

Stock code: 6220



YFC-BONEAGLE ELECTRIC CO., LTD.

2023 Annual General Shareholders' Meeting Handbook

Date: June 20, 2023

Location: 4F., No. 370, Zhongshan Rd., Xinwu Dist., Taoyuan City
(Xinwu Dist. Women & Children Affairs Building)

The 2023 AGM will be convened physically.

This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.

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YFC-BONEAGLE ELECTRIC CO., LTD.
2023 Annual General Shareholders' Meeting Procedure

1. Call Meeting to Order

2. Chairman's Address

3. Report Items

4. Ratification Items

5. Discussion Items

6. Extempore Motion

7. Adjournment

YFC-BONEAGLE ELECTRIC CO., LTD.
2023 Annual General Shareholders' Meeting Agenda

Time: June 20, 2023. 9:00 a.m.

Location: 4F., No. 370, Zhongshan Rd., Xinwu Dist., Taoyuan City

(Xinwu Dist. Women & Children Affairs Building)

Chairman calls the Meeting to order and delivers an opening address

A. Report Items:

1. Overview of operation status and 2022 Business Report
2. Audit Committee's Review Report of 2022 Financial Statements
3. Employees' and Directors' Remuneration Distribution in 2022
4. Distribution of Profits in Cash Dividends in 2022
5. Report on the status of Guarantees and Endorsements Made in 2022
6. Report on the Cost-Benefit Analysis of acquisition of Monoprice Holdings
7. Amendments to the "Rules of Procedure for Board of Directors Meetings"

B. Ratification Items:

1. Approval of the 2022 Business Report and Financial Statements
2. Adoption of the proposal for 2022 Earnings Distribution

C. Discussion Items:

1. Release the Prohibition on Directors and Representatives of Corporate Directors from Participation in Competitive Business

D. Extempore Motions

E. Adjournment

A. Report Items

1. Overview of Operation Status and 2022 Business Report

Explanation: Please refer to Attachment 1.

2. Audit Committee's Review Report on the 2022 Financial Statements

Explanation: Please refer to Attachment 2.

3. Employees' and Directors' Remuneration Distribution in 2022

- Explanation: (1) According to Article 20 of the Articles of Incorporation, if the Company has a profit of the year (profits mean earnings before tax, excluding the amounts of employees' and directors' remuneration), such profit shall distribute no less than 6% as employees' remuneration and no more than 6% as directors' compensation.
- (2) As reported to the Compensation Committee and reviewed by the Board of Directors, it is proposed to allocate NT\$71,000,000 for employees' remuneration and NT\$15,000,000 for directors' compensation. Directors' compensation will be distributed in cash, while employees' remuneration will consist of NT\$25,000,000 in cash and NT\$46,000,000 in stocks. Based on the closing price of the Company's common stock of NT\$28.85 on the day prior to the Board's resolution issuing new shares, the number of shares issued will be 1,594,454. If any portion of the employees' remuneration is less than one share, it will be paid in cash.
- (3) There is no difference between the above employees' and directors' remuneration amount and the recognized expense in 2022.
- (4) The Chairman is authorized to determine the issuance date of the aforementioned employees' remuneration-related distribution matters

4. Distribution of Profits in Cash Dividends to Shareholders in 2022

- Explanation: (1) In accordance with Article 20-1 of the Articles of Incorporation, the Board of Directors is authorized to distribute all or part of the dividends and bonuses in cash, and submit such distribution resolution to the shareholders' meeting.
- (2) It is proposed to distribute shareholder cash dividends of NT\$434,604,558 (NT\$3 per share). Cash dividend would be distributed to 1 NT dollar (rounded down to an integer), fractional amount in this cash dividend distribution shall be included as other income of the Company.
- (3) The Board has approved the distribution proposal and is authorized to set the ex-dividend and payment date and other related matters. However, later if the outstanding share number changes due to requirements of the competent authority,

changes in laws, re-purchases of Company shares, or conversions of issued convertible bonds, causing impacts on the dividend payout ratio. It is proposed to the Meeting to authorize the Chairman with sole discretion.

5. Report on the status of Guarantees and Endorsements Made in 2022

Explanation: As of December 31, 2022, all endorsements/guarantees made by the Company and its subsidiaries are within limits defined under the “Regulations Governing Making of Endorsement/Guarantee” of the Company and its subsidiaries, which are all financing endorsement guarantees. For details, please see the following table:

Unit: NT\$ thousand

Name of guarantor	Counter-party of guarantee & endorsement		Limitation on amount of guarantees & endorsements for a specific enterprise	Highest balance for guarantees & endorsements during the period	Balance of guarantees & endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees & endorsements (Amount)	Ratio of accumulated guarantees & endorsements to net worth of the latest financial statements	Maximum amount for guarantees & endorsements	Parent company endorsements/guarantees to 3 rd parties on behalf of subsidiary	Subsidiary endorsements/guarantees to 3 rd parties on behalf of parent company	Endorsements/guarantees to 3 rd parties on behalf of companies in Mainland China
	Name	Relationship with the Company										
The Company	WUXI UNIVERSAL	A wholly owned third-tier subsidiary	3,890,042	1,086,530	799,488	201,231	-	20.55%	7,780,084	Y	N	Y
The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	A wholly owned subsidiary	3,890,042	100,000	100,000	40,470	-	2.57%	7,780,084	Y	N	N
The Company	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	A wholly owned second-tier subsidiary	3,890,042	160,825	153,500	42,280	-	3.95%	7,780,084	Y	N	N
The Company	YFC-BONEAGLE INTERNATIONAL, INC.	A wholly owned second-tier subsidiary	3,890,042	58,850	-	-	-	-%	7,780,084	Y	N	N
PRIME WIRE & CABLE, INC.	UNC INVESTMENT & DEVELOPMENT, INC	Wholly owned third-tier subsidiary and subsidiary	1,047,762	454,359	-	-	-	-%	2,095,524	N	N	N

Note 1: The amount of endorsements or guarantees to an individual company may not exceed 20% of the Company’s net worth based on the most current financial statements, and the amount for overseas affiliated companies may not exceed the Company’s net worth. The total amount of endorsements or guarantees provided by the Company and its subsidiaries may not exceed 200% of the Company’s current net worth, and the amount of endorsements or guarantees to an individual company may not exceed 20% of the Company’s current net worth. In the event the total amount exceeds more than 50% of the Company’s net worth, an explanation shall be made in the shareholders’ meeting. The amount of endorsements or guarantees provided by subsidiaries to overseas affiliates may not exceed the net worth of the subsidiary. Where endorsements or guarantees are provided to a company due to its business relationship with the Company, the amount may not exceed total transactions in the past year, wherein the transaction amount is the higher of the amount of purchase or sales. Current net worth is based on the most recent audited financial statements.

Note 2: The maximum amounts of endorsements for investees have been approved in the board of directors’ meeting.

6. Report on the Cost-Benefit Analysis of acquisition of Monoprice Holdings

Explanation: (1) The Company issued the 8th domestic unsecured convertible corporate bond in 2017 to repay the bank loan and improve its financial structure. Such issuance was completed in June 2017 with a total amount of NT\$704.2 million.

(2) The foregoing loan repayment was initially set to purchase MONOPRICE HOLDINGS shares. Hence, per the Financial Supervisory Commission (FSC) May 26, 2017, Jin-Guan-Zheng-Fa-Zi No. 1060017813 Letter, the Company shall report the implementation of the expected benefit of investing in MONOPRICE HOLDINGS at the shareholders' meeting.

(3) Please refer to Attachment 3.

7. Amend the “Rules of Procedure for Board of Directors Meetings”

Explanation: In compliance with Jin-Guan-Zheng-Fa-Zi No. 1110383263 Letter, issued by FSC on August 5, 2022, and Zheng-Gui-Jian-Zi No. 1120200112 Letter, issued on January 16, 2023, it is proposed to amend the “Rules of Procedure for Board of Directors Meetings”. Please refer to Attachment 4 for the comparison table of the amendments.

B. Ratification Items

Item 1.

Proposed by the Board

Proposal: Approval of the 2022 Business Report and Financial Statements

Explanation: (1) The 2022 Individual Financial Statements and Consolidated Financial Statements were audited by KPMG Taiwan independent accountants Fang-Yi Lee and Chiu-Hua Hsieh. The Financial Statements and Business Report have been examined and approved by the Audit Committee, and a report issued thereon.

(2) Please refer to Attachment 1 for Business Report, Attachment 5 for Independent Accountants' Audit Report and Financial Statements.

Resolution:

Item 2.

Proposed by the Board

Proposal: Adoption of the proposal for 2022 Earnings Distribution

Explanation: The 2022 Earnings Distribution Table is attached hereto as Attachment 6.

Resolution:

C. Discussion Items

Item 1.

Proposed by the Board

Proposal: Discussion to Release the Prohibition on Directors and Representatives of Corporate Directors from Participation in Competitive Business

Explanation: (1) In view of the directors and their representatives may concurrently serve as directors in other companies with similar business scopes, without prejudicing the interests of the company, and in accordance with the provisions of Article 209 of the Company Act, it is proposed to lift the non-compete clause on the Company's directors and their representatives.

(2) Please refer to Attachment 7 for List of Directors and Representatives' Concurrent Positions in Other Companies.

