

Stock code: 6220



YFC-BonEagle ELECTRIC CO.,LTD

2021

**Annual General Shareholders' Meeting
Handbook**

June 18, 2021

No.8, Shuzi Rd., Zhongli District, Taoyuan City 320, Taiwan

(South Garden Hotels and Resorts)

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YFC-BonEagle ELECTRIC CO., LTD.
2021 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.
2021 Annual General Shareholders' Meeting Agenda

Time: 9:00 AM, June 18th, 2021 (Friday)

Place: No.8, Shuzi Rd., Zhongli District, Taoyuan City (South Garden Hotels and Resorts)

The Chairman declares the meeting open and delivers an address.

I. Report Items:

1. Overview of Operation Status and 2020 Business Report.
2. Audit Committee's Review Report on 2020 Financial Statements.
3. Employees' and Directors' Remuneration Distribution of FY2020.
4. Distribution of Profits in Cash Dividends of FY2020.
5. Report on the Status of Guarantees and Endorsements Made in 2020.
6. Report on the Cost-Benefit Analysis of Acquisition of Monoprice Holdings.
7. Amendments of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".

II. Ratification Items:

1. Ratification of the 2020 Business Report and Financial Statements.
2. Adoption of the Proposal for Distribution of 2020 Earnings.

III. Discussion Items:

1. Amendments of "Rules and Procedures of Shareholders' Meeting".

IV. Extempore Motion

V. Adjournment

I. Report Items

1. Overview of Operation Status and 2020 Business Report

Explanation: Please refer to page 9 to 10 (Attachment 1) for the Business Report.

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

Explanation: Please refer to page 11 (Attachment 2) for the Audit Committee's Review Report.

3. Employees' and Directors' Remuneration Distribution of FY2020

Explanation: (1) In accordance with Article 20 of the Articles of Incorporation, if the Company has profits (earnings before tax and deduction of employees' and directors' remuneration) in a year, at least 6% shall be provided as employee remuneration and up to 6% as director remuneration.

(2) It is proposed to allocate NT\$24,300,000(6% of profits) as employees' remuneration and NT\$16,000,000(3.95% of profits) as directors' compensation, all of which are to be paid in cash.

(3) The above employees' and directors' remunerations are consistent with the forecast amounts for 2020.

4. Distribution of Profits in Cash Dividends to Shareholders of FY2020

Explanation: (1) In accordance with Article 20-1 of the Articles of Incorporation, the Board is authorized to resolute all or part of the dividends and bonuses that shall be distributed in the form of cash, and report in the shareholders' meeting.

(2) It is proposed to distribute shareholder cash dividends of NT\$132,000,000, i.e., a distribution of \$1.00377448 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 proposal was approved by the Board, and the Board is authorized to further set the ex-dividend date, payment date and other relevant issues. Only if the number of outstanding shares is impacted by a subsequent request by the competent authority, change of legislation, re-purchase of Company shares, conversion of outstanding convertible bonds, resulting in a change of the dividend payout ratio, it is proposed that the shareholders' meeting authorizes the chairman to adjust accordingly.

5. Report on the Status of Guarantees and Endorsements Made in 2020

Explanation: Until December 31, 2020, all of the endorsements/guarantees made by the Company and its subsidiaries have fallen in the limit defined under the "Regulations Governing Making of Endorsement/Guarantee" adopted by the Company and its subsidiaries. The endorsements/guarantees were intended for financing in nature. For details, please see the following chart:

Unit: NT\$ thousand

Name of guarantor	Counter-party of guarantee & endorsement		Authorized limit on endorsements /guarantees made for any single entity	Current highest balance of endorsements /guarantees	Balance of endorsements /guarantees as of reporting date	Actual usage amount during the period	Property pledged for endorsements /guarantees	Ratio of accumulated endorsements/ guarantees to net worth of the latest financial statements	Maximum amount for endorsements /guarantees	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										
The Company	EUROPOWER INTERNATIONAL LIMITED	A wholly owned sub-sub-subsidiary	2,624,951	120,800	-	-	-	--%	5,249,902	Y	N	N
The Company	WUXI UNIVERSAL	A wholly owned sub-sub-subsidiary	2,624,951	1,176,963	984,264	485,675	-	37.50%	5,249,902	Y	N	Y
EUROPOWER INTERNATIONAL LIMITED	MONOPRICE, INC.	Sub-sub-subsidiaries wholly owned by the Company	1,395,861	604,000	568,600	156,365	-	21.66%	2,791,722	N	N	N
PRIME WIRE & CABLE, INC.	UNC INVESTMENT & DEVELOPMENT, INC.	The sub-sub-subsidiary and subsidiary wholly owned by the Company	901,058	462,475	435,370	405,546	-	16.59%	1,802,116	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 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/guarantees for investees have been approved by the Board of Directors.

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 the financial structure. Total issue amount is NT\$704.2 million, and the issuance is completed in June, 2017.

(2) The original purpose of the bank loan repaid then was to purchase shares of MONOPRICE HOLDINGS, the implementation report of the anticipated benefit from the investment of MONOPRICE HOLDINGS is provided in accordance with the letter Jin-Guan-Zheng-Fa-Zi No. 1060017813 issued by the Financial Supervisory Commission (FSC) on May 26, 2017.

(3) Please see page 12 (Attachment 3) for the Cost-Benefit Analysis Chart.

7. Amendment of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".

Explanation: In accordance with the provisions of the letters (Jin-Guan-Zheng-Fa-Zi No. 1080307434 & Jin-Guan-Zheng-Fa-Zi No. 1080341134) issued by the FSC on May 16, 2019 and February 12, 2020, it is proposed to revise the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct. The comparison table of the amended clauses is attached hereto on page 13 to 18 (Attachment 4) and page 19 to 25 (Attachment 5).

II. Ratification Items

Item 1.

Proposed by the Board of Directors

Proposal: Ratification of the 2020 Business Report and Audited Financial Statements.

Description: (1) The 2020 Financial Statements and Consolidated Financial Report of the Company has been audited and certified by Ms. Mei, Yuan Chen and Ms. Hsieh, Chiu Hua, CPAs of KPMG. The Financial Reports as well as the Business Report have been reviewed by the audit committee, and the audit committee has issued their Review Report thereon.

(2) The aforementioned Business Report and Financial Statements are attached hereto on page 9 to 10 (Attachment 1) and page 26 to 45 (Attachment 6).

Resolution:

Item 2.

Proposed by the Board of Directors

Proposal: Ratification of the Allocation for 2020 Earnings.

Description: The 2020 Earnings Distribution Table is attached hereto on page 46 (Attachment 7).

Resolution:

III. Discussions

Item 1.

