4,310	19,439
Gain on financial assets at fair value though profit or loss	821	1,536
Other	12,471	11,209
	<u>\$ (4,150)</u>	<u>11,869</u>

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Notes to the Consolidated Financial Statements

(19) Financial instruments

A. Credit risk

(a) Exposure and concentration of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. The customers of the Group are mainly concentrated in the downstream heat pipe module factory of the computer industry. As of the end of December 31, 2020 and 2019, the total amount of notes and trade receivables deriving from the top five customers of the Group's operating income was \$500,524 thousand and \$348,344 thousand. They accounted for 54% and 43% of the net amount of notes and trade receivables, respectively. To reduce the concentration of credit risk, the Group continuously evaluates the credit status of its customers and collectability of notes and trade receivables, and provides an allowance for doubtful accounts.

(b) Receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(3).

Other financial assets at amortized cost was details of impairment losses, please refer to note 6(5) time deposits (recorded in other current assets).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7). No loss allowances were recognized under financial assets at amortized cost.

B. Liquidity risk

Except for the accrued expenses under other current liabilities, the contractual maturities of financial liabilities are as follows:

	Carrying amount	Contractual cash flows	1 years	2-5 years	5 years
December 31, 2020					
Non derivative financial liabilities					
Bank loan	\$ 82,000	82,734	82,734	-	-
Notes and trade payables	167,379	167,379	167,379	-	-
Lease liabilities (including other current liabilities portion)	143,983	161,977	54,606	55,372	51,999
Other payable-related parties	266,163	271,486	271,486	-	-
Gurantee deposit received	1,050	1,050	-	1,050	-
	\$ 660,575	684,626	576,205	56,422	51,999

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Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>2-5 years</u>	<u>5 years</u>
December 31, 2019					
Non derivative financial liabilities					
Bank loan	\$ 25,010	25,175	25,175	-	-
Notes and trade payables (including other liabilities portion)	129,504	129,504	129,504	-	-
Lease liabilities	130,981	141,111	38,579	51,389	51,143
Other payable-related parties	151,220	155,462	155,462	-	-
Gurantee deposit received	2,804	2,804	-	2,804	-
	\$ 439,519	454,056	348,720	54,193	51,143

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Market risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 7,115	4.377	31,144	8,826	4.305	37,995
USD	33,287	28.48	948,012	16,975	29.98	508,899
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,979	28.48	84,841	564	29.98	16,907

(b) Sensitivity analysis

Exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and trade receivables, and notes and trade payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD, and CNY as at December 31, 2020 and 2019 would have increased (decreased) the net profit before tax by \$44,716 thousand and \$26,499 thousand. The analysis is performed on the same basis for prior year.

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(c) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$27,928 thousand and \$26,626 thousand, respectively.

(d) Other price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	For the year ended December 31,			
	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 10% (listed and emerging stocks) and 1% (mutual funds)	<u>\$ 7,624</u>	<u>1,793</u>	<u>5,075</u>	<u>2,038</u>
Decreasing 10% (listed and emerging stocks) and 1% (mutual funds)	<u>\$ (7,624)</u>	<u>(1,793)</u>	<u>(5,075)</u>	<u>(2,038)</u>

D. Interest rate analysis

The Group's assessment did not have a significant loan rate risk.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income (available for-sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, lease liabilities disclosure of fair value information is not required:

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	December 31, 2019				
	Book	Fair Value			Total
	Value	Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank loan	25,010	-	-	-	-
Notes and trade payables	129,504	-	-	-	-
Lease liabilities	130,981	-	-	-	-
Other payable-related parties	154,076	-	-	-	-
Guarantee deposits received	2,804	-	-	-	-
	\$ 442,375	-	-	-	-

(b) Valuation techniques for financial instruments not measured at fair value

- i. If financial instruments measured at fair value through profit or loss, and equity instruments with quoted prices in active markets are available, the market price is established as the fair value.
- ii. If quoted prices in active markets are not available, the market comparable company method are used to estimate fair value, that is assessed by the pee stock price ratio.