Result:

D. Extemporary Motions

E. Adjournment

Business Report

A. Business Performance for 2022

(1) 2022 Financial Summary

YFC-BonEagle Group's consolidated revenue for 2022 was NT\$11,670,625 thousand, representing a 6.24% decrease compared to NT\$12,446,928 thousand in 2021. The gross profit ratio was 19.59%, showing a 7.38% decrease from 21.15% in 2021. Net profit after tax was NT\$803,702 thousand, an increase of 700.62% from NT\$100,385 thousand in 2021. The consolidated earnings after tax per share was NT\$5.87, reflecting a 672.37% increase from NT\$0.76 in 2021.

The significant growth in YFC-BonEagle Group's Net Profit after Tax in FY2022 compared to FY2021 was mainly due to the net profit from disposal of property, plant, and equipment of NT\$2,007,544 thousand, capital gains taxes of NT\$613,973 thousand, provision for inventory valuation and obsolescence losses of NT\$408,353 thousand, and impairment loss of non-financial assets of NT\$104,473 thousand.

(2) Budget Execution: As the Company did not publicly disclose a financial forecast for FY2022, there is no analysis available.

(3) Analysis of Receipts, Expenditures and Profitability

Unit: NT\$ thousand

Category	Title	2022	2021
Receipts & Expenditures	Net operating revenue	11,670,625	12,446,928
	Gross profit from operations	2,286,817	2,632,499
	Net profit (loss) before tax	1,438,217	132,384
	Net profit (loss) after tax	803,702	100,385
Profitability	ROA (%)	9.08	1.88
	ROE (%)	24.99	3.88
	Operating income to paid-in capital (%)	(25.70)	16.11
	Net profit before tax to paid-in capital (%)	99.72	10.11
	Net profit margin (%)	6.89	0.80
	EPS (NT\$)	5.87	0.76

(4) R&D

1. Lan CM grade PVC wire – Cat.6 UTP series.
2. Lan CMP PVC – Cat.6 UTP & FTP and Cat.6A UTP series.
3. Lan CMR PVC – Cat.6/Cat.5e UTP and Cat.6A UTP cable.
4. Lan PVC/LSOH wire – Cat.6A Shielded wire.
5. Lan PVC/LSOH – Cat.6A UTP.
6. Local sourced materials for 5G foam insulation material development and application-physical foam.

7. Development of new PVC compounds certified under UL & CM.
8. Certification of networking cable products for the Philippines' Plants.
9. POE CAT.6/6A shielded/unshielded module.
10. Product lines of Wuxi Factory were certified in various countries: European Union CPR-certificated Lan Cable, halogen-free cables/VDE-certified plug, 20 types of plugs for Australia and Europe were certified, and 17 certificates were CCC-updated, national standard of China.
11. Certification of K.UL 758, UL10269, UL11627 and UL3817
12. CM Evaluation and Certification for RG174 Coaxial Cable
13. PV energy storage rechargeable battery (outdoor waterproof).
14. PV1-F solar panels connected to PV extension cable.
15. US-spec 3-prong plug LED lighting male plug/female plug (outdoor waterproof).
16. Wire harness assembly board and electrical test board.
17. Large square wire harness riveting and ultrasonic welding production capability (>50 square).
18. Development of 3-in-1 terminal crimping machine.

B. Summary of 2023 Business Plan

(1) Short-term Business Development Plan:

1. Integrating sales, channels, and production by one-stop service, to be able to master clients' demand and balance production costs effectively, and further provide the most valuable products (industrial, commercial, and household use) to global consumers. Ultimately creating growth engines for revenue and profitability.
2. Besides distributing power cables & network product series, our US channel subsidiaries develop other 5G-related product lines aggressively as well to expand sales and strengthen cash flow to deliver better overall performance.
3. Continue to expand the wiring harness business related to electronic control and ADAS in alternative fuel vehicles (AFV).
4. Promote the Company's high-end cable routing products (Cat.8) to the market by providing complete high-speed network transmission solution models
5. Conform to the smart manufacturing trend, develop the industrial network patch cord market and differentiate ourselves from the current low-end consumer market and traditional channels.
6. Accelerate non-China sourcing developments, and cooperate with suppliers to meet the needs of the three US channel subsidiaries and North American clients.
7. Increase the capacity efficiency and shorten production lead-time of the Philippine plants to satisfy North American clients' demands.
8. Develop modular center business in North America and Southeast Asia.

(2) Long-term Business Development Plan:

1. Increase sales shares outside US regions, such as Europe, Southeast Asia, New Zealand, and Australia. In addition, set up Southeast Asia Promotion Center of the Group's branded products in the Philippines, cooperate with local related enterprises, and participate in Government infrastructure projects.
2. Provide valuable products to satisfy various demands in the markets via solid manufacturing and quality control ability of the Company's plants and alignment with suppliers.

3. Prime, a self-owned wholesale channel, sells products to consumers fond of in-store shopping.
4. Monoprice, a self-owned e-commerce brand, provides Internet users with the most suitable products in time.
5. Expand the automotive market in Mainland China on the ground of automotive high-frequency cable solutions and electric vehicle power cable solutions.
6. Set up manufacturing plants outside China and increase sourcing partners to decentralize our production bases and erase risks raised from the US-China rivalry and geopolitical competition.

C. Impacts of the Competitive Environment, Regulations, and Overall Business Management:

(1) Geopolitical Challenges:

Due to the fragile U.S.-China relations and the high tariffs imposed by the U.S. on Chinese imports, which are unlikely to be removed in the near future, our main clients have requested that we increase the capacity of our non-China manufacturing facilities.

YFC has leased two plants and built a self-owned warehouse to meet clients' order demands and lead-time requests. Additionally, we have been continuously searching for qualified suppliers outside of China, such as Vietnam and Thailand, to manufacture our own-branded and EDM products for our channel subsidiaries, Prime, Monoprice, and Bestlink. This is aimed at eliminating tariff costs and gaining a competitive advantage.

(2) Effects of Interest Rates and Exchange Rates:

Since March 2022, the FED has started raising interest rates, and as of the end of March 2023, the federal benchmark interest rate has reached 4.75% to 5.00%, leading to a significant increase in borrowing rates. In 2023, there is no longer global shortage of shipping containers and shipping crisis, and the congestion at US West Coast ports has eased, resulting in slower shipping speeds. YFC Group will continue to reduce inventory and safety stock, which will decrease the demand for operating capital and improve the financial structure. This is also expected to ease the significant increase in interest expenses.

We sincerely appreciate the support and encouragement from all shareholders over the years. The company's management and staff will continue to make every effort to achieve remarkable results. Lastly, we wish you all the best of health and good luck!

Andrew Yeh

Chairman

(Representative of Good Win Investment Co., Ltd.)

Grow Lin

General Manager

Conni Tsai

CFO

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and proposal for earnings distribution. The Financial Statements have been audited and certified by Fang-Yi Lee and Chiu-Hua Hsieh, Certified Public Accountants of KPMG, and the CPAs have issued an audit report regarding the financial statements. The above Business Report, Financial Statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Attention:

YFC-BONEAGLE ELECTRIC CO., LTD.

2023 Annual General Shareholders' Meeting

YFC-BONEAGLE ELECTRIC CO., LTD.

Lee, Han-Tzong

Convener of the Audit Committee

March 28, 2023

Cost-Benefit Analysis of Investment Implementation in Monoprice Holdings

Unit: NT\$ thousand

Year	2016	2017	2018	2019	2020	2021	2022	2022
Item	Actual	Actual	Actual	Actual	Actual	Actual	Projection	Actual
Operating revenue	704,449	5,044,162	4,847,092	4,623,252	4,633,709	4,758,669	4,125,000	3,788,253
Operating costs	555,673	3,735,779	3,536,780	3,337,252	3,357,521	3,609,634	3,192,000	2,938,099
Gross profit from operations	148,776	1,308,383	1,310,312	1,286,000	1,276,188	1,149,035	933,000	850,154
Operating expenses	152,890	1,147,614	1,191,479	1,167,087	1,136,326	1,185,409	819,000	1,082,537
Operating income (loss)	(4,114)	160,769	118,833	118,913	139,862	(36,374)	114,000	(232,383)
Non-operating income and expenses	(1,991)	(18,159)	(29,576)	(35,216)	(22,677)	(25,996)	(114,000)	(42,157)
Profit before tax	(6,105)	142,610	89,257	83,697	117,185	(62,370)	0	(274,540)
Income tax expenses	0	58,257	10,025	24,975	23,018	(30,784)	0	47,291
Profit after tax	(6,105)	84,353	79,232	58,722	94,167	(31,586)	0	(321,831)
Investment income of MONOPRICE HOLDINGS	(6,105)	84,353	79,232	58,722	94,167	(31,586)	0	(321,831)
Accumulated investment income of MONOPRICE HOLDINGS	(6,105)	78,248	157,480	216,202	310,369	278,783	278,783	(43,048)
Depreciation & amortization expense	8,474	82,962	95,126	142,487	136,992	127,359	75,000	136,267
Cash flow including depreciation & amortization expense	2,369	167,315	174,358	201,209	231,159	95,773	75,000	(185,564)
Accumulated cash flow	2,369	169,684	344,042	545,251	776,410	872,183	947,183	686,619