Proposed by the Board of Directors

Proposal: Amendments to the Rules for the Procedures of Shareholders' Meetings

Description: In accordance with the provisions of the letter(Jin-Guan-Zheng-Jiao-Zi No. 1090150567) issued by the FSC on January 21, 2021, it is proposed to revise the Procedures of Shareholders' Meetings. Please refer to page 47 to 48 (Attachment 8) for the comparison table of the amended clauses.

Resolution:

IV. Extemporary Motion

V. Adjournment

Business Report of 2020

1. Results of 2020 Business Plan Conduction

(1) 2020 Financial Summary

YFC-BonEagle Group consolidated revenue for 2020 was NT\$11,435,995 thousand, which was 1.18% less than 2019 revenue, NT\$11,572,582 thousand. The gross profit ratio was 24.34%, which was a 6.75% of increase from 22.80% of 2019. Net profit after tax was NT\$304,651 thousand, increased by 75.32% from NT\$173,772 of 2019. The basic EPS of 2020 was NT\$2.40, increased by 73.91% from NT\$1.38 in 2019.

(2) Analysis of Receipts, Expenditures and Profitability

Unit: NT\$ thousand			
Category	Title	2020	2019
Receipts & Expenditures	Operating revenue, net	11,435,995	11,572,582
	Gross profit from operations	2,783,332	2,638,286
	Net profit (loss) before tax	424,896	236,647
	Net profit (loss) after tax	304,651	173,772
Profitability	ROA (%)	4.36	3.27
	ROE (%)	12.15	6.96
	Operating income to paid-in capital (%)	40.85	28.02
	Net profit before tax to paid-in capital (%)	32.32	18.88
	Net profit margin (%)	2.67	1.49
	EPS (NT\$)	2.40	1.38

(3) R&D

1. Certification of SF-03/SF-04/SF-06 rubber wire.
2. Development of new RVVP shielded cables.
3. Certification application of Euro-spec halogen free VDE products (10 items).
4. IEC type-C plug connector UL 60320 certification: SF-85C&SF-84&SF-80&SF-85A.
5. ETL & cETL certification on UL plug, SF-223 & SF-224.
6. DT&E of new product has qualified VDE bending test on 25 thousand cycles.
7. New UL certifications for the Philippine plant (SF-31/SF-191/SF-82S).
8. HDMI 2.1 (Type AM to Type AM Cable Assembly).
9. USB 4.0 (Type C to Type C Cable Assembly).
10. USB 3.1 Type CM TO CF Right-Angle 32AWG.
11. Additional self-test functioned component in GFCI.

2. Summary of 2021 Business Plan

(1) Short-term Business Development Plan:

1. Implement one-stop service to integrate sale, channels and production ends, understand

customers' need and production cost effectively, provide the global consumers with the most valuable products (for industry, commerce and household), and create the double engines driving growth of operating revenue and profitability.

2. The subsidiaries in the U.S.A. will engage in distributing power cables and network product series and also work hard to develop other product lines to expand the sale performance.
3. Expand the wiring harness business related to electronic control and sensing systems in electric vehicles (EV). The Company has obtained initial approval from EV factories in China.
4. Adopt the model dedicated to providing the high-speed network transmission overall solution to promote the Company's high-end routing product, Cat.8, to the market.
5. Accelerate developments of suppliers outside of China, and cooperate with them to meet the needs of our three US channel subsidiaries and North American customers.
6. Expand the purchase scale of equipment for leased factories in the Philippines, shorten the Takt time of the production line, and aggressively enhance manufacturing ability of the Philippine plants, to supply and satisfy our North American customers' demands.

(2) Long-term Business Development Plan:

1. Increase sales shares in regions outside of the U.S., such as Europe, Southeast Asia, the Philippines and Australia. Cooperate with local cable correlated enterprises in the Philippines, and participate in Government infrastructure projects.
2. Through solid manufacturing and quality control ability of the Company's factories and cooperation with suppliers, the Company provides valuable products to satisfy various demands in the markets.
3. Trade and sell products via the wholesale channels under the self-owned brand, PRIME, to satisfy the consumers who love to shop in stores.
4. Provide the Internet users with the most optimal products in a timely manner via the e-commerce channels under the self-owned brand, MONOPRICE.
5. Develop the industrial network patch cord market to distinguish the current mid-and-low-rank consumer market and traditional channels.
6. Expand the vehicle market in Mainland China on the ground of vehicle high-frequency transmission cable solutions and electric vehicle power cable transmission solutions.
7. Speed up the construction of factories outside of China to decentralize our production bases and solve the problems resulting from the US-China trade war , including tariffs and long-term development or strategies of the Company.

We sincerely appreciate the support and encouragement from all shareholders over the years. We, the Company's management and staff, will keep making every endeavor to do our job to achieve remarkable results again. Lastly, we genuinely wish you all the very best of health and good luck!

Chairman: Chun Rong Yeh

General Manager: Shen Fu Lin

Chief Accountant: Jui Hua Tsai

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 business report, financial statements and proposal for earnings distribution. FY2020 financial statements have been audited and certified by Ms. Yuan-Chen Mei and Ms. Chiu-Hua Hsieh, CPAs 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 of YFC-BonEagle ELECTRIC CO., LTD. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Attention:

YFC-BonEagle ELECTRIC CO., LTD.

2021 Annual General Shareholders' Meeting

YFC-BonEagle ELECTRIC CO., LTD.

Han Tzong Lee

Chairman of the Audit Committee

March 29, 2021

Cost-Benefit Analysis of Investment Implementation in Monoprice

Unit: NT\$ thousand

Year	2016	2017	2018	2019	2020	2020
Item	Actual	Actual	Actual	Actual	Actual	Estimated
Operating revenue	704,449	5,044,162	4,847,092	4,623,252	4,763,956	4,633,709
Operating costs	555,673	3,735,779	3,536,780	3,337,252	3,430,048	3,357,521
Gross profit from operations	148,776	1,308,383	1,310,312	1,286,000	1,333,908	1,276,188
Operating expenses	152,890	1,147,614	1,191,479	1,167,087	1,238,629	1,136,326
Operating income (loss)	(4,114)	160,769	118,833	118,913	95,279	139,862
Non-operating income and expenses	(1,991)	(18,159)	(29,576)	(35,216)	(12,400)	(22,677)
Profit before tax	(6,105)	142,610	89,257	83,697	82,879	117,185
Income tax expenses	0	58,257	10,025	24,975	24,035	23,018
Profit after tax	(6,105)	84,353	79,232	58,722	58,844	94,167
Investment income of MONOPRICE HOLDINGS'	(6,105)	84,353	79,232	58,722	58,844	94,167
Accumulated investment income of MONOPRICE HOLDINGS'	(6,105)	78,248	157,480	216,202	275,046	310,369
Depreciation & amortization expense	8,474	82,962	95,126	87,860	86,800	80,040
Cash flow including depreciation & amortization expense	2,369	167,315	174,358	146,582	145,644	174,207
Accumulated cash flow	2,369	169,684	344,042	490,624	636,268	664,831

YFC-BonEagle ELECTRIC CO., LTD.