(c) Transfer between Level 1 and Level 3

The equity shares of the Group in Powerchip Technology Corporation were accounted for as fair value through other comprehensive income due to having without any public quotation. Also, significant unobservable inputs were used to measure their fair value, therefore, they were classified as Level 3 of the fair value hierarchy. However, a resolution was approved during the board meeting of Powerchip Technology Corporation held in September 2020 for a capital reduction, wherein the share price to be refunded will be converted into shares of Powerchip Semiconductor Manufacturing Corporation, whose shares will be listed at emerging stock market on December 9, 2020. If there is a quotation in the active market, the fair value measurement will be transferred from the Level 3 to the Level 1 on December 31, 2020.

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value are “financial assets measured at fair value through other comprehensive - equity investments” .

The equity investments without an active market that use Level 3 inputs to measure fair value due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments are independent, therefore, there is no correlation.

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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive - equity investments without an active market	Market Method (comparable to the price and net value ratio of the listed (cabinet) company's peers)	<ul style="list-style-type: none"> • Price and net value ratio multiplier (As of 31 December 2020 and 2019 were 1.40~1.92 and 1.37~1.76) • Lack of market liquidity discount (As of 31 December 2020 and 2019 were 20% and 20~30%) 	<ul style="list-style-type: none"> • The higher the price and net value ratio multiplier, the higher the fair value • The higher the lack of market liquidity discount, the lower the fair value

(e) Reconciliation of level 3 fair values

	<u>For the year ended</u>	
	<u>2020</u>	<u>2019</u>
Financial assets measured at fair value through other comprehensive income		
- Equity instruments without an active market		
Balance at January 1	\$ 30,395	23,408
Total gain or loss - recognized in other comprehensive	(22,132)	6,987
Transfer from level 3	(2,905)	-
Balance at December 31	<u>\$ 5,358</u>	<u>30,395</u>

(20) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

This note presents information about Group' s exposure to each of the above risks, the Group' s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

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B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's bank deposits, trade receivables and guarantees.

(a) Group's bank deposits

The exposure to credit risk for the bank deposits, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, corporate organizations, and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(b) Trade receivables

The Group continuously evaluate the financial status. Please refer to Note 6(19) of the financial report.

(c) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. For details of the guarantee provided by the Group of December 31, 2020 and 2019, please refer to Note 7 and 13.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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Liquidity risk of the Group is monitored through its corporate financial department which tracks the development of the actual cash flow position for the Group and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate financial invest surplus cash in money market deposits and short term investments with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due. The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors and are subject to the monitor from internal audit office.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies used in these transactions are the USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying foreign exchange option or forward exchange contracts when necessary to address short-term imbalances.

The Group is not hedges its investment in foreign subsidiaries.

(b) Interest rate risk

Bank deposits and short-term loans of the Company are financial assets and liabilities subject to floating interest rates, so changes in market interest rates will cause the effective interest rate of bank deposits and short-term borrowings to change accordingly, and cause a wave of future cash flows move.

(c) Other market price risk

The primary goal of the Group's investment strategy is to maximize investment returns. In accordance with this strategy, certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

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(21) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings, and other equity interest. The board of directors managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-capital ratio at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	<u>\$ 1,271,408</u>	<u>906,033</u>
Total equity	<u>\$ 3,246,176</u>	<u>2,951,914</u>
Debt-to-equity ratio at 31 December	<u>39.17%</u>	<u>30.69%</u>

As of December 31, 2020, the Group had not changed its capital management method.

(22) Financing activities of non-cast transactions

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019 were as follows:

- A. Obtain the right-to-use assets by lease, please refer to note 6(9).
- B. Reconciliation of liabilities raising from financing activities were follows:

	Bank loan	Lease liabilities	Guarantee deposits received	Other payable-related parties	Total
Balance on January 1, 2020	\$ 25,010	130,981	2,804	154,076	312,871
Cash flow	56,990	(45,638)	(1,754)	112,087	121,685
Non-cash changes:					
Sign a financial lease contract	-	56,522	-	-	56,522
Change of exchange rate	-	2,118	-	-	2,118
Balance on December 31, 2020	<u>\$ 82,000</u>	<u>143,983</u>	<u>1,050</u>	<u>266,163</u>	<u>493,196</u>
Balance on January 1, 2019	\$ 40,000	51,572	952	-	92,524
Cash flow	(14,990)	(19,892)	1,852	154,076	121,046
Non-cash changes:					
Sign a financial lease contract	-	103,742	-	-	103,742
Change of exchange rate	-	(4,441)	-	-	(4,441)
Balance on December 31, 2019	<u>\$ 25,010</u>	<u>130,981</u>	<u>2,804</u>	<u>154,076</u>	<u>312,871</u>