Comparison Table of Rules of Procedure for Board of Directors Meetings

After Amendments	Before Amendments	Explanation
<p>Article 3</p> <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director seven (7) days before the meeting. However, in emergency circumstances, a board meeting may be called on shorter notice. The notice in the preceding paragraph may be in written, fax, or electronic mails.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall specify the reasons in the notice, <u>and cannot be raised by an extraordinary motion.</u></p>	<p>Article 3</p> <p>The board of directors shall meet at least quarterly.</p> <p>A notice of the reasons for convening a board meeting shall be given to each director seven (7) days before the meeting. However, in emergency circumstances, a board meeting may be called on shorter notice. The notice in the preceding paragraph may be in written, fax, or electronic mails.</p> <p>All matters set forth under Article 12, paragraph 1 of these Rules shall specify the reasons in the notice. <u>Except in the case of an emergency or for other legitimate reasons, no matters may be raised by an extraordinary motion.</u></p>	<p>Amend in accordance with Jin-Guan-Zheng-Fa-Zi No. 1110383263 Letter, issued by FSC on August 5, 2022, and Zheng-Gui-Jian-Zi No. 1120200112 Letter, issued on January 16, 2023,</p>
<p>Article 7</p> <p>Board meetings are convened and chaired by the chairman of the Board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</p> <p>Where a board meeting is convened by a majority of the directors in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall select from among themselves one director to</p>	<p>Article 7</p> <p>Board meetings are convened and chaired by the chairman of the Board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.</p> <p>Where a board meeting is convened by a majority of the directors in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall select from among themselves one director to</p>	

After Amendments	Before Amendments	Explanation
<p>serve as chair.</p> <p>When the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, the vice-chairman shall act in the place of the chairman in accordance with Article 208 of the Company Act. <u>If the vice chairman is also on leave or for any reason is unable to act in the place, the chairman shall designate a director; or, if the chairman does not make such designation, the directors shall choose one among themselves to act in the place.</u></p>	<p>serve as chair.</p> <p>When the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, the vice-chairman shall act in place of the chairman in accordance with Article 208 of the Company Act.</p>	
<p>Article 12</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> 1. The Corporation’s business plan. 2. Annual financial reports, and financial reports for the second quarter, audited and attested by a certified public accountant. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of equity-type securities. 	<p>Article 12</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> 1. The Corporation’s business plan. 2. Annual financial reports, and financial reports for the second quarter, audited and attested by a certified public accountant. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of equity-type securities. 	

After Amendments	Before Amendments	Explanation
<p><u>6. Election or removal of chairman and vice chairman.</u></p> <p>7. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority. The remaining article is omitted.</p>	<p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority. The remaining article is omitted.</p>	
<p>Article 17</p> <p>These Rules shall take effect after approval by the Board and shall be reported to the shareholders' meeting. Any future amendments may authorize to be adopted by the Board's resolution.</p>	<p>Article 17</p> <p>These Rules and any amendments shall take effect after approval by the Board and shall be reported to the shareholders' meeting. Any future amendments may authorize to be adopted by the Board's resolution.</p>	<p>Revise the article to comply with the Company's practices.</p>



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Independent Auditors' Report

To the Board of Directors of YFC-BONEAGLE ELECTRIC CO., LTD. :

Opinion

We have audited the parent-company-only financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2022 and 2021, and parent-company-only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to note (4)(n) for significant accounting policy related to revenue recognition. For the details of revenue, please refer to note (6)(w).

Description of key audit matter:

The sale transactions of the Company are mainly under FOB shipping point terms. Transfers of risk and rewards generally occurs upon loading the goods onto the relevant carrier at the port. In addition, the company provide a part of customers discounts based on the agreement. Consequently, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Testing the related controls surrounding revenue collection and assessing whether the revenue recognition policies comply with the accounting standards.
- Examining the agreements of selected customers to determine whether the accounting treatment is consistent with the contract terms and provisions stated and executing specific audit procedures.
- Performing trend analysis on major customers and products and compare the current actual sales with the prior one to determine whether any significant variances exist.
- Testing the accuracy and appropriateness of management's calculation of sales discounts by estimating them based on the actual sales discounts in the previous years; examining subsequent sales discount to assess whether there are any significant differences.
- Assessing the adequacy of the Company disclosures in respect of revenue recognition.

2. Investments accounted for using equity method

Please refer to note (4)(h) and (6)(e) for the significant accounting policies and the details of investments subsidiaries. Please refer to note (5) for accounting policies involving material judgments.

Description of key audit matter:

Investments accounted for using equity method is an important and a significant aspect of the Company. Therefore, the valuation of investments accounted for using equity method has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures included:

- Reviewing the financial statements and related information of all subsidiaries.
- Designing and implementing the audit procedures based on relevant regulations. For instance, testing the changes on the investments accounted for using equity method in the current year, including the recognition of the shares of profit of subsidiaries accounted for using equity method and the shares of other comprehensive income, then comparing and analyzing the changes in the actual amounts of the previous and current year whether the investments accounted for using equity method evaluation policies comply with the accounting standards.
- Understanding and evaluating (i) the management's identification and adoption of cash-generating units for acquisition transaction of investments accounted for using equity method, as well as (ii) the internal and external information for impairments
- Obtaining and evaluating the reasonableness of the parameters and assumptions for the recoverable amount of cash-generating units for investments accounted for using equity method calculated by the management, as well as performing sensitivity analysis.
- Evaluating the achievement of the past forecasts based on the actual operating results of subsidiaries to verify the accuracy of the management's forecasts.
- Assessing the adequacy of the Company's disclosures in respect of the investments accounted for using equity method.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the 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 Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only 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 parent-company-only 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 Fang-Yi Lee and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2023

Notes to Readers

The accompanying parent-company-only 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 parent-company-only financial statements are the Standards on Auditing of the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only 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 parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021		Liabilities and Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 452,061	5	242,876	3	2100 Short-term borrowings (note 6(j))	\$ 1,545,480	19	2,046,874	25
1150-70 Notes and accounts receivable, net (note 6(b))	738,530	9	1,023,351	13	2110 Short-term notes and bills payable (note 6(k))	229,737	3	229,906	3
1180 Accounts receivable from related parties, net (notes 6(b) and 7)	401,106	5	1,047,691	14	2130 Current contract liabilities (note 6(w))	56,103	1	39,808	1
1200 Other receivables (note 6(c))	10,872	-	7,846	-	2150-70 Notes and accounts payable	115,917	1	154,238	2
1210 Other receivables from related parties (notes 6(c) and 7)	370,623	4	376,479	5	2180 Accounts payable to related parties (note 7)	263,812	3	693,778	9
1220 Current tax assets	38	-	-	-	2200 Other payables (note 6(n))	125,222	2	51,659	1
130X Inventories (note 6(d))	74,535	1	249,575	3	2220 Other payables to related parties (note 7)	1,131,839	14	1,135,201	14
1470 Other current assets (note 6(i))	137,071	2	8,535	-	2230 Current tax liabilities	-	-	9,747	-
Total current assets	2,184,836	26	2,956,353	38	2280 Current lease liabilities (note 6(o))	4,107	-	9,137	-
Non-current assets:					2320 Long-term liabilities, current portion (notes 6(l), (m) and 8)	406,990	5	134,978	2
1550 Investments accounted for using equity method (notes 6(e) and 13)	5,685,689	69	4,411,987	57	2300 Other current liabilities (note 6(p))	2,514	-	3,017	-
1600 Property, plant and equipment (notes 6(f) and 8)	304,250	4	321,174	4	Total current liabilities	3,881,721	48	4,508,343	57
1755 Right-of-use assets (note 6(g))	7,250	-	14,460	-	Non-Current liabilities:				
1780 Intangible assets (note 6(h))	843	-	730	-	2530 Bonds payable (notes 6(m) and (s))	-	-	128,930	2
1840 Deferred tax assets (note 6(r))	41,839	1	103,512	1	2540 Long-term borrowings (notes 6(l) and 8)	394,783	5	600,758	8
1915 Prepayments for business facilities	1,076	-	13,115	-	2570 Deferred tax liabilities (note 6(r))	-	-	2,331	-
1900 Other non-current assets (notes 6(i), (q) and 8)	14,399	-	12,748	-	2580 Non-current lease liabilities (note 6(o))	3,231	-	5,723	-
Total non-current assets	6,055,346	74	4,877,726	62	2600 Other non-current liabilities (note 6(p))	4,708	-	5,292	-
					2650 Credit balance of investments accounted for using equity method (notes 6(e) and 13)	65,697	1	50,666	1
					Total non-current liabilities	468,419	6	793,700	11
					Total liabilities	4,350,140	54	5,302,043	68
					Equity attributable to owners of parent (notes 6(m) and (s)):				
					3110 Ordinary share	1,438,682	17	1,319,723	17
					3130 Bond conversion entitlement certificates	3,169	-	-	-
					Subtotal	1,441,851	17	1,319,723	17
					3200 Capital surplus	949,023	12	807,149	10
					3300 Retained earnings	1,609,221	20	819,550	10
					3400 Other equity interest	(110,053)	(2)	(414,386)	(5)
					Total equity	3,890,042	47	2,532,036	32
Total assets	\$ 8,240,182	100	7,834,079	100	Total liabilities and equity	\$ 8,240,182	100	7,834,079	100