Comparison Table of Ethical Corporate Management Best Practice Principles

Amendment	Original	Reason for Amendment
<p>Article 5</p> <p>The Company shall abide by the operational philosophies of honesty transparency and responsibility, base policies on the principle of good faith <u>and obtain approval from the board of directors</u>, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5</p> <p>The Company shall abide by the operational philosophies of honesty transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	Amend in accordance with the revision of laws and regulations of the competent authority
<p>Article 7</p> <p>The Company shall <u>establish a risk assessment mechanism against unethical conduct</u>, analyze <u>and assess on a regular basis</u> business activities within their business scope which are at a higher risk of being involved in unethical conduct, <u>and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis</u>. <u>It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which</u> shall at least include the following preventive measures:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents, hospitality or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and 	<p>Article 7</p> <p>The Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct when establishing its prevention programs, and shall include the following preventive measures:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents, hospitality or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, 	

Amendment	Original	Reason for Amendment
<p>other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>provision, or sale of products and services.</p>	
<p>Article 8</p> <p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company and its respective business group shall clearly specify in their <u>internal</u> rules, annual report, <u>Company's website, and other external documents</u> of the ethical corporate management policies and the commitment by the board of directors and <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>Article 8</p> <p>The Company and its respective business group shall clearly specify in their rules, annual report and the Company's website of the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	

Amendment	Original	Reason for Amendment
<p>Article 17 Personnel of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>Management Department (MD) is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs to achieve sound ethical corporate management. MD shall be in charge of the following matters, and shall report to the board of directors on an irregular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly</u> programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promote and coordinate awareness, educational activities with respect to ethics policy. 	<p>Article 17 Personnel of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>Management Department (MD) is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs to achieve sound ethical corporate management. MD shall be in charge of the following matters, and shall report to the board of directors on an irregular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Establish programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promote and coordinate awareness, educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and 	

Amendment	Original	Reason for Amendment
<p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
<p>Article 20</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company <u>shall base on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, scope, items, frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</u></p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put</u></p>	<p>Article 20</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	

Amendment	Original	Reason for Amendment
<p><u>down in writing in the form of an audit report to be submitted to the board of directors.</u></p>		
<p>Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tips involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u> 4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 5. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u> 6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 7. Whistle-blowing incentive measures. <p>When material misconduct or likelihood of material impairment to</p>	<p>Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tips involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 4. Confidentiality of the identity of whistle-blowers and the content of reported cases. 5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 6. Whistle-blowing incentive measures. <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in</p>	

Amendment	Original	Reason for Amendment
<p>the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>written form.</p>	
<p>Article 28 These Principles were established on March 10, 2017. The 1st amendment was made on May 10, 2019. <u>The 2nd amendment was made on March 29, 2021.</u></p>	<p>Article 28 These Principles were established on March 10, 2017. The 1st amendment was made on May 10, 2019.</p>	<p>Date of amendment is added</p>

YFC-BonEagle ELECTRIC CO., LTD.

Comparison Table of Procedures for Ethical Management and Guidelines for Conduct

Amendment	Original	Reason for Amendment
<p>Article 5 The Company shall designate the Management Department (MD) as the solely responsible unit ("responsible unit") of the amendment, implementation, interpretation, and advisory services with respect to these Procedures, the recording and filing of reports, and the monitoring of implementation.</p> <p><u>The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</u></p> <ol style="list-style-type: none"> 1. <u>Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</u> 2. <u>Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and</u> 	<p>Article 5 The Company shall designate the Management Department (MD) as the solely responsible unit ("responsible unit") of the amendment, implementation, interpretation, and advisory services with respect to these Procedures, the recording and filing of reports, and the monitoring of implementation.</p>	<p>Amend in accordance with the revision of laws and regulations of the competent authority</p>

Amendment	Original	Reason for Amendment
<p><u>business.</u></p> <p>3. <u>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u></p> <p>4. <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p>5. <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p>6. <u>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p> <p>7. <u>Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</u></p>		
<p>Article 11 When a Company director, managerial officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake <u>in a proposal at the</u></p>	<p>Article 11 When a Company director, managerial officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in matters at the meeting,</p>	

Amendment	Original	Reason for Amendment
<p><u>meeting</u>, that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise his/her voting rights as proxy on behalf of another director. The directors shall exercise discipline among them, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>If in the course of conducting company business, any personnel of the Company discovers that a potential conflicts of interest exists involving themselves or the juristic person that they represent or that they or their spouse, parents, children or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel</p>	<p>that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise his/her voting rights as proxy on behalf of another director. The directors shall exercise discipline among them, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of the Company discovers that a potential conflicts of interest exists involving themselves or the juristic person that they represent or that they or their spouse, parents, children or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>	

Amendment	Original	Reason for Amendment
<p>with proper instructions.</p> <p>No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.</p>		
<p>Article 16</p> <p><u>The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>Article 16</p> <p>The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	
<p>Article 21</p> <p>As an incentive to insiders and outsiders for reporting unethical or unseemly conduct, the Company will grant rewards depending on the seriousness of the circumstance</p>	<p>Article 21</p> <p>As an incentive to insiders and outsiders for reporting unethical or unseemly conduct, the Company will grant rewards depending on the seriousness of the circumstance</p>	

Amendment	Original	Reason for Amendment
<p>concerned. Insiders who have made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. The whistleblower's name and ID number <u>or make anonymous reports</u>, and an address, telephone number, and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. <p>Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The responsible unit of the Company shall observe the following procedure <u>in handling whistleblowing matters</u>:</p> <ol style="list-style-type: none"> 1. Information shall be reported to the department head if involving the 	<p>concerned. Insiders who have made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> 1. The whistleblower's name and ID number and an address, telephone number, and e-mail address where it can be reached. 2. The informed party's name or other information sufficient to distinguish its identifying features. 3. Specific facts available for investigation. <p>Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The responsible unit of the Company shall observe the following procedure:</p> <ol style="list-style-type: none"> 1. Information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a 	

Amendment	Original	Reason for Amendment
<p>rank and file and to an independent director or supervisor if involving a director or a senior executive.</p> <p>2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will <u>report to the competent authority, refer said person to judicial authority for investigation, or</u> institute legal proceedings and seek damages to safeguard its reputation, rights, and interests.</p> <p>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion</p>	<p>director or a senior executive.</p> <p>2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation, rights, and interests.</p> <p>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control</p>	

Amendment	Original	Reason for Amendment
<p>of the litigation.</p> <p>5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	<p>system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	
<p>Article 25 These Procedures were established on March 10, 2017. The 1st amendment was made on May 10, 2019. <u>The 2nd amendment was made on March 29, 2021.</u></p>	<p>Article 25 These Procedures were established on March 10, 2017. The 1st amendment was made on May 10, 2019.</p>	<p>Date of amendment is added</p>



安侯建業聯合會計師事務所

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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, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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 audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

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 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 and returns in the previous years; examining subsequent sale discounts to assess whether there are any significant differences.
- Assessing the adequacy of the Company disclosures in respect of revenue recognition.