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Notes to the Consolidated Financial Statements

7. Related-party transactions:

- (1) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Zhongshan Wei Li Textile Co., Ltd. (Zhongshan Wei Li)	The supervisor of the entity's parent company is the Company's chairman
Ping Ding Shan Bellevuecity Construction Co., Ltd. (Ping Ding Shan Bellevuecity)	The chairman of the entity's parent company is the Company's chairman

- (2) Key management personnel

Key management personnel compensation comprised:

	For the year ended December 31,	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	<u>\$ 4,670</u>	<u>7,887</u>

- (3) Other related party transactions

The amounts prepaid by the Group by related parties for operating expense were respectively \$2,881 thousand and \$2,856 thousand and accounted to trade payable-related parties at December 31, 2020 and 2019, respectively.

On December 31, 2020 and 2019, the amount of borrowings from Ping Ding Shan Bellevuecity for operating turnover were \$262,623 thousand and \$150,675 thousand. The interest rate was 2% and 4.35%. The interest expense was \$8,996 thousand \$1,714 thousand, respectively. Until the end of December 31, 2020 and 2019, the amount of other accounts payable-related parties, which including principal and interest were \$263,282 thousand and \$151,220 thousand, respectively.

8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Account</u>	<u>Object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits	Other non-current assets	Litigation deposit guarantee	\$ 7,000	7,000
Refundable deposit	Other non-current assets	Futures deposit	12,980	13,664
			<u>\$ 19,980</u>	<u>20,664</u>

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Notes to the Consolidated Financial Statements

9. Commitments and contingencies:

- (1) The Group's unrecognized contractual commitments for property, plant and equipment are as follows:

December 31, 2020	December 31, 2019
\$ 120,528	96,393

- (2) For the financial loan credits, export bills and financial commodity trading credits, the details of the opening guarantee notes are as follows:

December 31, 2020	December 31, 2019
\$ 642,400	585,900

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

- (1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2020			2019		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		723,454	143,890	867,344	598,281	138,459	736,740
Labor and health insurance		3,493	6,013	9,506	2,969	6,445	9,414
Pension		1,082	3,037	4,119	9,894	5,930	15,824
Others		1,968	15,141	17,109	2,222	20,433	22,655
Depreciation		134,731	53,919	188,650	74,208	31,535	105,743
Amortization (Note)		-	5,443	5,443	-	10,493	10,493

(Note) Amortization expenses included intangible assets amounting to \$2,865 thousand and other non-current assets amounting to \$2,578 thousand in 2020. Amortization expenses included intangible assets amounting to \$9,026 thousand and other non-current assets amounting to \$1,467 thousand in 2019.

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Notes to the Consolidated Financial Statements

- (2) On September 15, 2009, the Group entered into an agreement with an agent, Taiwan Mother Cosmo Co., Ltd. (TMC), for the manufacturing and sales of fibre-alcohol in the People's Republic of China in order to obtain fibre-alcohol mass production technology and related advisory services. However, the TMC failed to comply with the agreement, resulting in the Group to file a lawsuit against the agent, including its chairman and vice chairman, to the Taipei District Court. The Group also provided the amount of \$16,800 thousand to the Taipei District Court as security after an execution of a ruling on the abovementioned lawsuit had been carried out. On the other hand, TMC was dissatisfied with the decision made by the Taipei District Court, and therefore, filed an appeal to the Taiwan High Court. On December 7, 2016, the Taiwan High Court demanded TMC to pay the amount \$70,308 thousand to the Group, but dismissing the allegation against its chairman and vice chairman. TMC disagreed with the court's decision, hence, filed an appeal against it. However, its appeal was denied on October 11, 2018. On January 31, 2019, TMC appealed to the Supreme Court. After the final judgment, the Supreme Court ruled and denied the appeal.
- (3) In 2010, the Group entered into an agreement with Unimax Investment Services Ltd. (Unimax) for the purchase of spotlights, wherein Davinci Industrial Inc. (Davinci) was responsible for the manufacturing and sales of the said product. However, there were defects found in the products, resulting in the Group to return them to Unimax for repair. Unimax, on the other hand, refused to comply with the Group's request, which prompted the Group to terminate their agreement and proceeded in filing a lawsuit against Unimax to the Taipei District Court. Furthermore, since Davinci was also involved the case, the Group filed another lawsuit against Davinci to the Taipei District Court on December 12, 2012, demanding for a compensation claim of \$41,055 thousand. In addition, the Group provided the amount \$7,000 thousand as security after an execution on the ruling on the abovementioned lawsuit against Davinci had been carried out. This case is still in progress as of the issuance of this report.