See accompanying notes to parent-company-only financial statements

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
4100 Operating revenue (notes 6(w) and 7)	\$ 4,773,332	100	5,221,881	100
5110 Operating costs (notes 6(d), (q), (v), 7 and 12)	4,569,429	96	4,932,733	94
5900 Gross profit from operations	203,903	4	289,148	6
Operating expenses (notes 6(b), (o), (q), (t), (v), 7 and 12):				
6100 Selling expenses	96,310	2	59,186	1
6200 Administrative expenses	193,420	4	105,747	2
6300 Research and development expenses	7,114	-	6,048	-
6450 Expected credit loss	440	-	16	-
6000 Total operating expenses	297,284	6	170,997	3
6900 Operating (loss) income	(93,381)	(2)	118,151	3
Non-operating income and expenses (notes 6(e), (m), (o), (x), 7 and 13):				
7010 Other income	45,965	1	2,257	-
7020 Other gains and losses, net	(87,160)	(2)	(18,035)	-
7100 Interest income	1,194	-	807	-
7050 Finance costs, net	(55,974)	(1)	(33,269)	(1)
7070 Share of profit of subsidiaries accounted for using equity method	976,327	21	45,149	1
7000 Total non-operating income and expenses	880,352	19	(3,091)	-
7900 Profit from continuing operations before tax	786,971	17	115,060	3
7950 Less: Income tax (income) expenses (note 6(r))	(16,731)	-	14,675	-
Profit	803,702	17	100,385	3
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss (note 6(q))				
8311 Gains on remeasurements of defined benefit plans	2,969	-	2,241	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total items that may not be reclassified subsequently to profit or loss	2,969	-	2,241	-
8360 Items that may be reclassified subsequently to profit or loss (notes 6(r) and (s))				
8361 Exchange differences on translation of foreign operation	380,416	8	(93,960)	(2)
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	76,083	2	(18,792)	-
Total items that may be reclassified subsequently to profit or loss	304,333	6	(75,168)	(2)
8300 Other comprehensive income (loss)	307,302	6	(72,927)	(2)
8500 Total comprehensive income	\$ 1,111,004	23	27,458	1
Earnings per share (in NT dollars) (note 6(u))				
9750 Basic earnings per share	\$ 5.87		0.76	
9850 Diluted earnings per share	\$ 5.65		0.75	

See accompanying notes to parent-company-only financial statements

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital			Retained earnings				Total other equity interest		Total equity
	Ordinary shares	Bond conversion entitlement certificates	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2021	\$ 1,310,466	4,570	1,315,036	800,209	192,959	196,131	459,834	848,924	(339,218)	2,624,951
Profit	-	-	-	-	-	-	100,385	100,385	-	100,385
Other comprehensive income	-	-	-	-	-	-	2,241	2,241	(75,168)	(72,927)
Total comprehensive income	-	-	-	-	-	-	102,626	102,626	(75,168)	27,458
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	30,359	-	(30,359)	-	-	-
Special reserve appropriated	-	-	-	-	-	143,087	(143,087)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627
Conversion of certificates of bond conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-
Balance at December 31, 2021	1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036
Profit	-	-	-	-	-	-	803,702	803,702	-	803,702
Other comprehensive income	-	-	-	-	-	-	2,969	2,969	304,333	307,302
Total comprehensive income	-	-	-	-	-	-	806,671	806,671	304,333	1,111,004
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	10,262	-	(10,262)	-	-	-
Special reserve appropriated	-	-	-	-	-	75,168	(75,168)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(17,000)	(17,000)	-	(17,000)
Cash capital increase	75,000	-	75,000	72,500	-	-	-	-	-	147,500
Share-based payments transactions	-	-	-	2,604	-	-	-	-	-	2,604
Conversion of convertible bonds	-	47,128	47,128	66,770	-	-	-	-	-	113,898
Conversion of certificates of bond conversion entitlement	43,959	(43,959)	-	-	-	-	-	-	-	-
Balance at December 31, 2022	\$ 1,438,682	3,169	1,441,851	949,023	233,580	414,386	961,255	1,609,221	(110,053)	3,890,042

See accompanying notes to parent-company-only financial statements

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 786,971	115,060
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	24,901	28,498
Amortization expense	1,940	2,284
Expected credit (profit) loss	440	16
Interest expense	55,974	33,269
Interest income	(1,194)	(807)
Share-based payments	2,604	-
Share of profit of subsidiaries accounted for using equity method	(976,327)	(45,149)
Loss from disposal of property, plan and equipment	7,928	-
Impairment loss of non-financial assets	104,473	-
Unrealized foreign exchange loss (profit)	59,097	(11,239)
Total adjustments to reconcile (loss) profit	(720,164)	6,872
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	281,669	273,468
Accounts receivable from related parties	624,568	(553,152)
Other receivables	(3,024)	(466)
Other receivable from related parties	22,407	(282,106)
Inventories	175,040	(34,348)
Prepayment and other current assets	(128,249)	16,297
Total changes in operating assets	972,411	(580,307)
Changes in operating liabilities:		
Notes and accounts payable	(38,321)	57,881
Accounts payable to related parties	(471,115)	172,493
Other payables	73,598	(28,109)
Other payable to related parties	2,412	(634)
Other current liabilities and contract liabilities	15,792	93
Other non-current liabilities	(584)	1,668
Total changes in operating liabilities	(418,218)	203,392
Total changes in operating assets and liabilities	554,193	(376,915)
Total adjustments	(165,971)	(370,043)
Cash inflow (outflow) generated from operations	621,000	(254,983)
Interest received	1,192	808
Interest paid	(54,379)	(30,374)
Income taxes paid	(9,795)	(53,887)
Net cash flows used in operating activities	558,018	(338,436)

See accompanying notes to parent-company-only financial statements

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(12,718)	(500)
Acquisition of property, plant and equipment	(3,431)	(5,653)
Proceeds from disposal of property, plant and equipment	9,904	-
(Increase) decrease in other receivables from related parties	(17,647)	27,348
Acquisition of intangible assets	(2,053)	(1,453)
Decrease (increase) in other financial assets and non-current assets	1,318	(4,608)
Increase in prepayments for business facilities	(1,507)	(16,378)
Dividends received	6,317	-
Net cash flow (used in) from investing activities	(19,817)	(1,244)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,744,096	1,547,003
Decrease in short-term loans	(4,237,389)	(1,198,586)
(Decrease) increase in short-term notes and bills payable	(169)	100,020
Proceeds from long-term debt	1,097,920	827,331
Repayments of long-term debt	(1,048,545)	(808,972)
(Decrease) increase in other payables to related parties	(5,774)	103,948
Payment of lease liabilities	(9,431)	(11,330)
Cash dividends paid	(17,000)	(132,000)
Proceeds from cash capital increase	147,500	-
Net cash flows (used in) from financing activities	(328,792)	427,414
Effect of exchange rate changes on cash and cash equivalents	(224)	(520)
Net increase in cash and cash equivalents	209,185	87,214
Cash and cash equivalents at beginning of period	242,876	155,662
Cash and cash equivalents at end of period	\$ 452,061	242,876

See accompanying notes to parent-company-only financial statements



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Independent Auditors' Report

To the Board of Directors of YFC-BONEAGLE ELECTRIC CO., LTD. :

Opinion

We have audited the consolidated financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of 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 for our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note (4)(n) for significant accounting policy related to revenue recognition. For the details of revenue, please refer to note (6)(v).

Description of key audit matter:

The sale transactions of the Group are mainly under FOB shipping point terms. Transfers of risk and rewards generally occurs upon loading the goods onto the relevant carrier at the port. The Group's online retail company transfer their control over the goods upon delivery of the goods to customers due to the nature of the industry. In addition, the Group's private-label online retail company and wholesale companies provide customers discounts based on the agreements, and allow customers to return items within a specific period of time in accordance with the policy, resulting high sales discounts and returns amounts. Consequently, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Testing the related controls surrounding revenue collection and assessing whether the revenue recognition policies comply with the accounting standards.
- Examining the agreements of selected customers to determine whether the accounting treatment is consistent with the contract terms and provisions stated and executing specific audit procedures.
- Performing trend analysis on major customers and products and compare the actual sales with the prior one to determine whether any significant variances exist.
- Testing the accuracy and appropriateness of management's calculation of sales discounts and returns by estimating them based on the actual sales discounts and returns in the previous years; examining subsequent sale returns to assess whether there are any significant differences.
- Assessing the adequacy of the Group's disclosures in respect of revenue recognition.

2. Impairment assessment of inventory

Please refer to note (4)(h) for significant accounting policies of inventory valuation. For the inventory disclosures, please refer to note (6)(d). For uncertainties in accounting estimates and assumptions, please refer to note (5).

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. Inventory valuation loss is recognized for inventories exceeding specific stock ages or identified as obsolete stocks. Since copper is vulnerable to the impact of rapid price changes in the international market, there is a risk that the carrying value of inventories may exceed its net realizable value. In addition, the sales of online retail and wholesale subsidiaries are strongly influenced by preferences of customers, resulting in short product life-cycles and challenging inventory management. Therefore, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Testing the related controls surrounding the production cycle and ensuring consistent application of accounting policies to the cost of inventories.
- Obtaining complete aging analysis of inventories and analyzing changes therein; assessing the appropriateness of provisions.
- Evaluating the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, and agreeing to information obtained from physical inventory.
- Understanding the assumptions used by management in determining net realizable value and evaluating its reasonableness.
- Assessing the adequacy of the Group's disclosures in respect of inventory.

3. Impairment assessment of goodwill and trademark

Please refer to note (4)(l), note (6)(h), and note (5), for significant accounting policy for the valuation of impairment of non-financial assets of intangible assets, disclosures of intangible assets, and material judgments of accounting policies, respectively.

Description of key audit matter:

In 2016, the Group acquired MONOPRICE, a US brand e-commerce company, wherein the intangible assets, such as goodwill and trademark of an indefinite age, had been recognized by the Group due to the operation of the e-commerce platform that was affected by factors such as changes in the market environment and competition among the ecommerce platform, in which the goodwill and trademark generated by the acquisition mentioned above had a significant impact on the consolidated financial statements. Therefore, the assessment of impairment for goodwill and trademark is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Understanding and evaluating (i) the management's identification and adoption of cash-generating units for goodwill and trademark , as well as (ii) the internal and external information for impairments
- Obtaining and evaluating the reasonableness of the parameters and assumptions for the recoverable amount of cash-generating units for MONOPRICE calculated by the management, as well as performing sensitivity analysis.
- Evaluating the achievement of past forecasts based on actual operating results to verify the accuracy of management's forecasts.
- Assessing the adequacy of the Group's disclosures in impairment of goodwill and trademark.