2. Impairment assessment of inventory

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

Description of key audit matter:

Investments accounted for using the equity method is an important and a significant aspect of the Company. Therefore, the valuation of investments accounted for using the 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 amount of the previous and current year whether the investments accounted for using equity method evaluation policies comply with the accounting standards.
- 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.



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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 Yuan-Chen Mei and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)

March 29, 2021

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 those generally accepted and applied in 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 Consolidated Financial Statements Originally Issued in Chinese)
YFC-BONEAGLE ELECTRIC CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			Liabilities and Equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note (6)(a))	\$ 155,662	2	262,903	4	2100	Short-term borrowings (note (6)(i))	\$ 1,699,603	23	1,442,930	22
1150 Notes receivable, net (note (6)(b))	3,462	-	4,268	-	2110	Short-term notes and bills payable (note (6)(j))	129,886	2	229,823	3
1170 Accounts receivable (note (6)(b))	1,298,809	18	673,671	11	2130	Current contract liabilities (note (6)(u))	40,979	1	32,056	1
1180 Accounts receivable from related parties, net (note (6)(b) and (7))	501,053	7	337,731	5	2170	Accounts payable	120,544	2	101,827	2
1200 Other receivables (note (6)(c))	7,381	-	4,897	-	2180	Accounts payable to related parties (note (7))	521,285	7	421,347	6
1210 Other receivables from related parties, net (note (6)(c) and (7))	123,345	2	116,881	2	2200	Other payables (note (6)(n))	79,061	1	52,315	1
130X Inventories (note (6)(d))	215,227	3	135,995	2	2220	Other payables to related parties (note (7))	1,031,887	14	320,310	5
1470 Other current assets (note (6)(i))	24,832	-	20,853	-	2230	Current tax liabilities	51,173	1	12,089	-
Total current assets	2,329,771	32	1,557,199	24	2280	Current lease liabilities (note (6)(o))	8,201	-	8,550	-
Non-current assets:					2320	Long-term liabilities, current portion (note (6)(l)(m) and (8))	128,464	2	916,194	14
1550 Investments accounted for using equity method (note (6)(e) and (13))	4,453,675	62	4,530,301	69	2300	Other current liabilities (note (6)(p))	1,752	-	392	-
1600 Property, plant and equipment (note (6)(f) and (8))	311,730	5	296,596	5		Total current liabilities	3,812,835	53	3,537,833	54
1755 Right-of-use assets (note (6)(g))	12,756	-	21,064	-	2530	Non-Current liabilities:				
1780 Intangible assets (note (6)(h))	1,561	-	2,594	-	2540	Bonds payable (note (6)(m)(s))	138,370	2	-	-
1840 Deferred tax assets (note (6)(r))	84,603	1	52,279	1	2540	Long-term borrowings (note (6)(l) and (8))	588,913	8	623,613	02
1915 Prepayments for business facilities	18,032	-	25,230	-	2580	Non-current lease liabilities (note (6)(o))	5,291	-	13,493	-
1900 Other non-current assets (note (6)(i)(q) and (8))	5,899	-	99,359	1	2600	Other non-current liabilities (note (6)(p))	3,624	-	100	-
Total non-current assets	4,888,256	68	5,027,423	76	2650	Credit balance of investments accounted for using equity method (note (6)(e))	44,043	1	31,344	-
						Total non-current liabilities	780,241	11	668,550	10
						Total liabilities	4,593,076	64	4,206,383	64
						Equity attributable to owners of parent (note (6)(m)(s)):				
					3110	Ordinary share	1,310,466	18	1,245,545	19
					3130	Bond conversion entitlement certificates	4,570	-	-	-
						Subtotal	1,315,036	18	1,245,545	19
					3200	Capital surplus	800,209	11	677,621	10
					3300	Retained earnings	848,924	2	651,204	10
					3400	Other equity interest	(339,218)	(5)	(196,131)	(3)
						Total equity	2,624,951	36	2,378,239	36
Total assets	\$ 7,218,027	100	6,584,622	100		Total liabilities and equity	\$ 7,218,027	100	6,584,622	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Operating revenue (note (6)(v) and (7))	\$ 4,817,598	100	2,289,816	100
5110	Operating costs (note (6)(d)(q)(u), (7) and (12))	4,309,926	89	2,044,643	89
5900	Gross profit from operations	507,672	11	245,173	11
5920	(Less) add: (Realized) unrealized loss from sales to related parties, net (note(7))	(84)	-	(357)	-
5900	Gross profit from operations	507,588	11	244,816	11
Operating expenses (note (6)(b)(o)(q)(u), (7) and (12)):					
6100	Selling expenses	55,622	1	63,686	3
6200	Administrative expenses	117,316	3	100,909	4
6300	Research and development expenses	8,423	-	6,889	-
6450	Expected credit loss (profit)	(2)	-	1,598	-
6000	Total operating expenses	181,359	4	173,082	7
6900	Operating income	326,229	7	71,734	4
Non-operating income and expenses (note (6)(e)(m)(o)(p)(w), (7) and (13)):					
7010	Other income	5,619	-	996	-
7020	Other gains and losses, net	(14,326)	-	(18,787)	(1)
7100	Interest income	1,369	-	2,162	-
7050	Finance costs, net	(39,401)	(1)	(42,027)	(2)
7070	Share of profit of subsidiaries accounted for using equity method	83,632	2	173,177	8
7000	Total non-operating income and expenses	36,893	1	115,521	5
7900	Profit from continuing operations before tax	363,122	8	187,255	9
7950	Less: Income tax expenses (note (6)(r))	58,339	2	14,983	1
	Profit	304,783	6	172,772	8
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	(1,193)	-	(620)	-
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	(1,193)	-	(620)	-
8360	Items that may be reclassified subsequently to profit or loss (note (6)(r)(s))				
8361	Exchange differences on translation of foreign operation	(178,859)	(4)	(125,846)	(6)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(35,772)	(1)	(25,169)	(1)
	Total items that may be reclassified subsequently to profit or loss	(143,087)	(3)	(100,677)	(5)
8300	Other comprehensive income (loss)	(144,280)	(3)	(101,297)	(5)
8500	Total comprehensive income	\$ 160,503	3	70,975	3
Earnings per share (in NT dollars) (note (6)(t))					
9750	Basic earnings per share	\$ 2.40		1.38	
9850	Diluted earnings per share	\$ 2.21		1.35	