13. Other disclosures:

- (1) Information on significant transactions

The following is the information on significant transactions required by the Regulations for the Group:

- A. Loans to other parties: Please refer to Attachment 1.
- B. Guarantees and endorsements for other parties: Please refer to Attachment 2.
- C. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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Notes to the Consolidated Financial Statements

- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Attachment 5.
- I. Trading in derivative instruments: None.
- J. Business relationships and significant intercompany transactions: Please refer to Attachment 6.
- (2) Name, Location, and related information of investees for the year 2020 (excluding information on investees in Mainland China): Please refer to Attachment 7.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Attachment 8(1).
- B. Limitation on investment in Mainland China: Please refer to Attachment 8(2).
- C. Significant transactions

The significant Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "information on significant transactions".

- (4) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.48%
Feng Lei Investing Co. Ltd.		18,904,000	10.35%
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)		18,321,000	10.04%
Advance Program Ltd.		17,931,181	9.82%
Supercap Industrial Co., Ltd.		17,031,602	9.33%
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.86%
Bellevuecity Construction Co., Ltd.		15,677,236	8.59%
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37%

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

14. Segment information:

(1) General and segment information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group. The Group's main operating decision makers at least quarterly reviews of the internal management reports of each strategic division. No segment's assets were provide to the operating decision makers, therefore, no disclosure is required of the Group. In addition, the Segment's gains and losses are measured by using the net profit before tax, which are used as a basis for assessing the Segment's performance. The construction of each department in the Group is as follows:

Heat pipe Segment: Includes the related high-tech heat pipe components and Solder balls production and marketing business.

Lighting Segment: Includes LED lighting products and lighting equipment production and marketing business.

(2) The Group' s operating segment information and reconciliation are as follows:

	For the year ended December 31, 2020				
	Heat pipe business	Lighting business	Semiconduct or business	Reconcilliation and elimination	Total
Total revenue	\$ 2,344,170	334,403	-	(93)	2,678,480
Depreciation and amortization expense	\$ 187,238	6,855	-	-	194,093
Segment before tax profit	\$ 346,913	30,426	(1,455)	-	375,884
Segment assets	\$ 3,946,112	351,102	221,558	(1,188)	4,517,584
Segment liabilities	\$ 1,157,719	114,730	147	(1,188)	1,271,408
	For the year ended December 31, 2019				
	Heat pipe business	Lighting business	Semiconduct or business	Reconcilliation and elimination	Total
Total revenue	\$ 1,919,508	326,716	-	(541)	2,245,683
Depreciation and amortization expense	\$ 109,418	6,818	-	-	116,236
Segment before tax profit	\$ 248,727	17,581	(637)	-	265,671
Segment assets	\$ 3,353,374	282,575	222,979	(981)	3,857,947
Segment liabilities	\$ 830,235	76,665	114	(981)	906,033

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Corporate information

A. Product and service information

Revenue from the external customers of the Group was as follows:

	For the year ended December 31,	
	2020	2019
Heat pipe product	\$ 2,344,170	1,919,508
Lighting device	334,310	326,175
	\$ 2,678,480	2,245,683

B. Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	For the year ended December 31,	
	2020	2019
Revenue from external customers:		
China	\$ 2,159,263	1,872,453
Taiwan	311,150	292,193
Other countries	208,067	81,037
	\$ 2,678,480	2,245,683
	December 31, 2020	December 31, 2019
Non-current assets:		
China	\$ 1,891,270	1,446,761
Taiwan	130,273	136,304
Vietnam	70,368	-
	\$ 2,091,911	1,583,065

The above noncurrent assets include property, plant and equipment, intangible assets, and right-of-use asset not including financial instruments and other noncurrent assets rights.