Other Matter

YFC-BONEAGLE ELECTRIC CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the 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 Audit committee) 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Fang-Yi Lee and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2023

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 the Standards on Auditing of 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 Originally Issued in Chinese)
YFC BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021			Liabilities and Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 2,100,360	21	702,518	7	2100 Short-term borrowings (note 6(j))	\$ 2,023,640	20	2,917,638	28	
1150-70 Notes and accounts receivable (note 6(b))	2,132,348	21	2,662,901	25	2110 Short-term notes and bills payable (note 6(k))	229,737	2	229,906	2	
1200 Other receivables, net (note 6(c))	29,918	-	21,714	-	2130 Current contract liabilities (note 6(v))	84,422	1	96,291	1	
1220 Current tax assets	81,639	1	78,882	1	2150-70 Notes and accounts payable	829,852	8	928,462	9	
130X Inventories (note 6(d))	3,120,018	32	4,052,841	39	2200 Other payables (note 6(n))	708,542	7	554,721	6	
1410 Prepayments	452,446	4	341,886	3	2230 Current tax liabilities	8,467	-	21,228	-	
1470 Other current assets (note 6(i))	12,657	-	11,764	-	2251 Current provisions for employee benefits	31,123	-	28,044	-	
Total current assets	7,929,386	79	7,872,506	75	2280 Current lease liabilities (note 6(o))	209,962	2	113,353	1	
Non-current assets:					2365 Refund liabilities-current (note 6(n))	59,719	1	67,863	1	
1600 Property, plant and equipment (notes 6(f) and 8)	1,053,309	10	1,366,954	13	2320 Long-term liabilities, current portion (notes 6(l), (m) and 8)	1,205,792	12	215,377	2	
1755 Right-of-use assets (note 6(g))	422,627	4	477,956	5	2300 Other current liabilities (note 6(p))	4,012	-	5,583	-	
1780 Intangible assets (note 6(h))	422,371	4	428,216	4	Total current liabilities	5,395,268	53	5,178,466	50	
1840 Deferred tax assets (note 6(r))	199,848	2	213,406	2	Non-Current liabilities:					
1915 Prepayments for business facilities	1,409	-	16,223	-	2530 Bonds payable (note 6(m))	-	-	128,930	1	
1900 Other non-current assets (notes 6(i), (q) and 8)	71,652	1	66,942	1	2540 Long-term borrowings (notes 6(l) and 8)	394,992	4	2,153,868	21	
Total non-current assets	2,171,216	21	2,569,697	25	2570 Deferred tax liabilities (note 6(r))	52,301	1	42,434	-	
					2580 Non-current lease liabilities (note 6(o))	352,398	3	381,288	4	
					2600 Other non-current liabilities (note 6(p))	10,470	-	20,519	-	
					Total non-current liabilities	810,161	8	2,727,039	26	
					Total liabilities	6,205,429	61	7,905,505	76	
					Equity attributable to owners of parent (notes 6(m), (s) and (t)):					
					3110 Ordinary share	1,438,682	14	1,319,723	12	
					3130 Bond conversion entitlement certificates	3,169	-	-	-	
					Subtotal	1,441,851	14	1,319,723	12	
					3200 Capital surplus	949,023	9	807,149	8	
					3300 Retained earnings	1,609,221	17	819,550	8	
					3400 Other equity interest	(110,053)	(1)	(414,386)	(4)	
					Total equity attributable to owners of parent	3,890,042	39	2,532,036	24	
					36XX Non-controlling interests	5,131	-	4,662	-	
					Total equity	3,895,173	39	2,536,698	24	
Total assets	\$ 10,100,602	100	10,442,203	100	Total liabilities and equity	\$ 10,100,602	100	10,442,203	100	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4110 Operating revenue (note 6(v))	\$ 11,670,625	100	12,446,928	100
5110 Operating costs (notes 6(d), (o), (q), (w) and 12):	9,383,808	80	9,814,429	79
5900 Gross profit from operations	2,286,817	20	2,632,499	21
Operating expenses (notes 6(b), (o), (q), (t), (w), 7 and 12):				
6100 Selling expenses	1,895,362	17	1,753,176	14
6200 Administrative expenses	707,275	6	626,482	5
6300 Research and development expenses	43,883	-	47,436	-
6450 Expected credit loss (gain)	10,779	-	(7,194)	-
6000 Total operating expenses	2,657,299	23	2,419,900	19
6900 Operating (loss) income	(370,482)	(3)	212,599	2
Non-operating income and expenses (notes 6(m), (o) and (x)):				
7010 Other income	9,537	-	55,417	-
7020 Other gains and losses, net	1,952,974	16	(32,743)	-
7100 Interest income	7,056	-	838	-
7050 Finance costs, net	(160,868)	(1)	(103,727)	(1)
7000 Total non-operating income and expenses	1,808,699	15	(80,215)	(1)
7900 Profit from continuing operations before tax	1,438,217	12	132,384	1
7950 Less: Income tax expenses (note 6(r))	634,046	5	33,088	-
Profit	804,171	7	99,296	1
8300 Other comprehensive income:				
8310 Items that not be reclassified subsequently to profit or loss(note(6)(q))				
8311 Gains on remeasurements of defined benefit plans	2,969	-	2,241	-
8349 Less:Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total items that may not be reclassified subsequently to profit or loss	2,969	-	2,241	-
8360 Items that may be reclassified subsequently to profit or loss (notes 6(r) and (s))				
8361 Exchange differences on translation of foreign operation	380,416	4	(93,960)	(1)
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	76,083	1	(18,792)	-
Total items that may be reclassified subsequently to profit or loss	304,333	3	(75,168)	(1)
8300 Other comprehensive income (loss)	307,302	3	(72,927)	(1)
8500 Total comprehensive income (loss)	\$ 1,111,473	10	26,369	-
Profit attributable to:				
8610 Profit attributable to owners of parent	\$ 803,702	7	100,385	1
8620 Profit (loss) attributable to non-controlling interests	469	-	(1,089)	-
8600 Net profit	\$ 804,171	7	99,296	1
Comprehensive income attributable to:				
8710 Comprehensive income (loss) attributable to owners of parent	\$ 1,111,004	10	27,458	-
8720 Comprehensive income (loss) attributable to non-controlling interests	469	-	(1,089)	-
8700 Comprehensive income (loss)	\$ 1,111,473	10	26,369	-
Earnings per share (in NT dollars) (note 6(u))				
9750 Basic earnings per share	\$ 5.87		0.76	
9850 Diluted earnings per share	\$ 5.65		0.75	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Share capital			Retained earnings				Total other equity interest		Total equity attributable to owners of parent	Non-control ling interests	Total equity
	Ordinary shares	Bond conversion entitlement certificates	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements			
Balance at January 1, 2021	\$ 1,310,466	4,570	1,315,036	800,209	192,959	196,131	459,834	848,924	(339,218)	2,624,951	6,770	2,631,721
Profit (loss)	-	-	-	-	-	-	100,385	100,385	-	100,385	(1,089)	99,296
Other comprehensive income	-	-	-	-	-	-	2,241	2,241	(75,168)	(72,927)	-	(72,927)
Total comprehensive income	-	-	-	-	-	-	102,626	102,626	(75,168)	27,458	(1,089)	26,369
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	30,359	-	(30,359)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	143,087	(143,087)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)	-	(132,000)
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627	-	11,627
Conversion of certificates of bonds conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,019)	(1,019)
Balance at December 31, 2021	1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036	4,662	2,536,698
Profit	-	-	-	-	-	-	803,702	803,702	-	803,702	469	804,171
Other comprehensive income	-	-	-	-	-	-	2,969	2,969	304,333	307,302	-	307,302
Total comprehensive income	-	-	-	-	-	-	806,671	806,671	304,333	1,111,004	469	1,111,473
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	10,262	-	(10,262)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	75,168	(75,168)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(17,000)	(17,000)	-	(17,000)	-	(17,000)
Cash capital increase	75,000	-	75,000	72,500	-	-	-	-	-	147,500	-	147,500
Share-based payments transactions	-	-	-	2,604	-	-	-	-	-	2,604	-	2,604
Conversion of convertible bonds	-	47,128	47,128	66,770	-	-	-	-	-	113,898	-	113,898
Conversion of certificates of bonds conversion entitlement	43,959	(43,959)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	\$ 1,438,682	3,169	1,441,851	949,023	233,580	414,386	961,255	1,609,221	(110,053)	3,890,042	5,131	3,895,173