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

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(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, 2019	\$ 1,245,545	-	1,245,545	677,621	140,470	170,064	418,127	728,661	(95,454)	2,556,373
Profit	-	-	-	-	-	-	172,272	172,272	-	172,272
Other comprehensive income	-	-	-	-	-	-	(620)	(620)	(100,677)	(101,297)
Total comprehensive income	-	-	-	-	-	-	171,652	171,652	(100,677)	70,975
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	35,324	-	(35,324)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(249,109)	(249,109)	-	(249,109)
Balance at December 31, 2019	1,245,545	-	1,245,545	677,621	175,794	170,064	305,346	651,204	(196,131)	2,378,239
Profit (loss)	-	-	-	-	-	-	304,783	304,783	-	304,783
Other comprehensive income	-	-	-	-	-	-	(1,193)	(1,193)	(143,087)	(144,280)
Total comprehensive income	-	-	-	-	-	-	303,590	303,590	(143,087)	160,503
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	17,165	-	(17,165)	-	-	-
Special reserve appropriated	-	-	-	-	-	26,067	(26,067)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(105,870)	(105,870)	-	(105,870)
Due to recognition of equity component of convertible bonds issued	-	-	-	21,093	-	-	-	-	-	21,093
Conversion of convertible bonds	-	69,491	69,491	101,495	-	-	-	-	-	170,986
Conversion of certificates of bond conversion entitlement	64,921	(64,921)	-	-	-	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 1,310,466</u>	<u>4,570</u>	<u>1,315,036</u>	<u>800,209</u>	<u>192,959</u>	<u>196,131</u>	<u>459,834</u>	<u>848,924</u>	<u>(339,218)</u>	<u>2,624,951</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 363,122	187,255
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	23,298	17,106
Amortization expense	3,021	2,469
Expected credit (profit) loss	(2)	1,598
Interest expense	39,401	42,027
Interest income	(1,369)	(2,162)
Share of profit if subsidiaries accounted for using equity method	(83,632)	(173,177)
Loss from disposal of property, plant and equipment	35	-
Realized (unrealized) loss from sales	84	357
Unrealized foreign exchange loss (gain)	999	17,758
Gain on repurchase of convertible bonds	(8,018)	-
Total adjustments to reconcile profit	<u>(26,183)</u>	<u>(94,024)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	806	3,383
Accounts receivable	(652,096)	(452,780)
Accounts receivable from related parties	(173,982)	(159,517)
Other receivables	(2,484)	(4,894)
Other receivable from related parties	15,539	(24,700)
Inventories	(79,232)	(82,179)
Other current assets	(3,979)	(11,374)
Total changes in operating assets	<u>(895,428)</u>	<u>(732,061)</u>
Changes in operating liabilities:		
Accounts payable	52,817	72,103
Accounts payable to related parties	99,938	272,129
Other payables	27,024	(8,547)
Other payable to related parties	1,612	20,992
Other current liabilities and contract liabilities	10,283	9,802
Other non-current liabilities	3,524	-
Total changes in operating liabilities	<u>195,198</u>	<u>366,389</u>
Total changes in operating assets and liabilities	<u>(700,230)</u>	<u>(365,672)</u>
Total adjustments	<u>(726,413)</u>	<u>(459,696)</u>
Cash inflow generated from operations	(363,291)	(272,441)
Interest received	1,369	2,168
Interest paid	(30,258)	(27,682)
Income taxes paid	(15,807)	(9,421)
Net cash flows from (used in) operating activities	<u>(407,987)</u>	<u>(307,376)</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(5,989)	(9,863)
Acquisition of property, plant and equipment	(7,494)	(142,065)
Increase (decrease) in other receivables from related parties	(21,715)	48,352
Acquisition of intangible assets	(1,988)	(1,146)
Increase (decrease) in other non-current assets	(1,946)	(6,695)
Increase in prepayments for business facilities	(9,635)	(20,940)
Increase (decrease) in prepayments for land purchases	88,381	(71,128)
Net cash flows used in investing activities	<u>39,614</u>	<u>(203,485)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,042,021	1,821,850
Decrease in short-term loans	(1,784,930)	(1,678,920)
Decrease in short-term notes and bills payable	(99,937)	(19,942)
Proceeds from issuing bonds	401,501	-
Repurchase of convertible bonds	(331,676)	-
Repayments of bonds	(434,100)	-
Proceeds from long-term debt	1,274,186	1,361,000
Repayments of long-term debt	(1,403,294)	(963,889)
Increase in other payables to related parties	709,965	302,875
Payment of lease liabilities	(8,551)	(4,147)
Cash dividends paid	(105,870)	(249,109)
Net cash flows used in financing activities	<u>259,315</u>	<u>569,718</u>
Effect of exchange rate changes on cash and cash equivalents	1,817	(2,197)
Net increase (decrease) in cash and cash equivalents	(107,241)	56,660
Cash and cash equivalents at beginning of period	262,903	206,243
Cash and cash equivalents at end of period	<u>\$ 155,662</u>	<u>262,903</u>



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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, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the 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 audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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)(u).

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).

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.

Other Matter

YFC-BONEAGLE ELECTRIC CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

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

KPMG

Taipei, Taiwan (Republic of China)