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

C. Major customers

The total revenue of the Group is from the important customer amount of the heat pipe business unit:

	For the year ended December 31,	
	2020	2019
Aavid Thermalloy	\$ 515,350	201,122
Shuanghong	511,562	316,692
Huaying Electronic	272,094	244,645
	<u>\$ 1,299,006</u>	<u>762,459</u>

Yeh Chiang Technology Corporation and its Subsidiaries

Loans to others

From January 1 to December 31, 2020

Attachment 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reason for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of total financing amount
													Item	Value		
1	The Company	Zhongshan Weiqiang	Other receivable - related parties	Yes	444,770	370,240	156,640	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)
1	The Company	Ye Xian Weiqiang	Other receivable - related parties	Yes	460,960	455,680	142,400	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)
1	The Company	Yeh Chiang Ping Ding Shan	Other receivable - related parties	Yes	151,125	99,680	99,680	0~2%	2	-	Business operation	-	None	-	636,968 (Note1)	1,273,935 (Note2)

Note 1: Limit of financing amount for individual counter-party shall not exceed 20% of latest financial statements of the Company's net assets audited.

Note 2: Limit of total financing amount shall not exceed 40% of latest financial statements of the Company's net assets audited.

Note 3: The entry method for the loading of fund is as follows:

1. For business transaction, please fill in 1.
2. Necessary for short-term financing, please fill in 2.

Note 4: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Yeh Chiang Technology Corporation and its Subsidiaries
Guarantees and endorsements for other parties
From January 1 to December 31, 2020

Attachment 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	The Company	Excel Rainbow	Subsidiary	636,968	28,480 (USD1,000)	28,480 (USD1,000)	-	-	1%	1,273,935	Y	N	N
2	The Company	Taiwan Lighting	Subsidiary	636,968	90,000	90,000	30,000	-	3%	1,273,935	Y	N	N
3	The Company	Zhongshan Weiqiang	Subsidiary	636,968	350,160 (CNY80,000)	350,160 (CNY80,000)	-	-	11%	1,273,935	Y	N	Y
4	The Company	So Bright Electronic	Subsidiary	636,968	85,000	85,000	2,000	-	3%	1,273,935	Y	N	N
					<u>553,640</u>	<u>553,640</u>	<u>32,000</u>						

Note 1: The amount of endorsements/ guarantees for any single entity shall not exceed 20% of latest financial statements of the Company's net assets audited.

Note 2: Limit of total endorsed/ guaranteed amount shall not exceed 40% of latest financial statements of the Company's net assets audited.

Note 3: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Yeh Chiang Technology Corporation and its Subsidiaries
Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures)

December 31, 2020

Attachment 3

(In Thousands of New Taiwan Dollars) / Thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Highest Percentage of ownership during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
	Fund:							
The Company	Union Money Market Fund	None	Current financial assets at fair value through profit or loss	1,591	21,171	-	21,171	-
The Company	Eastspring Investments Well Pool Money Market Fund	"	"	866	11,873	-	11,873	-
The Company	Yuanta De-Li Money Market Fund	"	"	1,855	30,497	-	30,497	-
The Company	Capital Money Market Fund	"	"	1,347	21,904	-	21,904	-
The Company	Franklin Templeton Sinoam Money Market Fund	"	"	2,228	23,237	-	23,237	-
Taiwan Lighting	Union Money Market Fund	"	"	5,305	<u>70,604</u>		<u>70,604</u>	-
					<u>179,286</u>		<u>179,286</u>	
	Stock:							
The Company	Common stock of ASUSTeK Computer Inc.	None	Non-current financial assets at fair value through other comprehensive income	133	33,247	-	33,247	-
The Company	Common stock of Pegatron Corporation	"	"	293	19,706	-	19,706	-
The Company	Emerging Stock-Powerchip Semiconductor Manufacturing Corporation	"	"	466	23,289	-	23,289	-
The Company	Common stock of Song Long Electronics Co., Ltd	"	"	300	2,500	-	2,500	-
The Company	Common stock of Powerchip Technology Coporation	"	"	300	<u>2,858</u>	-	<u>2,858</u>	-
					<u>81,600</u>		<u>81,600</u>	