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,438,217	132,384
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	243,632	212,503
Amortization expense	34,021	41,957
Expected credit loss (gain)	10,779	(7,194)
Interest expense	160,868	103,727
Interest income	(7,056)	(838)
Share-based payments	2,604	-
(Gain) loss on disposal of property, plan and equipment	(2,007,544)	2,049
Loss on disposal of investments	-	88
Impairment loss of non-financial assets	104,473	-
Unrealized foreign exchange loss	27,291	13,326
Government loan forgiveness reclassified as other income	-	(41,214)
Total adjustments to reconcile profit	<u>(1,430,932)</u>	<u>324,404</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	626,588	(173,420)
Other receivables	(7,688)	(442)
Inventories	1,289,527	(1,305,393)
Prepayments	(71,797)	(32,772)
Other current assets and right to the return goods	400	4,627
Total changes in operating assets	<u>1,837,030</u>	<u>(1,507,400)</u>
Notes and accounts payable	(252,660)	6,978
Other payables	96,682	(66,793)
Refund liabilities and provisions for employee benefits	(14,726)	(18,301)
Other current liabilities and contract liabilities	(22,265)	(42,635)
Other non-current liabilities	413	1,668
Total changes in operating liabilities	<u>(192,556)</u>	<u>(119,083)</u>
Total changes in operating assets and liabilities	<u>1,644,474</u>	<u>(1,626,483)</u>
Total adjustments	<u>213,542</u>	<u>(1,302,079)</u>
Cash inflow (outflow) generated from operations	1,651,759	(1,169,695)
Interest received	7,054	839
Interest paid	(158,890)	(100,836)
Income taxes paid	(63,066)	(144,030)
Net cash flows from (used in) operating activities	<u>1,436,857</u>	<u>(1,413,722)</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	-	8,438
Acquisition of property, plant and equipment	(194,039)	(136,081)
Proceeds from disposal of property, plant and equipment	2,656,868	4,316
Income taxes paid for disposal of property, plant and equipment	(623,612)	-
Acquisition of intangible assets	(85,591)	(36,352)
Increase (decrease) in other financial assets and non-current assets	2,537	(28,773)
Increase in prepayments for business facilities	(1,842)	(18,684)
Net cash flows from (used in) investing activities	1,754,321	(207,136)
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,156,538	3,412,480
Decrease in short-term loans	(6,057,294)	(2,826,574)
(Decrease) increase in short-term notes and bills payable	(169)	100,020
Proceeds from long-term debt	1,169,531	2,016,712
Repayments of long-term debt	(2,101,553)	(969,785)
Payment of lease liabilities	(164,773)	(97,878)
(Decrease) in other non-current liabilities	(10,959)	(1,448)
Cash dividends paid	(17,000)	(132,000)
Proceeds from cash capital increase	147,500	-
Change in non-controlling interests	-	329
Net cash flows (used in) from financing activities	(1,878,179)	1,501,856
Effect of exchange rate changes on cash and cash equivalents	84,843	(17,296)
Net increase (decrease) in cash and cash equivalents	1,397,842	(136,298)
Cash and cash equivalents at beginning of period	702,518	838,816
Cash and cash equivalents at end of period	\$ 2,100,360	702,518

See accompanying notes to consolidated financial statements.

YFC-BONEAGLE ELECTRIC CO., LTD.

2022 Earnings Distribution Table

Unit: NTD \$

Beginning Retained Earnings	154,583,224
<i>Plus (Minus):</i> Current Actuarial Gain (Loss)	2,969,006
<i>Plus:</i> Net Profit after Tax	803,702,013
<i>Minus:</i> Appropriated for 10% Legal Reserve	(80,667,102)
Allocable Earnings	880,587,141
Allocation Items:	
Cash Dividend to Shareholders	(434,604,558)
Ending Unappropriated Retained Earnings	445,982,583

Andrew Yeh

Chairman
(Representative of Good Win
Investment Co., Ltd.)

Grow Lin

General Manager

Conni Tsai

CFO

**List of Directors and Representatives' Concurrent Positions
in Other Companies**

Title	Nominee Name	Concurrent Positions
Chairman	Good Win Investment Co., Ltd. Representative: Andrew Yeh	Chairman of: -YFC-BonEagle Electric (B.V.I.) Co., Ltd. -Premium-Line KSI GmbH -YFC-BonEagle Holdings (CAYMANS) Co., Ltd -Europower International Limited -Universal Network Corporation -Max Synergy Limited / Premium Line Asia Ltd. -Dongguan YFC BonEagle Electronic Technology Co., Ltd.
Vice Chairman	Great King Investment & Development Co., Ltd. Representative: Grow Lin	1. Chairman of: -Bestlink Netware Inc. -UNC Investment & Development, Inc. -Monoprice Holdings, Inc. -Monoprice, Inc. -Chenzhou YFC BonEagle Electronic Co., Ltd. -Wuxi Universal Network Corporation 2. Director of: -Prime Wire & Cable, Inc. -Dongguan YFC BonEagle Electronic Technology -Co., Ltd. Weishun Construction (Weishun Group) 3. Independent Director of ACON Holding Inc.
Director	Lung-Kwang Chang	1. Chairman of: -Prime Wire & Cable, Inc. -Dorris-Mic International Company Ltd. 2. Director of: -Dongguan YFC BonEagle Electronic Technology Co., Ltd. -Wuxi Universal Network Corporation
Director	Yu Yao Investment Co., Ltd. Representative : Chia-Yi Yeh	Director of Di-Mi-Te Co., Ltd.
Director	He Ding Investment Co., Ltd. Representative : Yen-Ting Lin	Vice President of Ho Yu International CO., LTD.
Independent Director	Chao-Ting Chen	Director of Xi-Le-Jian Management Consultants Co., Ltd. Independent Director of Sunplus Innovation Technology Inc.

YFC-BONEAGLE ELECTRIC CO., LTD.

Articles of Incorporation

Chapter I - General Provisions

- Article 1 The Company is incorporated under the Company Act and named YFC-BonEagle ELECTRIC CO., LTD..
- Article 2 The Company's business lines are specified as follows:
1. CC01080 Electronic Parts and Components Manufacturing
 2. CC01060 Wired Communication Equipment and Apparatus Manufacturing
 3. CC01020 Electric Wires and Cables Manufacturing
 4. CC01070 Telecommunication Equipment and Apparatus Manufacturing
 5. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company's head office is situated in Taoyuan City, Taiwan and, when necessary, may set up branches domestically and overseas upon resolution adopted at the meeting of the Board of Directors.
- Article 4 The Company may authorize the Board of Directors to make investment externally upon approval of a shareholders' meeting, and the total investment is exempted from the restriction referred to in Article 13 of the Company Act.
- Article 4-1 If necessary, the Company may make endorsements/guarantees for other companies in which the Company holds more than 50% of the shares with voting right directly or indirectly.

Chapter II - Shares

- Article 5 The authorized total capital stock of the Company shall be NT\$1.8 billion, divided into 180 million shares (including the employee stock warrants totaling 35 million shares), with the possibility to issue preferred shares, at a par value of NT\$10 per share and to be issued in installment. The Board of Directors will resolve to offer unissued shares, if necessary.
- Article 5-1 When the Company re-purchases treasury shares for assignment to the employees and issues new shares and new shares with restricted employee rights, and employee stock options, in addition to employees of the Company, the target may also include employees of subsidiaries in which the Company directly or indirectly holds 50% or more shares.
- Article 6 The rights and obligations of preferred shares of the Company and other important terms of issuance are as follows:

1. If the Company has profit at the annual closing, in addition to tax payments in accordance with the law, losses from past years shall first be compensated. Then legal reserve shall be provided in accordance with the law. A special reserve shall then be provided or reversed in accordance with the provisions of the Articles of Association. The balance amount, if any, may be used in priority to distribute dividends distributable in the current year to preferred shares.
2. Dividends for preferred shares are capped at 8% per annum and shall be calculated based on the issue price per share. Dividends may be issued in cash in one lump sum every year. After the financial reports are approved by the general shareholders' meeting every year, the board of directors shall determine the record date for payment of the dividends distributable from the previous year. The amount of dividend in the year of issuance and redemption shall be calculated based on the actual number of outstanding days in the current year.
3. The Company has the discretion on the distribution of dividends for preferred shares. If the Company has no profits at the annual closing or if the profit is insufficient to distribute dividends for preferred shares, the Company may resolve not to distribute dividends for the preferred shares. Shareholders of preferred shares shall not voice any objections. If the preferred shares issued are non-accumulative, the dividends that are not distributed or the shortfall of dividends distributed shall not be accumulated to the subsequent years with profit for deferred payment.
4. Other than collecting dividends provided in sub-paragraph 2 of this paragraph, the non-participating preferred shares holders, are not entitled to participate in the distribution of cash or stock dividends with regard of the common shares derived from earnings or capital surplus. When the Company issues new shares in cash, shareholders of preferred shares shall have the same pre-emptive rights as shareholders of ordinary shares.
5. Shareholders of preferred shares shall have priority rights over shareholders of ordinary shares in the order of distribution of remaining properties of the Company. Shareholders of all types of preferred shares issued by the Company shall rank in the same order of compensation, which shall be subordinated to general creditors, provided that it shall not exceed the amount calculated based on the issue price and the total number of preferred shares outstanding at the time of distribution.
6. Shareholders of preferred shares are not entitled to voting rights or election rights. However, they may be elected as directors and are entitled to voting rights in shareholders meetings for preferred shares or in shareholders meetings in relation to matters involving the rights and obligations of shareholders of preferred shares.
7. If preferred shares issued by the Company are convertible preferred shares, such shares shall not be converted until one year from their issue date. The board of directors is authorized to determine the conversion period in the actual terms of

issuance. Shareholders of convertible preferred shares may convert all or part of the preferred shares they hold into ordinary shares based on a 1:1 ratio in accordance with the terms of issuance. After conversion, preferred shares are converted into ordinary shares, the rights and obligations thereof shall be the same as ordinary shares. Dividends issued in the year of conversion shall be calculated based on the actual number of outstanding days in proportion to the number of days in the full year. However, in case of conversion before the record date for dividends distribution, the shareholders shall not participate in the distribution of dividends for preferred shares in the current year or dividends distribution in the subsequent year, but may participate in the distribution of profit and capital reserve for ordinary shares in the current year.