March 29, 2021

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			Liabilities and Equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note (6)(a))	\$ 838,816	10	1,432,714	17	2100	Short-term borrowings (note (6)(i))	\$ 2,356,577	26	1,881,475	21
1170 Notes and accounts receivable (note (6)(b) and (8))	2,500,763	28	1,994,094	23	2110	Short-term notes and bills payable (note (6)(j))	129,886	1	229,823	3
1200 Other receivables, net (note (6)(c))	21,758	-	17,595	-	2130	Current contract liabilities (note (6)(u))	141,558	2	93,679	1
1220 Current tax assets	41,688	-	47,482	-	2170	Notes and accounts payable	946,956	10	668,982	8
130X Inventories (note (6)(d))	2,835,079	31	2,282,649	27	2200	Other payables (note (6)(m))	636,130	7	459,398	5
1410 Prepayments	319,162	4	261,422	3	2230	Current tax liabilities	67,138	1	14,479	-
1470 Other current assets (note (6)(h))	21,002	-	16,569	-	2251	Current provisions for employee benefits	25,736	-	14,775	-
1481 Right to the return goods-current	5,797	-	5,777	-	2280	Current lease liabilities (note (6)(n))	84,844	1	82,800	1
Total current assets	6,584,065	73	6,058,302	70	2365	Refund liabilities-current (note (6)(m))	91,697	1	63,940	1
					2320	Long-term liabilities, current portion (note (6)(k)(l) and (8))	280,766	3	1,211,071	14
Non-current assets:					2300	Other current liabilities (note (6)(o))	6,418	-	2,193	-
1600 Property, plant and equipment (note (6)(e)(h) and (8))	1,352,349	15	1,284,443	15		Total current liabilities	4,767,706	52	4,722,615	54
1755 Right-of-use assets (note (6)(f))	421,624	5	491,456	6		Non-Current liabilities:				
1780 Intangible assets (note (6)(g))	446,345	5	502,167	6	2530	Bonds payable (note (6)(l))	138,370	2	-	-
1840 Deferred tax assets (note (6)(r))	182,366	2	154,134	2	2540	Long-term borrowings (note (6)(k) and (8))	1,070,035	12	1,051,501	12
1915 Prepayments for business facilities	21,197	-	28,413	-	2570	Deferred tax liabilities (note (6)(r))	55,364	1	72,979	1
1900 Other non-current assets (note (6)(h) and (8))	27,161	-	131,705	1	2580	Non-current lease liabilities (note (6)(n))	351,385	4	414,033	5
Total non-current assets	2,451,042	27	2,592,318	30	2600	Other non-current liabilities (note (6)(o))	20,526	-	4,454	-
						Total non-current liabilities	1,635,680	19	1,542,967	18
Total assets	\$ 9,035,107	100	8,650,620	100		Total liabilities	6,403,386	71	6,265,582	72
						Equity attributable to owners of parent (note (6)(l)(s)):				
					3110	Ordinary share	1,310,466	15	1,245,545	14
					3130	Bond conversion entitlement certificates	4,570	-	-	-
						Subtotal	1,315,036	15	1,245,545	14
					3200	Capital surplus	800,209	9	677,621	8
					3300	Retained earnings	848,924	9	651,204	8
					3400	Other equity interest	(339,218)	(4)	(196,131)	(2)
						Total equity attributable to owners of parent	2,624,951	29	2,378,239	28
					36XX	Non-controlling interests	6,770	-	6,799	-
						Total equity	2,631,721	29	2,385,038	28
						Total liabilities and equity	\$ 9,035,107	100	\$ 8,650,620	100

(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, 2020 and 2019

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

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Operating revenue (note (6)(u))	\$ 11,435,995	100	11,572,582	100
5110	Operating costs (note (6)(d)(n)(q)(v) and (12))	8,652,663	76	8,934,296	77
5900	Gross profit from operations	<u>2,783,332</u>	<u>24</u>	<u>2,638,286</u>	<u>23</u>
Operating expenses (note (6)(b)(n)(q)(v), (7) and (12)):					
6100	Selling expenses	1,534,790	13	1,566,766	14
6200	Administrative expenses	647,172	6	652,345	6
6300	Research and development expenses	42,315	-	46,049	-
6450	Expected credit loss	21,846	-	24,139	-
6000	Total operating expenses	<u>2,246,123</u>	<u>19</u>	<u>2,289,299</u>	<u>20</u>
6900	Operating income	<u>537,209</u>	<u>5</u>	<u>348,987</u>	<u>3</u>
Non-operating income and expenses (note (6)(l)(n)(w)):					
7010	Total other income	24,402	-	13,524	-
7020	Other gains and losses, net	(42,360)	-	(13,522)	-
7100	Interest income	6,140	-	13,458	-
7050	Finance costs, net	(100,495)	(1)	(125,800)	(1)
7000	Total non-operating income and expenses	<u>(112,313)</u>	<u>(1)</u>	<u>(112,340)</u>	<u>(1)</u>
7900	Profit from continuing operations before tax	424,896	4	236,647	2
7950	Less: Income tax expenses (note (6)(r))	<u>120,245</u>	<u>1</u>	<u>62,875</u>	<u>-</u>
	Profit	<u>304,651</u>	<u>3</u>	<u>173,772</u>	<u>2</u>
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	(1,193)	-	(620)	-
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	<u>(1,193)</u>	<u>-</u>	<u>(620)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss (note (6)(r)(s))				
8361	Exchange differences on translation of foreign operation	(178,859)	(2)	(125,846)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(35,772)	-	(25,169)	-
	Total items that may be reclassified subsequently to profit or loss	<u>(143,087)</u>	<u>(2)</u>	<u>(100,677)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>(144,280)</u>	<u>(2)</u>	<u>(101,297)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 160,371</u>	<u>1</u>	<u>72,475</u>	<u>1</u>
Profit, attributable to:					
8610	Profit, attributable to owners of parent	\$ 304,783	3	172,272	2
8620	Profit, attributable to non-controlling interests	(132)	-	1,500	-
8600	Net profit	<u>\$ 304,651</u>	<u>3</u>	<u>173,772</u>	<u>2</u>
Comprehensive income attributable to:					
8710	Comprehensive income, attributable to owners of parent	\$ 160,503	1	70,975	1
8720	Comprehensive income, attributable to non-controlling interests	(132)	-	1,500	-
8700	Comprehensive income	<u>\$ 160,371</u>	<u>1</u>	<u>72,475</u>	<u>1</u>
Earnings per share (in NT dollars) (note (6)(t))					
9750	Basic earnings per share	<u>\$ 2.40</u>		<u>1.38</u>	
9850	Diluted earnings per share	<u>\$ 2.21</u>		<u>1.35</u>	

(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, 2020 and 2019
(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-controlling 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, 2019	\$ 1,245,545	-	1,245,545	677,621	140,470	170,064	418,127	728,661	(95,454)	2,556,373	5,581	2,561,954
Profit	-	-	-	-	-	-	172,272	172,272	-	172,272	1,500	173,772
Other comprehensive income	-	-	-	-	-	-	(620)	(620)	(100,677)	(101,297)	-	(101,297)
Total comprehensive income	-	-	-	-	-	-	171,652	171,652	(100,677)	70,975	1,500	72,475
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	35,324	-	(35,324)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(249,109)	(249,109)	-	(249,109)	-	(249,109)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(282)	(282)
Balance at December 31, 2019	1,245,545	-	1,245,545	677,621	175,794	170,064	305,346	651,204	(196,131)	2,378,239	6,799	2,385,038
Profit (loss)	-	-	-	-	-	-	304,783	304,783	-	304,783	(132)	304,651
Other comprehensive income	-	-	-	-	-	-	(1,193)	(1,193)	(143,087)	(144,280)	-	(144,280)
Total comprehensive income	-	-	-	-	-	-	303,590	303,590	(143,087)	160,503	(132)	60,371
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	17,165	-	(17,165)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	26,067	(26,067)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(105,870)	(105,870)	-	(105,870)	-	(105,870)
Due to recognition of equity component of convertible bonds issued	-	-	-	21,093	-	-	-	-	-	21,093	-	21,093
Conversion of convertible bonds	-	69,491	69,491	101,495	-	-	-	-	-	170,986	-	170,986
Conversion of certificates of bond conversion entitlement	64,921	(64,921)	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	103	103
Balance at December 31, 2020	\$ 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