Yeh Chiang Technology Corporation and its Subsidiaries

**Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock
From January 1 to December 31, 2020**

Attachment 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes / Trade receivables (payables)		Note
			Purchase /Sale	Amount	Percentage of total purchases /sales	Payment terms	Unit price	Payment terms	Ending balance	Notes / Trade receivables (payables)	
Excel Rainbow	The Company	Parent Company	Sales	800,268 (USD27,114)	100%	Open account 90 days account	No significant different	62,185 (USD2,183)	100%	Note1	
Yeh Chiang Ping Ding Shan	Excel Rainbow	Subsidiary of The Company	Sales	446,852 (USD15,817)	52%	Open account 90 days account	No significant different	32,351 (USD1,136)	11%	Note1	
Yeh Chiang Ping Ding Shan	Zhongshan Weiqiang	Subsidiary of The Company	Sales	430,101 (CNY100,578)	48%	Open account 90 days account	No significant different	267,569 (CNY61,131)	89%	Note1	
Zhongshan Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	261,481 (USD8,859)	16%	Open account 90 days	No significant different	11,372 (USD399)	19%	Note1	

Note1: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Note2: Assets and revenue were recognized by company in one-way.

Yeh Chiang Technology Corporation and its Subsidiaries
Receivables from related parties with amounts exceeding the lower of NT100 million or 20% of capital stock
From January 1 to December 31, 2020

Attachment 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rates	Overdue		Amounts received in subsequent period	Loss allowance	Note
					Amount	Action taken			
The Company	Zhongshan Weiqiang	parent subsidiary	156,640 (USD5,500)	-	-	-	-	-	
The Company	Ye Xian Weiqiang	parent subsidiary	142,400 (USD5,000)	-	-	-	-	-	
Yeh Chiang Ping Ding Shan	Zhongshan Weiqiang	Subsidiary of The Company	267,569 (CNY61,131)	2.00	-	-	198,379 (CNY45,323)	-	

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Yeh Chiang Technology Corporation and its Subsidiaries
Business relationships and significant intercompany transactions
From January 1 to December 31, 2020

Attachment 6

(In Thousands of New Taiwan Dollars)

Number	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
0	The Company	Zhongshan Weiqiang	1	Other receivables – related parties	156,640		3%
0	The Company	Ye Xian Weiqiang	1	Other receivables – related parties	142,400		3%
0	The Company	Ping Ding Shan Yeh Chiang	1	Other receivables – related parties	99,680		2%
1	Excel Rainbow	The Company	2	Sales	800,268	Open account 90 days	30%
1	Excel Rainbow	The Company	2	Trade receivables – related-party	62,185	Open account 90 days	1%
2	Zhongshan Weiqiang	Excel Rainbow	3	Sales	261,481	Open account 90 days	10%
3	Ye Xian Weiqiang	Ping Ding Shan Yeh Chiang	3	Sales	60,903	Open account 90 days	3%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Sales	161,005	Open account 90 days	6%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Trade receivables – related-party	64,379	Open account 90 days	1%
4	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	3	Sales	430,101	Open account 90 days	16%
4	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	3	Trade receivables – related-party	267,569	Open account 90 days	6%

Number	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
4	Ping Ding Shan Yeh Chiang	Excel Rainbow	3	Sales	466,852	Open account 90 days	17%
4	Ping Ding Shan Yeh Chiang	Excel Rainbow	3	Trade receivables – related-party	32,351	Open account 90 days	1%

Note 1: The information of number are as follow :

1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order from number 1.

Note 2: The types of relationships with traders are as follows:

1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 3: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Note 4: The transactions with an amount incurred from Sales, Account receivable and other receivable of more than 1% of the operating revenue or assets.

Yeh Chiang Technology Corporation and its Subsidiaries

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China)