8. There is no maturity date for preferred shares. Shareholders of preferred shares have no right to demand that the Company redeems the preferred shares. However, at any time starting the day following the 5th anniversary date of issuance, the Company may redeem all or part of the preferred shares based on the actual issue price and applicable terms of issuance through cash redemption, mandatory conversion through issuance of new shares or other means permitted by law. For preferred shares that are not redeemed, the rights and obligations in accordance with the terms of issuance under this Article shall continue until redemption by the Company. If the shareholders' meeting of the Company resolves to distribute dividend in the year of redemption of preferred shares, dividends distributable as of the redemption date shall be calculated based on the actual outstanding days of the current year.
9. The board of directors is authorized to list preferred shares and ordinary shares converted from preferred shares in the over-the-counter market in accordance with the situation of the Company and the market.

The board of directors is authorized to determine the names, issue dates, specific terms of issuance and other relevant matters of preferred shares in accordance with the Articles of Association of the Company and applicable laws depending on the situation of the capital market and the investors' willingness to subscribe at the time of actual issuance.

Article 7 The Company may be exempted from printing any share certificate for the shares issued by the Company, provided that the Company shall appoint a centralized securities custody enterprise to make recordation of the issue of such shares.

Article 8 Registration for the transfer of stocks shall be suspended 60 days before any general shareholders' meeting, 30 days before any special shareholders' meeting, or 5 days before the record date for determination of the shareholders entitled to dividends, bonuses or any other profits distributed by the Company.

Chapter III - Shareholders' Meeting

Article 9 The shareholders meetings are categorized into the general shareholders' meeting and special shareholders' meeting. The general shareholders' meeting shall be convened

once a year by the board of directors within six months after the close of each fiscal year. The special shareholders meetings shall be convened pursuant to laws, if necessary. Shareholders meetings of preferred shares may be held as required in accordance with the law.

Article 10 If a shareholder is unable to attend a shareholders' meeting for any cause, he/she shall appoint a proxy to attend the meeting on behalf of him/her by issuing a written proxy in the form printed by the Company and state therein the scope of authority affixed with his/her seal/signature.

Article 11 Unless otherwise provided by related laws, each of the Company's shareholders shall have one voting right.

Article 12 The resolution at the shareholders' meeting shall be adopted by a majority of the shareholders present who represent a majority of the total number of issued shares, unless otherwise provided in laws.

The Company's shareholders may also exercise their voting rights by way of electronic transmission as set forth in the notice for the shareholders' meeting. The shareholder who exercises his/her/its voting right by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, provided that such exercise shall constitute his/her/its waiver to any extemporaneous motions and amendments to any motions.

Article 12-1 The shareholders' meeting convened by the board of directors shall be chaired by the Chairman of the Board. Where the Chairman is on leave or fails to exercise his power with cause, he shall appoint the proxy to act on behalf of him pursuant to Paragraph 3 of Article 208 of the Company Act. Where the meeting is convened by any person other than the Board of Directors, the chairman shall be acted by the convener, provided that where there are more than two conveners, the chairman shall be elected from among themselves.

Article 12-2 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after closing of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be conducted by means of electronic transmission.

The distribution of the minutes of shareholders' meeting as required in Paragraph One of this Article may be effected by means of a public notice.

Chapter IV - Directors and Audit Committee

Article 13 The Company shall have 7~11 directors with a term of office of 3 years, who shall be elected under the candidate nomination system from the persons with disposing capacity at a shareholders' meeting and may be eligible for re-election. The total shareholdings

held by all of its directors shall be prescribed subject to the securities competent authority's requirements.

For the duration of the term of office of directors, the Company shall take out liability insurance for directors with respect to liabilities resulting from the performance of duties during their terms of office, pursuant to laws, in order to mitigate and disperse the risk over significant damages caused by directors' fault or negligence to the Company and shareholders, if any. The Board of Directors is authorized to maintain such insurance with full power.

Article 13-1 Among the above number of directors, the Company's directors shall include no less than three independent directors who shall be no less than one-fifth of the whole directors. In the election of directors, independent directors and non-independent directors shall be elected at the same time and the number of elected directors shall be calculated, respectively. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Security Authority.

Article 13-2 The Company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which is formed by all independent directors. One of such directors shall be the chairman and at least one shall possess accounting or financial expertise.

The audit committee or members of the audit committee is responsible for the performance of supervisors' duties under the Company Act, the Securities and Exchange Act and other laws and shall comply with applicable laws and regulations of the Company.

Article 14 The Board of Directors shall consist of directors, and shall elect the Chairman of the Board from among the directors by a majority vote at a directors' meeting attended by over two-thirds of the directors, respectively.

A Vice Chairman shall be elected from among the directors in the same manner.

The Chairman shall represent the Company externally, and execute the Company's business in accordance with laws, Articles of Incorporation, and resolution made by a shareholders' meeting or directors' meeting. The directors' meeting to convene notification shall be made in writing or by fax or e-mail, according to Article 204 of the Company Act. A director unable to attend the directors' meeting in person may authorize another director to attend the meeting on behalf of him/her by issuing a written proxy.

Article 15 Where the Chairman is on leave or fails to exercise his power with cause, he shall appoint the Vice Chairman to act on behalf of him pursuant to Article 208 of the Company Act.

Article 16 The Board of Directors shall be authorized to set the remuneration or salary to directors for their performance of duties on the basis of the level of their participation in the Company's operations and value of their contributions, and the general standards

applicable in the same trade.

Chapter V - Managerial Officers

Article 17 The Company may appoint the president, vice president and several managerial officers, and the appointment and dismissal thereof or other matters related thereto shall be handled in accordance with Article 29 of the Company Act.

Chapter VI - Accounting

Article 18 The Company shall have the Board of Directors prepare the following documents at the end of each fiscal year: (1) Business report; (2) Financial statements; (3) Motion for allocation of earnings or covering of losses. Said documents shall be submitted to a general shareholders' meeting for ratification pursuant to laws.

Article 19 Deleted.

Article 20 If the Company has profits in a year, it shall allocate no less than 6% as employees' remuneration and no more than 6% as directors' remuneration, provided that where the Company retains accumulated losses, it shall first make up for the losses. The profit referred to in the preceding paragraph shall mean the earnings before tax prior to deduction of employees' and directors' remuneration.

Article 20-1 If the Company retains earnings upon final accounting, after paying taxes and covering losses for the previous year, the Company shall set aside 10% of the remainder, if any, as legal reserve, unless the legal reserve amounts to the total paid-in capital; the balance amount, if any, may be used to distribute dividends distributable for preferred shares in the current year, then, the Company shall set aside or reverse a reserve pursuant to laws, if any, plus unallocated earnings for the previous year shall be allocated upon resolution of a shareholders' meeting on the motion for allocation proposed by the Board of Directors.

As the Company takes stable development and solid financial structure into account, the allocation of earnings shall not less than 10% of the allocable earnings after deducting the earnings of previous year. When the allocable earnings after deducting the earnings of previous year less than 3% of the paid-in capital, the Company may waive the allocation upon resolution.

The Company's dividend policy adopts recapitalization of earnings, recapitalization of capital surplus and cash dividend to distribute dividends. The Company will solidify financial structure and protect shareholders' equity, subject to the Company's development and growth. The proportion of cash dividend shall be no less than 10% of the whole dividends.

In accordance with Articles 240 and 241 of the Company Act, the Company shall issue new shares or distribute cash for all or part of the dividends, bonus or capital reserve in

accordance with the shareholders' original shareholding percentages. If cash is distributed, the board of directors is authorized to pass a resolution through the majority of directors attending a meeting that is attended by 2/3 or more directors, followed by a report to the shareholders' meeting. If new shares are issued, distribution shall be made after a shareholders' resolution.

Chapter VII - Bylaw

Article 21 Any matter not covered herein shall be implemented in accordance with the Company Act and other related laws.

Article 22 The Articles of Incorporation was established on July 29, 1983. The 1st amendment was made on January 2, 1985. The 2nd amendment was made on May 13, 1987. The 3rd amendment was made on July 4, 1990. The 4th amendment was made on June 8, 1991. The 5th amendment was made on September 19, 1991. The 6th amendment was made on October 22, 1993. The 7th amendment was made on June 4, 1994. The 8th amendment was made on September 1, 1994. The 9th amendment was made on June 13, 1996. The 10th amendment was made on October 23, 1997. The 11th amendment was made on July 10, 1998. The 12th amendment was made on February 24, 1999. The 13th amendment was made on October 26, 1999. The 14th amendment was made on December 6, 1999. The 15th amendment was made on June 16, 2000. The 16th amendment was made on May 7, 2001. The 17th amendment was made on May 20, 2002. The 18th amendment was made on June 30, 2004. The 19th amendment was made on June 30, 2004. The 20th amendment was made on June 14, 2005. The 21st amendment was made on August 28, 2006. The 22nd amendment was made on June 13, 2007. The 23rd amendment was made on June 16, 2009. The 24th amendment was made on June 17, 2010. The 25th amendment was made on June 17, 2011. The 26th amendment was made on June 12, 2012. The 27th amendment was made on June 15, 2015. The 28th amendment was made on June 22, 2016. The 29th amendment was made on June 14, 2017. The 30th amendment was made on June 18, 2019. The 31st amendment was made on June 18, 2020. The 32nd amendment was made on June 21, 2022.

YFC-BonEagle ELECTRIC CO., LTD

Chairman: Andrew Yeh

YFC-BONEAGLE ELECTRIC CO., LTD.

Rules and Procedures of Shareholders' Meetings

- Article 1 To establish strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 6 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulations or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Convening shareholders' meetings and shareholders' meeting notices.
- (1) Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
 - (2) To convene a general shareholders' meeting, a notice shall be given to each shareholder 30 days in advance. For shareholders holding less than 1,000 registered shares, the notice may be given on the Market Observation Post System 30 days in advance. To convene a special shareholders' meeting, a notice shall be given to each shareholder 15 days in advance. For shareholders holding less than 1,000 registered shares, the notice may be given on the Market Observation Post System 15 days in advance.
 - (3) The meeting notice shall specify the time during which shareholder attendance registrations will be accepted, the place to register for attendance, other matters for attention ,and the agenda.
 - (4) When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.
 - (5) Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing the status as a public Company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out and elaborate the essential contents in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of

securities affairs or the Company, and such website shall be indicated in the above notice.

- (6) If the reasons for convening the shareholders' meeting have specified the full re-election of directors and the take office date, after the full re-election of directors has completed, the take office date shall not be changed by making an extraordinary motion or by any other methods.
- (7) A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only and no proposal containing more than one item will be included in the meeting agenda. If a shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, the board of directors shall include it in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Article 4 Attendance to Shareholders' Meeting by Representation and Revocation of Proxy.

- (1) For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- (2) A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- (3) After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes casted at the meeting by the proxy shall prevail.

Article 5 Principles determining the time and place of a shareholders' meeting.

Venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Article 6 Preparation of attendance book and other necessary documents.

- (1) Shareholders and their proxies (hereinafter collectively referred to as "shareholders")

shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

- (2) Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- (3) The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- (4) When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 The chairman and non-voting participants of a shareholders' meeting.

- (1) If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

- (2) It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.
- (3) If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- (4) The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 Documentation of a shareholders' meeting by audio or video.

The Company shall make an uninterrupted audio and video recording of the full proceedings of the shareholders' meeting and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Number of shares present in a shareholders' meeting.

- (1) Attendance at shareholders meetings shall be calculated based on numbers of shares.
The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- (2) The chairman shall call the meeting to order at the scheduled meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.
However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.
- (3) If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.
- (4) When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 Discussion of proposals.

- (1) If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant proposals, including extemporaneous motions and amended proposals, shall be voted for resolutions case by case. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- (2) The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.
- (3) The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.
- (4) The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion

closed and call for a vote and arrange adequate time for voting.

Article 11 Shareholder speech.

- (1) Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- (2) A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- (3) Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes. If the shareholders' speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.
- (4) When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.
- (5) When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- (6) After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 12 Calculation of voting shares and recusal system.

- (1) Voting at a shareholders' meeting shall be calculated based the number of shares.
- (2) With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- (3) With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 Voting on proposals, vote monitoring and vote counting.

- (1) A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.

- (2) When convening a shareholders' meeting, the Company shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. The method of exercise shall be stated in the notice of the shareholders' meeting. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company should avoid making extraordinary motions and amendments to original proposals.
- (3) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 business days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- (4) After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- (5) Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall announce the total number of voting rights represented by the attending shareholders.
- (6) Proposals shall be voted by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System.
- (7) When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
- (8) Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 14 Elections.

- (1) The election of directors at a shareholders' meeting shall be held in accordance with the election rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- (2) The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Meeting Minutes and Signatures.

- (1) Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.
- (2) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results, including the statistical weights, and the number of the voting rights of each candidate when electing directors, and shall be retained for the duration of the existence of the Company.
- (3) The resolution manners under the previous paragraph shall be voted by the shareholders case-by-case and the results of the votes shall be specified in the minutes.

Article 16 Public disclosure.

- (1) On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.
- (2) Matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 17 Maintaining order at the meeting place.

- (1) Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

- (2) The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”
- (3) If a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairman may prevent the shareholder from so doing.
- (4) When a shareholder violates the rules of procedure and defies the chair’s correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 Recess and resumption of a shareholders’ meeting.

- (1) When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- (2) If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders’ meeting may adopt a resolution to resume the meeting at another venue.
- (3) A resolution may be adopted at a shareholders’ meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules and Procedures shall be effective from the date it is approved by the Shareholders’ Meeting. The same applies in case of revision.

Article 20 These Rules were established on June 18, 2019.
The 1st amendment was made on June 18, 2020.
The 2nd amendment was made on August 11, 2021.

YFC-BONEAGLE ELECTRIC CO., LTD.

Rules of Procedure for Board of Directors Meetings

(after Amendments)

Article 1 : Basis

To establish a strong governance system and sound supervisory capabilities for the Board of Directors (“the Board”) of the Company, and to strengthen management capabilities, the Rules of Procedure for Board of Directors Meetings (“these Rules”) are adopted under Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 : Scope

With respect to the board meetings of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled by the provisions of these Rules.

Article 3 : Convening and Meeting Notice

The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director seven (7) days before the meeting. However, in emergency circumstances, a board meeting may be called on shorter notice. The notice in the preceding paragraph may be in written, fax, or electronic mails.

All matters set forth under Article 12, paragraph 1 of these Rules shall specify the reasons in the notice, and cannot be raised by an extraordinary motion.

Article 4 : Notification and Meeting Materials

The Finance Department is the designated meeting affairs unit of the Company Board. The meeting affairs unit shall draft agenda items for board meetings and prepare sufficient meeting materials, and shall deliver them together with the meeting notice.

If a director thinks that the provided meeting materials are insufficient, he/she may request supplementation by the meeting affairs unit. If the directors deem the proposal materials are insufficient, the deliberation may be postponed after a Board resolution.

Article 5 : Preparation of Attendance Book, Other Documents and Attendance by Proxy

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his/her place in accordance with the Company’s articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6 : Principles for Determining the Place and Time

A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 : Chair and Acting Chair

Board meetings are convened and chaired by the chairman of the Board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

Where a board meeting is convened by a majority of the directors in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall select from among themselves one director to serve as chair.

When the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairman, the vice-chairman shall act in place of the chairman in accordance with Article 208 of the Company Act. If the vice chairman is also on leave or for any reason is unable to act in the place, the chairman shall designate a director; or, if the chairman does not make such designation, the directors shall choose one among themselves to act in the place.

Article 8 : Reference materials, non-voting participants, and holding board meetings

When a board meeting is held, the designated meeting affairs unit shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, CPA, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures

in Article 3, paragraph 2.

The number of "all directors" in the preceding paragraph and Article 16, paragraph 2, section 2 shall be counted as the number of directors then actually in office.

Article 9 : Documentation of a board meeting by audio or video

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of five (5) years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10 : Agenda items

Agenda items for regular board meetings of the Company shall include at least the following:

1. Matters to be reported:
 - (1) Minutes of the last meeting and action taken.
 - (2) Important financial and business matters.
 - (3) Internal audit activities.
 - (4) Other important matters to be reported.
2. Matters for ratification:

Report matters for the Board's adoption following the laws & regulations.
3. Matters for discussion:
 - (1) Items for continued discussion from the last meeting.
 - (2) Items for discussion at this meeting.
4. Extraordinary motions.

Article 11 : Discussion of proposals

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 5 shall apply mutatis mutandis.

Article 12 : Matters requiring discussion at a board meeting

The matters listed below as they relate to the Company shall be raised for discussion at

a board meeting:

1. The Corporation's business plan.
2. Annual financial reports, and financial reports for the second quarter, audited and attested by a certified public accountant.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. Election or removal of chairman and vice chairman.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a

matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 13 : Voting – I

When the chair deems a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If an objection follows an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at the Company's discretion.

Article 14 : Voting - II and methods for vote monitoring and counting

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present such proposals together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15 : Recusal system for directors

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

A director is deemed to be an interested party with respect to an agenda item in respect of which its spouse or a second-degree relative, or a company with a controlling or subordinate relation with the director, is an interested party.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 34 of the same Act.

Article 16 : Meeting minutes and sign-in matters

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 5.
8. Extraordinary motions: the name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the MOPS designated by the Financial Supervisory Commission, within two (2) days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be

retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within twenty (20) days after the meeting. The meeting minutes may be made and distributed in electronic forms, and shall be deemed important corporate records and appropriately preserved during the existence of the Company.

Article 17 : Bylaws

These Rules shall take effect after approval by the Board and shall be reported to the shareholders' meeting. Any future amendments may authorize to be adopted by the Board's resolution.

YFC-BONEAGLE ELECTRIC CO., LTD.

Shareholdings of Directors

The legal minimum shareholdings of entire directors of YFC. And the registered shareholdings of respective and all directors on the shareholder roster as of the book closure date of this AGM:

1. YFC share number and the legal minimum shareholdings of current directors are as follows:

Common shares issued:	144,868,186 shares
The statutorily required number of shares held by all directors:	8,692,091 shares

2. Shareholdings by all board members are as follows:

Book Closure Date: April 22, 2023

Position	Name	Shares	Shareholding Ratio
Chairman	Good Win Investment Co., Ltd. Representative: Andrew Yeh	7,520,359	5.19%
Vice Chairman	Great King Investment & Development Co., Ltd. Representative: Grow Lin	2,388,556	1.65%
Director	Lung-Kwang Chang	3,094,503	2.14%
Director	Shou-Wen Yeh	314,809	0.22%
Director	Yu Yao Investment Co., Ltd. Representative : Chia-Yi Yeh	5,742,470	3.96%
Director	He Ding Investment Co., Ltd. Representative : Yen-Ting Lin	3,562,407	2.46%
Independent Director	Han-Tzong Lee	390,088	0.27%
Independent Director	Chao-Ting Chen	0	0%
Independent Director	Tzeng-Show Ling	0	0%
Total		23,013,192	15.89%

The shareholdings of all directors are compliant with the standard amount stipulated in the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.