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 424,896	236,647
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	191,601	202,730
Amortization expense	44,750	50,777
Expected credit loss	21,846	24,139
Interest expense	100,495	125,800
Interest income	(6,140)	(13,458)
Loss (gain) on disposal of property, plant and equipment	4,023	(462)
Unrealized foreign exchange loss (gain)	(19,449)	(893)
Gain on repurchase of convertible bonds	(8,018)	-
Total adjustments to reconcile profit	<u>329,108</u>	<u>388,633</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(643,088)	181,097
Other receivables	556	(12,402)
Inventories	(647,910)	(31,019)
Prepayments	(60,967)	(33,940)
Other current assets and right to the return goods	(4,740)	(3,590)
Total changes in operating assets	<u>(1,356,149)</u>	<u>100,146</u>
Notes and accounts payable	339,323	(38,149)
Other payables	194,207	64,405
Refund liabilities and provisions for employee benefits	43,874	26,114
Other current liabilities and contract liabilities	55,555	3,610
Other non-current liabilities	3,524	-
Total changes in operating liabilities	<u>636,483</u>	<u>55,980</u>
Total changes in operating assets and liabilities	<u>(719,666)</u>	<u>156,126</u>
Total adjustments	<u>(390,558)</u>	<u>544,759</u>
Cash inflow generated from operations	34,338	781,406
Interest received	6,239	13,365
Interest paid	(92,434)	(111,435)
Income taxes paid	(79,063)	(102,160)
Net cash flows from (used in) operating activities	<u>(130,920)</u>	<u>581,176</u>

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(85,626)	(193,891)
Proceeds from disposal of property, plant and equipment	4,211	21,133
Acquisition of intangible assets	(12,662)	(20,140)
Decrease (increase) in other financial assets and non-current assets	9,928	(5,270)
Increase in prepayments for business facilities	(10,700)	(21,779)
Increase in prepayments for land purchases	-	(71,128)
Net cash flows used in investing activities	<u>(94,849)</u>	<u>(291,075)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,328,999	2,645,022
Decrease in short-term loans	(2,836,474)	(2,439,617)
(Decrease) increase in short-term notes and bills payable	(99,937)	(19,942)
Proceeds from issuing bonds	401,501	-
Repayments of bonds	(434,100)	-
Repurchase of convertible bonds	(331,676)	-
Proceeds from long-term debt	1,819,844	1,677,157
Repayments of long-term debt	(2,004,045)	(1,537,046)
Payment of lease liabilities	(81,769)	(79,185)
Decrease in other non-current liabilities	12,377	(2,657)
Cash dividends paid	(105,870)	(249,109)
Change in non-controlling interests	103	(282)
Net cash flows used in financing activities	<u>(331,047)</u>	<u>(5,659)</u>
Effect of exchange rate changes on cash and cash equivalents	(37,082)	(29,917)
Net (decrease) increase in cash and cash equivalents	(593,898)	254,525
Cash and cash equivalents at beginning of period	<u>1,432,714</u>	<u>1,178,189</u>
Cash and cash equivalents at end of period	<u>\$ 838,816</u>	<u>1,432,714</u>

YFC-BonEagle ELECTRIC CO., LTD.

2020 Earnings Distribution

Balance of unallocated earnings - beginning	156,243,953
Add (Less): Current actuarial gains (losses)	(1,193,097)
Add: Net profit after tax this year	304,783,342
Less: Provision of 10% legal reserve	(30,359,025)
Less: Provision of special reserve	(143,087,787)
Allocable earnings	286,387,386
Allocation titles:	
Cash bonus to shareholders	(132,000,000)
Unallocated earnings - ending	154,387,386

Chun Rong Yeh

Chairman of Board

Shen Fu Lin

General Manager

Jui Hua Tsai

Chief Accountant

YFC-BonEagle ELECTRIC CO., LTD.

Comparison Table of Rules and Procedures of Shareholders' Meetings

Amendment	Original	Reason for Amendment
<p>Article 3 Convening shareholders' meetings and shareholders' meeting notices. Omit unrevised subject (1) to (6). 7. <u>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.</u></p>	<p>Article 3 Convening shareholders' meetings and shareholders' meeting notices. Omit unrevised subject (1) to (6).</p>	<p>Amend in accordance with the revision of laws and regulations of the competent authority</p>
<p>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</p>	<p>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</p>	

Amendment	Original	Reason for Amendment
<p>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.</p> <p>(2) The chairman shall call the meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</u></p> <p>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.</p> <p>Omit unrevised subjects hereunder.</p>	<p>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.</p> <p>(2) The chairman shall call the meeting to order at the appointed meeting time.</p> <p>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.</p> <p>Omit unrevised subjects hereunder.</p>	
<p>Article 20 These Rules were established on <u>June 18, 2019.</u> The 1st amendment was made on <u>June 18, 2020.</u> <u>The 2nd amendment was made on June 18, 2021.</u></p>	<p>Article 20 These Rules were established on May 10, 2019. The 1st amendment was made on March 27, 2020.</p>	<p>Date of amendment is added</p>

YFC-BonEagle ELECTRIC CO., LTD.

Ethical Corporate Management Best Practice Principles

- Article 1 The Ethical Corporate Management Best Practice Principles” (hereunder referred to as “these Principles”) is adopted to assist YFC-BonEagle ELECTRIC CO., LTD. (“the Company”) to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.
- These Principles are applicable to the Company’s business groups and organizations, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such Company.
- Article 2 “Personnel of the Company” referred to in these Principles mean directors, managers, employees, mandataries or persons having substantial control over the Company.
- When engaging in commercial activities, personnel of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits.
- Article 3 “Benefits” in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5 The Company shall abide by the operational philosophies of honesty transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
- Article 6 The Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs in its own Procedure of Ethical Management and Guideline for Conduct to forestall unethical conduct (“prevention programs”), including operational procedures, guidelines and training.
- When establishing the prevention programs, the Company shall comply with the relevant laws and regulations of the territory where the Company, affiliates and its business group

are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with its staff, significant trading counterparties and other stakeholders.

Article 7 The Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct when establishing its prevention programs, and shall include the following preventive measures:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents, hospitality or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 The Company and their respective business group shall clearly specify in their rules, annual report and the Company's website of the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy compliance and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 When conducting business, personnel of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, personnel of the Company shall comply with the Political Donations Act and its own relevant internal operational procedures, and

shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, personnel of the Company shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 Personnel of the Company shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Personnel of the Company shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, personnel of the Company shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 Personnel of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

Management Department (MD) is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs to achieve sound ethical corporate management. MD shall be in charge of the following matters, and shall report to the board of directors on an irregular basis:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

2. Establish programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promote and coordinate awareness, educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 Personnel of the Company shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 The Company shall adopt policies for preventing conflict of interest to identify, monitor and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, , managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse him or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

Personnel of the Company shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to

carry out the audit, and may engage professionals to assist if necessary.