From January 1 to December 31, 2020

Attachment 7

(In Thousands of New Taiwan Dollars) / Thousand shares

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2020			Highest percentage of ownership during the year	Net income (loss) of investee	Share of profits / losses of investee	Note
				December 31,2020	December 31,2019	Shares (In thousands)	Percentage of ownership	Carrying value				
The Company	YCTSC	Samoa	Overseas investment activities	1,194,737 (USD38,082)	1,194,737 (USD38,082)	2,007	100.00%	1,583,895 (USD55,614)	100.00%	244,276 (USD8,275)	244,276 (USD8,275)	
The Company	YCTBC	B.V.I.	International trade	73,333 (USD2,557)	73,333 (USD2,557)	2,406	100.00%	10,050 (USD353)	100.00%	(95) (USD(3))	(95) (USD(3))	
The Company	Excel Rainbow	Seychelles	International trade	70,520 (USD2,155)	70,520 (USD2,155)	2,155	100.00%	3,876 (USD136)	100.00%	(243) (USD(8))	(243) (USD(8))	
The Company	Arcadia Tech	Taipei City	Sales and manufacturing of Bioethanol	-	55,000	-	-	-	100.00%	150	150	
The Company	Taiwan Lighting	Taipei City	Lighting facilities	176,110	176,110	17,611	100.00%	185,225	100.00%	20,596	20,596	
The Company	So Bright Electronic	Taoyuan City	Lighting facilities	63,904	63,904	2,773	60.29%	30,834	60.29%	9,830	5,948	
The Company	Yu Cheng Materials	Taipei City	Sales and manufacturing of electronic parts and components	136,784	136,784	13,678	81.80%	181,115	81,80%	(1,455)	(1,238)	
The Company	Taiwan New Thermal System	Taichung City	Sales and manufacturing of heat pipes	68,000	68,000	5,448	99.06%	35,179	99.06%	(4,391)	(3,913)	
The Company	Veitnam Yeh Chiang	Veitnam	Sales and manufacturing of heat pipes	118,140 (USD4,000)	-	-	100.00%	112,843 (USD3,968)	100.00%	(1,315) (USD(46))	(1,315) (USD(46))	
								<u>2,143,017</u>		<u>267,353</u>	<u>264,166</u>	

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2020			Highest percentage of ownership during the year	Net income (loss) of investee	Share of profits / losses of investee	Note
				December 31,2020	December 31,2019	Shares (In thousands)	Percentage of ownership	Carrying value				
YCTSC	YCTCC	Cayman	Overseas investment activities	USD23,828	USD28,828	1,244	100.00%	1,146,522 (USD40,257)	100.00%	273,572 (USD9,267)	273,572 (USD9,267)	
YCTSC	YCTYXCC	Cayman	Overseas investment activities	USD13,760	USD13,760	688	100.00%	423,456 (USD14,869)	100.00%	(29,267) (USD(991))	(29,267) (USD(991))	

Note 1: The shares of profits/losses of the investee company have been included in the share of profit/losses of investor company.

Note 2: The relevant transactions and ending balance are eliminated financial statement.

Yeh Chiang Technology Corporation and its Subsidiaries
Information on investment in Mainland China
From January 1 to December 31, 2020

Schedule 8(1)

(a) The names of investees in Mainland China, the main business and product, and other information :

(In Thousands of New Taiwan Dollars)

Investor Company	Name of investee	Main Business and Products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) (Note3)	Book value	Accumulated remittance of earnings in current period
						Out-flow	Inflow						
YCTCC	Zhongshan Weiqiang	Sales and manufacturing of heat pipes and BGA	555,362 (USD19,500)	Note1	555,362 (USD19,500)	-	-	555,362 (USD19,500)	167,225 (USD5,665)	100%	178,923 (USD6,061)	772,897 (USD27,138)	-
YCTCC	ZhuHai Weiqiang	Sales and manufacturing of heat pipes and bumping	14,240 (USD500)	Note1	14,240 (USD500)	-	-	14,240 (USD500)	(645) (USD(22))	100%	(645) (USD(22))	16,186 (USD568)	-
YCTCC	Yeh Chiang Ping Ding Shan	Sales and manufacturing of heat pipes	142,400 (USD5,000)	Note1	142,400 (USD5,000)	-	-	142,400 (USD5,000)	85,505 (USD2,897)	100%	86,508 (USD2,930)	302,070 (USD10,606)	-
YCTYXCC	Ye Xian Weiqiang	Sales and manufacturing of heat pipes	391,885 (USD13,760)	Note1	391,885 (USD13,760)	-	-	391,885 (USD13,760)	(29,203) (USD(989))	100%	(29,083) (USD(985))	423,930 (USD14,885)	-

Schedule 8(2)

(a) Limitation of investments in Mainland China :

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,103,885(US\$38,760 thousand)	1,224,640 (US\$43,000 thousand)	1,910,903

Note 1: Investment in companies in Mainland China through YCTSC in the third regions.

Note 2: The investment income (loss) recognition denominated in foreign currencies are translated into New Taiwan Dollars using the average rates at 29.52 from January 1 to December 31, 2020; Other investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate at 28.48.

Note 3: The financial statements of the Company were audited by the Taiwan parent company audit team.

Note 4: The relevant transactions and closing balances have been offset.

Note 5: The limitation on investment in Mainland China is caculated with 60% of the combined net equity.