Article 21 The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide the personnel of the Company on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 The chairman, general manager, or senior management of the Company shall convey the importance of corporate ethics to its directors, employees, and mandataries.

The Company shall periodically organize training and awareness programs for the personnel of the Company and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and personnel policies to establish a clear and effective reward and discipline system.

Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tips involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24 The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 26 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be submitted to the audit committee and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When these Principles are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express his objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 28 These Principles were established on 10 March 2017.
The 1st amendment was made on 10 May 2019.

YFC-BonEagle ELECTRIC CO., LTD.

Procedures for Ethical Management and Guidelines for Conduct

Article 1 The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter refers to “Procedures”) are established under the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of these Procedures includes the subsidiaries of the Company, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

Article 2 “Personnel of the Company” refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3 “Unethical conduct” referred to in these Procedures means direct or indirect provision, acceptance, promise or request of any improper benefit or engagement of any other act that is unethical, unlawful or in breach of fiduciary duty by personnel of the Company in the performance of business activities for the purpose of acquiring or maintaining a benefit.

The target of the act under the previous paragraph includes public officials, political candidates, members or staff of political parties and any public or private enterprise or institution, as well as the directors, managerial officers, employees thereof, other persons with substantial control or other stakeholders

Article 4 Benefits” in these Procedures means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 The Company shall designate the Management Department (MD) as the solely responsible unit (“responsible unit”) of the amendment, implementation, interpretation, and advisory services with respect to these Procedures, the recording and filing of reports, and the monitoring of implementation.

Article 6 Except under the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Company's Ethical Corporate Management Best Practice Principles and these Procedures, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Inviting clients or invited to specific commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event have been specified in advance.
4. Attend folk festivals held public and invite the general public to participate.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Company.

Article 7 Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel" as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

Article 8 The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provide or promise a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 Political contributions by the Company shall be made in accordance with the following provisions, reported to the chairman for approval, and a notification given to the responsible unit, and when the contribution meets the prescribed amount set in Article 12 of the "Rules and Procedures of Board of Directors' Meeting", it shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 Charitable donations or sponsorships by the Company shall be handled in accordance with the following provisions and Article 12 of the "Rules and Procedures of Board of Directors' Meeting", and shall notify the responsible unit. Regarding significant donations to related and unrelated parties, such matter shall be conducted only after it has been submitted for adoption by the board of directors. However, public welfare donations for emergency relief set up due to significant natural disasters may be submitted to the next board of directors for ratification:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision making process shall be kept.

3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 When a Company director, managerial officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in matters at the meeting, that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise his/her voting rights as proxy on behalf of another director. The directors shall exercise discipline among them, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflicts of interest exists involving themselves or the juristic person that they represent or that they or their spouse, parents, children or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 The management, preservation, and confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties shall be conducted in accordance with the company's regulations.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 13 The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating

customers, suppliers, territories, or lines of commerce.

Article 14 The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall verify the facts immediately, and if they are true, the Company shall recall those products or suspend the services, and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall

evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct to ensure that the party conducts business fairly and transparently and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether its business operations are located in a country with a high risk of corruption.
4. Whether its operating business is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20 Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damages from the other party,

and may also deduct the full amount of the damages from the contract price payable.

2. Where a party is discovered to engage in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 As an incentive to insiders and outsiders for reporting unethical or unseemly conduct, the Company will grant rewards depending on the seriousness of the circumstance concerned. Insiders who have made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and ID number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The responsible unit of the Company shall observe the following procedure:

1. Information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation, rights, and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a

suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 The responsible unit of the Company shall organize or encourage personnel of the Company to attend internal and external trainings regarding ethical managements, to convey the importance of ethics principle.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or rules of rewards and punishments, or the Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 These Procedures, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to the audit committee and reported to the shareholders' meeting. The same shall be applicable in case of amendment.

When these Procedures are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their expressed objections and reservations shall be recorded in the minutes of the board of directors' meeting. An independent director that is unable to attend a board meeting in person to express his/her objections or reservations shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise and the opinion shall be recorded in the minutes of the board of directors' meeting.

Article 25 These Procedures were established on 10 March 2017.

The 1st amendment was made on 10 May 2019.

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.

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 chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson 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 appointed meeting time. 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 candidates 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 any amendments hereto, shall be implemented after adoption by shareholders' meeting.

Article 20 These Rules were established on 10 May 2019.

The 1st amendment was made on March 27, 2020.

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 Law.
- 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 extemporary 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 Law. Where the meeting is convened by any person other than the Board of Directors, the chairperson shall be acted by the convener, provided that where there are more than two conveners, the chairperson 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 chairperson 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 Law. 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 Law.

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 Law.

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 50% of the allocable earnings after deducting the earnings of previous year. When the allocable earnings after deducting the earnings of previous year less than 1% 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 Law 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.

YFC-BonEagle ELECTRIC CO., LTD
Chairman: Chun Rong Yeh

Shareholdings of All Directors

The minimum number of shares to be held by the entire directors of the Company, and the shareholding of each individual and entire director stipulated in the shareholders roster as of the date for suspending the share transfer for this shareholders' meeting is as follows :

1. The statutory number of shares to be held by, and the number of shares held by, the Company's current directors :

The number of common shares : 131,972,388 shares
The statutory number of shares held by all directors : 8,000,000 shares

2. All directors' shareholdings details as of April 20, 2021 (book closure date) :

Unit: shares

Title	Name	Number of	
		Shares	Shareholdings Percentage
Chairman	Good Win Investment Co., Ltd. Representative : Chun Rong Yeh	6,635,361	5.03%
Vice Chairman	Great King Investment & Development Co., Ltd. Representative : Shen Fu Lin	2,126,000	1.61%
Director	Ying Ming Ku	1,062,412	0.80%
Director	Jung Kuang Chang	2,968,000	2.25%
Director	Yu Yao Investment Co., Ltd. Representative : Chu Tsu Chang	5,506,000	4.17%
Director	He Dind Investment Co., Ltd. Representative : Yen Ting Lin	3,416,776	2.59%
Independent Director	Han Tzong Lee	354,959	0.27%
Independent Director	Chao Ting Chen	0	0%
Independent Director	Tzeng Show Ling	0	0%
Total shareholdings of all directors		22,069,508	16.72%

The number of shares held by all directors has complied with the amount referred to in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies"