

Stock code: 6220



YFC-BONEAGLE ELECTRIC CO., LTD.

2022 Annual General Shareholders' Meeting Handbook

Date: June 21, 2022

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

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

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YFC-BONEAGLE ELECTRIC CO., LTD.
2022 Annual General Shareholders' Meeting Procedure

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Election Matters
7. Extempore Motion
8. Adjournment

YFC-BONEAGLE ELECTRIC CO., LTD.
2022 Annual General Shareholders' Meeting Agenda

Time: June 21, 2022. 9:00 a.m.

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

(Xinwu Dist. Women & Children Affairs Building)

The Chairman declares the Meeting open and delivers an address.

A. Report Items:

1. Overview of operation status and 2021 Business Report
2. Audit Committee's Review Report of 2021 Financial Statements
3. Employees' and Directors' Remuneration Distribution in 2021
4. Distribution of Profits in Cash Dividends in 2021
5. Report on the status of Guarantees and Endorsements Made in 2021
6. Report on the Cost-Benefit Analysis of acquisition of Monoprice Holdings
7. Rename and Amendments to the "Corporate Social Responsibility Best Practice Principle"

B. Ratification Items:

1. Approval of the 2021 Business Report and Financial Statements
2. Adoption of the proposal for 2021 Earnings Distribution

C. Discussion Items:

1. Amendments to the "Articles of Incorporation"
2. Amendments to the "Procedures for Acquisition or Disposal of Assets"

D. Election Matters:

1. Election and re-election of directors

E. Extempore Motions

F. Adjournment

A. Report Items

1. Overview of Operation Status and 2021 Business Report

Explanation: Please refer to Attachment 1.

2. Audit Committee's Review Report on the 2021 Financial Statements

Explanation: Please refer to Attachment 2.

3. Employees' and Directors' Remuneration Distribution in 2021

Explanation: (1) According to Article 20 of the Articles of Incorporation, if the Company has a profit of the year (profits mean earnings before tax, excluding the amounts of employees' and directors' remuneration), such profit shall distribute no less than 6% as employees' remuneration and no more than 6% as directors' compensation.

(2) It is resolved to allocate NT\$7,600,000 to remuneration of employees and NT\$5,000,000 to compensation of directors in cash.

(3) There is no difference between the above employees' and directors' remuneration amount and the recognized expense in 2021.

4. Distribution of Profits in Cash Dividends to Shareholders in 2021

Explanation: (1) In accordance with Article 20-1 of the Articles of Incorporation, the Board of Directors is authorized to distribute all or part of the dividends and bonuses in cash, and submit such distribution resolution to the shareholders' meeting.

(2) It is proposed to distribute shareholder cash dividends of NT\$17,000,000 (NT\$0.12881482 per share). Cash dividend would be distributed to 1 NT dollar (rounded down to an integer), fractional amount in this cash dividend distribution shall be included as other income of the Company.

(3) The Board has approved the distribution proposal and is authorized to set the ex-dividend and payment date and other related matters. However, later if the outstanding share number changes due to requirements of the competent authority, changes in laws, re-purchases of Company shares, or conversions of issued convertible bonds, causing impacts on the dividend payout ratio. It is proposed to the Meeting to authorize the Chairman with sole discretion.

5. Report on the status of Guarantees and Endorsements Made in 2021

Explanation: As of December 31, 2021, all endorsements/guarantees made by the Company and its subsidiaries are within limits defined under the “Regulations Governing Making of Endorsement/Guarantee” of the Company and its subsidiaries, which are all financing endorsement guarantees. For details, please see the following table:

Unit: NT\$ thousand

Name of guarantor	Counter-party of guarantee & endorsement		Limitation on amount of guarantees & endorsements for a specific enterprise	Highest balance for guarantees & endorsements during the period	Balance of guarantees & endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees & endorsements (Amount)	Ratio of accumulated guarantees & endorsements to net worth of the latest financial statements	Maximum amount for guarantees & endorsements	Parent company endorsements/guarantees to 3 rd parties on behalf of subsidiary	Subsidiary endorsements/guarantees to 3 rd parties on behalf of parent company	Endorsements/guarantees to 3 rd parties on behalf of companies in Mainland China
	Name	Relationship with the Company										
The Company	WUXI UNIVERSAL	A wholly owned third-tier subsidiary	2,532,036	984,264	972,314	699,769	-	38.40%	5,064,072	Y	N	Y
The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	A wholly owned subsidiary	2,532,036	100,000	100,000	18,050	-	3.95%	5,064,072	Y	N	N
The Company	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	A wholly owned second-tier subsidiary	2,532,036	139,000	138,150	108,724	-	5.46%	5,064,072	Y	N	N
The Company	YFC-BONEAGLE INTERNATIONAL, INC.	A wholly owned second-tier subsidiary	2,532,036	55,600	55,260	-	-	2.18%	5,064,072	Y	N	N
PRIME WIRE & CABLE, INC.	UNC INVESTMENT & DEVELOPMENT, INC	Wholly owned third-tier subsidiary and subsidiary	994,426	436,212	423,119	383,405	-	16.71%	1,988,852	N	N	N

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

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

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

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

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

(3) Please refer to Attachment 3.

7. Rename and amend the “Corporate Social Responsibility Best Practice Principle”

Explanation: In compliance with Jin-Guan-Zheng-Fa-Zi No. 1100375814 Letter, issued by FSC on November 25, 2021, it is proposed to amend the “Corporate Social Responsibility Best Practice Principle” and change its name to “Sustainable Development Best Practice Principles”. Please refer to Attachment 4 for the comparison table of the amendments.

B. Ratification Items

Item 1.

Proposed by the Board

Proposal: Approval of the 2021 Business Report and Financial Statements

Explanation: (1) The 2021 Individual Financial Statements and Consolidated Financial Statements were audited by KPMG Taiwan independent accountants Yuan Chen Mei and Chiu Hua Hsieh. The Financial Statements and Business Report have been examined and approved by the Audit Committee, and a report issued thereon.

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

Resolution:

Item 2.

Proposed by the Board

Proposal: Adoption of the proposal for 2021 Earnings Distribution

Explanation: The 2021 Earnings Distribution Table is attached hereto as Attachment 6.

Resolution:

C. Discussion Items

Item 1.

Proposed by the Board

Proposal: Amendments to the “Articles of Incorporation”

Explanation: For operation purposes and to strengthen the development of the Company, it is proposed to amend the Articles of Incorporation as shown in the comparison table of the amended clauses in Attachment 7.

Resolution:

Item 2.

Proposed by the Board

Proposal: Amendments to the “Procedures for Acquisition or Disposal of Assets”

Explanation: In compliance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 Letter, issued by FSC on January 28, 2022, it is proposed to amend the “Procedures for Acquisition or Disposal of Assets”. Please refer to Attachment 8 for the comparison table of the amendments.

Resolution:

D. Election Matters

Item 1.

Proposed by the Board

Proposal: Election and re-election of directors for the new term of office

Explanation: (1) Since the term of office of the Company’s 10th Board of Directors expires on June 17, 2022, it is proposed to elect 9 Directors (including 3 Independent Directors) at the Annual Shareholders’ Meeting according to the Articles of Incorporation. The new directors shall take office upon election, with a three-year term commencing from June 21, 2022 to June 20, 2025.

(2) The Company adopts candidate nomination system for the election of directors and independent directors; and the shareholders shall elect from among the nominees listed in the roster of director candidates. The Board has examined and approved the list of directors (including independent directors) candidates. For details of such education, experience, shareholding, and other relevant information, please refer to the candidate list in Attachment 9.

(3) Please refer to Appendix 4 for the Rules for the Election of Directors.

Result:

E. Extemporaneous Motions

F. Adjournment

Business Report

A. Business Performance for 2021

(1) 2021 Financial Summary

YFC-BonEagle Group consolidated revenue for 2021 was NT\$12,446,928 thousand, an increase of 8.84% as compared with NT\$11,435,995 thousand of 2020. The gross profit ratio was 21.15%, which was a 13.11% of decrease from 24.34% of 2020. Net profit after tax was NT\$100,385 thousand, decreased by 67.06% from NT\$304,783 thousand of 2020. The consolidated after-tax earnings per share was NT\$0.76, increased by 68.33% from NT\$2.40 in 2020.

(2) Analysis of Receipts, Expenditures and Profitability

Unit: NT\$ thousand

Category	Title	2021	2020
Receipts & Expenditures	Net operating revenue	12,446,928	11,435,995
	Gross profit from operations	2,632,499	2,783,332
	Net profit (loss) before tax	132,384	424,896
	Net profit (loss) after tax	100,385	304,783
Profitability	ROA (%)	1.88	4.36
	ROE (%)	3.88	12.15
	Operating income to paid-in capital (%)	16.11	40.85
	Net profit before tax to paid-in capital (%)	10.11	32.32
	Net profit margin (%)	0.80	2.67
	EPS (NT\$)	0.76	2.40

(3) R&D

1. Certification of Cat.8 S/FTP data center cable products.
2. Certification of outdoor and harsh environments for networking cables.
3. KC Certification of H03VV-F, H05VV-F wires & cord sets.
4. UL listed CL2/CL3 rated speaker wires.
5. Fully automated production line, new Keystone Jack.
6. Wiring Harness 10-100-00341~345 series.
7. Industrial robot cable assembly.
8. AFV charging connectors.
9. Extension cord with spring strain relief.
10. Patented IEC C13 locking connector.
11. VCTF 0.75mm² X3C SF-31 to SF-87 with Taiwan BSMI certification.
12. LAN CABLE EN 50575 CPR System 1+ with UKCA certification.

B. Summary of 2022 Business Plan

(1) Short-term Business Development Plan:

1. To integrate sales, channels, and production by one-stop service; master clients' demand and production costs effectively; provide valuable products (industrial, commercial, and household use) to global consumers, ultimately creating growth engines for revenue and profitability.
2. Besides distributing power cables & network product series, our US channel subsidiaries also develop other product lines aggressively, like 5G-related items, to expand sales performance.
3. Expand the wiring harness business related to electronic control and ADAS in alternative fuel vehicles (AFV). The Company has obtained initial approval from EV factories in China.
4. Adopt models dedicated to providing high-speed network transmission overall solutions to promote the Company's high-end routing product (Cat.8) to the market.
5. Conform to the smart manufacturing trend, develop the industrial network patch cord market and differentiate from the current low-end consumer market and traditional channels.
6. Accelerate developments non-China sourcing, and cooperate with suppliers to meet the needs of the three US channel subsidiaries and North American customers.
7. Expand the Philippine leased factory and self-built warehouse, purchase additional equipment, shorten the production cycle, and rapidly increase the ample supply capacity of the Philippine plants to meet North American clients' demands.

(2) Long-term Business Development Plan:

1. Increase sales shares in regions outside the US, such as Europe, Southeast Asia, New Zealand, and Australia. Additionally, construct Southeast Asia Promotion Center of the Group's branded products in the Philippines, cooperate with local related enterprises, and participate in Government infrastructure projects.
2. Provide valuable products to satisfy various demands in the markets via solid manufacturing and quality control ability of the Company's factories and alignment with suppliers.
3. PRIME, a self-owned wholesale channel, sells products to consumers that love store shopping.
4. MONOPRICE, a self-owned e-commerce brand, provides Internet users with the most suitable products in time.
5. Expand the vehicle market in Mainland China on the ground of vehicle high-frequency transmission cable solutions and electric vehicle power cable transmission solutions.
6. Speed up the construction of factories outside China to decentralize our production bases and solve the issues 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 managements and staffs, will keep making every endeavor to do our job to achieve remarkable results. Lastly, we wish you all the best of health and good luck!

Chairman: Yeh, Chun-Rong

General Manager: Lin, Shen-Fu

Accounting Officer: Tsai, Jui-Hua

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements and proposal for earnings distribution. The Financial Statements have been audited and certified by Yuan-Chen Mei and Chiu-Hua Hsieh, Certified Public Accountants of KPMG, and the CPAs have issued an audit report regarding the financial statements. The above Business Report, Financial Statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Attention:

YFC-BONEAGLE ELECTRIC CO., LTD.

2022 Annual General Shareholders' Meeting

YFC-BONEAGLE ELECTRIC CO., LTD.

Lee, Han-Tzong

Convener of the Audit Committee

March 28, 2022

Cost-Benefit Analysis of Investment Implementation in Monoprice Holdings

Unit: NT\$ thousand

Year	2016	2017	2018	2019	2020	2021	2021
Item	Actual	Actual	Actual	Actual	Actual	Projection	Actual
Operating revenue	704,449	5,044,162	4,847,092	4,623,252	4,633,709	4,763,956	4,758,669
Operating costs	555,673	3,735,779	3,536,780	3,337,252	3,357,521	3,430,048	3,609,634
Gross profit from operations	148,776	1,308,383	1,310,312	1,286,000	1,276,188	1,333,908	1,149,035
Operating expenses	152,890	1,147,614	1,191,479	1,167,087	1,136,326	1,238,629	1,185,409
Operating income (loss)	(4,114)	160,769	118,833	118,913	139,862	95,279	(36,374)
Non-operating income and expenses	(1,991)	(18,159)	(29,576)	(35,216)	(22,677)	(12,400)	(25,996)
Profit before tax	(6,105)	142,610	89,257	83,697	117,185	82,879	(62,370)
Income tax expenses	0	58,257	10,025	24,975	23,018	24,035	(30,784)
Profit after tax	(6,105)	84,353	79,232	58,722	94,167	58,844	(31,586)
Investment income of MONOPRICE HOLDINGS	(6,105)	84,353	79,232	58,722	94,167	58,844	(31,586)
Accumulated investment income of MONOPRICE HOLDINGS	(6,105)	78,248	157,480	216,202	310,369	369,213	278,783
Depreciation & amortization expense	8,474	82,962	95,126	87,860	80,040	86,800	74,033
Cash flow including depreciation & amortization expense	2,369	167,315	174,358	146,582	174,207	145,644	42,447
Accumulated cash flow	2,369	169,684	344,042	490,624	664,831	810,475	707,278

Comparison Table of Corporate Social Responsibility Best Practice Principle

After Amendments	Before Amendments	Explanation
<p>Change of Name <u>Sustainable Development</u> Best Practice Principles</p>	<p>Change of Name <u>Corporate Social Responsibility</u> Best Practice Principle</p>	<p>Amend in accordance with the revision of laws and regulations of the competent authority.</p>
<p>Article 1 To fulfill corporate social responsibility (CSR) initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Principles have been formed under the “<u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies” and related laws and regulations.</p>	<p>Article 1 To fulfill corporate social responsibility (CSR) initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Principles have been formed under the “<u>Corporate Social Responsibility</u> Best Practice Principles for TWSE/TPEX Listed Companies” and related laws and regulations.</p>	
<p>Article 3 In fulfilling <u>sustainable development</u> initiatives, the Company shall give due consideration to the rights and interests of stakeholders. While pursuing sustainable operations and profits, give due consideration to the environment, society, and corporate governance, and take into its corporate management guidelines and business operations.</p>	<p>Article 3 In fulfilling <u>CSR</u> initiatives, the Company shall give due consideration to the rights and interests of stakeholders. While pursuing sustainable operations and profits, give due consideration to the environment, society, and corporate governance, and take into its corporate management guidelines and business operations.</p>	
<p>Article 4 To implement <u>sustainable development</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> 1. Exercise corporate governance. 2. Foster a sustainable environment. 3. Preserve public welfare. 4. Enhance disclosure of <u>sustainable development</u> information. 	<p>Article 4 To implement <u>CSR</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> 1. Exercise corporate governance. 2. Foster a sustainable environment. 3. Preserve public welfare. 4. Enhance disclosure of <u>CSR</u> information. 	
<p>Article 6 The directors of the Company shall exercise the due care of good administrators to urge the <u>Company</u> to</p>	<p>Article 6 The directors of the Company shall exercise the due care of good administrators to urge the <u>company</u> to</p>	

After Amendments	Before Amendments	Explanation
<p>perform its <u>sustainable development</u> initiatives, and ensure the thorough implementation of its <u>sustainable development</u> policies. The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its <u>sustainable development</u> initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the Company's <u>sustainable development</u> mission or vision, and declaring its <u>sustainable development</u> policy, systems or relevant management guidelines; 2. Making <u>sustainable development</u> the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for <u>sustainable development</u> initiatives; and 3. Enhancing the timeliness and accuracy of the disclosure of <u>sustainable development</u> information. <p>The rest of the article is omitted.</p>	<p>perform its <u>CSR</u> initiatives, and ensure the thorough implementation of its <u>CSR</u> policies. The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its <u>CSR</u> initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the Company's <u>CSR</u> mission or vision, and declaring its <u>CSR</u> policy, systems or relevant management guidelines; 2. Making <u>CSR</u> the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for <u>CSR</u> initiatives; and 3. Enhancing the timeliness and accuracy of the disclosure of <u>CSR</u> information. <p>The rest of the article is omitted.</p>	
<p>Article 7 The Company is advised to organize education and training on the implementation of <u>sustainable development</u> initiatives on a regular basis, including promotion of <u>the matters prescribed in paragraph 2 of the preceding article.</u></p>	<p>Article 7 The Company is advised to organize education and training on the implementation of <u>CSR</u> initiatives on a regular basis, including promotion of <u>its plan on CSR.</u></p>	
<p>Article 8 For the purpose of managing <u>sustainable development</u> initiatives, the Company is advised to <u>set up a governance structure for sustainable development promotion and</u> establish an exclusively (or concurrently)</p>	<p>Article 8 For the purpose of managing <u>CSR</u> initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the <u>CSR</u> policies, systems, or relevant</p>	

After Amendments	Before Amendments	Explanation
<p>dedicated unit to be in charge of proposing and enforcing the <u>sustainable development</u> policies, systems, or relevant management guidelines, and concrete promotional plans.</p> <p>Paragraph 2 is omitted.</p> <p>It is advised that the employee performance evaluation system be combined with <u>sustainable development</u> policies, and that a clear and effective incentive and discipline system be established.</p>	<p>management guidelines, and concrete promotional plans.</p> <p>Paragraph 2 is omitted.</p> <p>It is advised that the employee performance evaluation system be combined with <u>CSR</u> policies, and that a clear and effective incentive and discipline system be established.</p>	
<p>Article 9 Based on respect for the rights and interests of stakeholders, the Company shall identify stakeholders and recognize their reasonable expectations and demands through proper communication and reply to important <u>sustainable development</u> issues they concerned about properly.</p>	<p>Article 9 Based on respect for the rights and interests of stakeholders, the Company shall identify stakeholders and recognize their reasonable expectations and demands through proper communication and reply to important <u>CSR</u> issues they are concerned about properly.</p>	
<p>Article 11 The Company is advised to endeavor to <u>improve energy efficiency</u> and use renewable materials with low impact on the environment to improve the sustainability of natural resources.</p>	<p>Article 11 The Company is advised to endeavor to <u>utilize all resources more efficiently</u> and use renewable materials with low impact on the environment to improve sustainability of natural resources.</p>	
<p>Article 23 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the <u>sustainable development</u> initiative.</p> <p>The Company is advised to establish supplier management policies and request suppliers to comply with rules</p>	<p>Article 23 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the <u>CSR</u> initiative.</p> <p>The Company is advised to establish supplier management policies and request suppliers to comply with rules</p>	

After Amendments	Before Amendments	Explanation
<p>governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against <u>sustainable development</u> policy.</p> <p>When the Company enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with <u>sustainable development</u> policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</p>	<p>governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against <u>CSR</u> policy.</p> <p>When the Company enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with <u>CSR</u> policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</p>	
<p>Revise Chapter Name Enhancing Disclosure of <u>Sustainable Development</u> Information</p>	<p>Revise Chapter Name Enhancing Disclosure of <u>Corporate Social Responsibility</u> Information</p>	
<p>Article 25 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to its <u>sustainable development</u> initiatives to improve information transparency.</p> <p>Relevant information relating to <u>sustainable development</u> which the Company shall disclose includes:</p> <ol style="list-style-type: none"> 1. The policy, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> initiatives, 	<p>Article 25 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to its <u>CSR</u> initiatives to improve information transparency.</p> <p>Relevant information relating to <u>CSR</u> which the Company shall disclose includes:</p> <ol style="list-style-type: none"> 1. The policy, systems or relevant management guidelines, and concrete promotion plans for <u>CSR</u> initiatives, as resolved by the board 	

After Amendments	Before Amendments	Explanation
<p>as resolved by the board of directors.</p> <p>2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</p> <p>3. Goals and measures for <u>promoting</u> the <u>sustainable development</u> initiatives established by the Company and performance in implementation.</p> <p>4. Major stakeholders and their concerns.</p> <p>5. Other information relating to <u>sustainable development</u> initiatives.</p>	<p>of directors.</p> <p>2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</p> <p>3. Goals and measures for <u>realizing</u> the <u>CSR</u> initiatives established by the Company and performance in implementation.</p> <p>4. Major stakeholders and their concerns.</p> <p>5. Other information relating to <u>CSR</u> initiatives.</p>	
<p>Article 26</p> <p>The Company is advised to prepare <u>sustainable development</u> reports to disclose the status of its implementation of the <u>sustainable development</u> policy. The reports are advised to include:</p> <p>1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing <u>sustainable development</u> initiatives.</p> <p>2. Major stakeholders and their concerns.</p> <p>3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>4. Future improvements and goals.</p>	<p>Article 26</p> <p>The Company is advised to prepare <u>CSR</u> reports to disclose the status of its implementation of the <u>CSR</u> policy. The reports are advised to include:</p> <p>1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing <u>CSR</u> initiatives.</p> <p>2. Major stakeholders and their concerns.</p> <p>3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>4. Future improvements and goals.</p>	
<p>Article 27</p> <p>The Company shall at all times monitor the development of domestic and foreign <u>sustainable development</u></p>	<p>Article 27</p> <p>The Company shall at all times monitor the development of domestic and foreign <u>CSR</u> standards and the change</p>	

After Amendments	Before Amendments	Explanation
standards and the change of business environment so as to examine and improve its established <u>sustainable development</u> framework and to obtain better results from the implementation of the <u>sustainable development</u> policy.	of business environment so as to examine and improve its established <u>CSR</u> framework and to obtain better results from the implementation of the <u>CSR</u> policy.	



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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, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 current actual sales with the prior one to determine whether any significant variances exist.
- Testing the accuracy and appropriateness of management's calculation of sales discounts by estimating them based on the actual sales discounts in the previous years; examining subsequent sales discount to assess whether there are any significant differences.
- Assessing the adequacy of the Company disclosures in respect of revenue recognition.

2. Investments accounted for using equity method

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

Description of key audit matter:

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



How the matter was addressed in our audit:

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

- Reviewing the financial statements and related information of all subsidiaries.
- Designing and implementing the audit procedures based on relevant regulations. For instance, testing the changes on the investments accounted for using equity method in the current year, including the recognition of the shares of profit of subsidiaries accounted for using equity method and the shares of other comprehensive income, then comparing and analyzing the changes in the actual amounts of the previous and current year whether the investments accounted for using equity method evaluation policies comply with the accounting standards.
- 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 28, 2022

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

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 242,876	3	155,662	2	2100	Short-term borrowings (note (6)(j))	\$ 2,046,874	25	1,699,603	23
1150	Notes and accounts receivable, net (note (6)(b))	1,023,351	13	1,302,271	18	2110	Short-term notes and bills payable (note (6)(k))	229,906	3	129,886	2
1180	Accounts receivable from related parties, net (note (6)(b) and (7))	1,047,691	14	501,053	7	2130	Current contract liabilities (note (6)(v))	39,808	1	40,979	1
1200	Other receivables (note (6)(c))	7,846	-	7,381	-	2170	Notes and accounts payable	154,238	2	120,544	2
1210	Other receivables from related parties (note (6)(c) and (7))	376,479	5	123,345	2	2180	Accounts payable to related parties (note (7))	693,778	9	521,285	7
130X	Inventories (note (6)(d))	249,575	3	215,227	3	2200	Other payables (note (6)(n))	51,659	1	79,061	1
1470	Other current assets (note (6)(i))	8,535	-	24,832	-	2220	Other payables to related parties (note (7))	1,135,201	14	1,031,887	14
	Total current assets	<u>2,956,353</u>	<u>38</u>	<u>2,329,771</u>	<u>32</u>	2230	Current tax liabilities	9,747	-	51,173	1
Non-current assets:						2280	Current lease liabilities (note (6)(o))	9,137	-	8,201	-
1550	Investments accounted for using equity method (note (6)(e) and (13))	4,411,987	57	4,453,675	62	2320	Long-term liabilities, current portion (note (6)(l) and (8))	134,978	2	128,464	2
1600	Property, plant and equipment (note (6)(f) and (8))	321,174	4	311,730	5	2300	Other current liabilities (note (6)(p))	3,017	-	1,752	-
1755	Right-of-use assets (note (6)(g))	14,460	-	12,756	-		Total current liabilities	<u>4,508,343</u>	<u>57</u>	<u>3,812,835</u>	<u>53</u>
1780	Intangible assets (note(6)(h))	730	-	1,561	-	Non-Current liabilities:					
1840	Deferred tax assets (note (6)(r))	103,512	1	84,603	1	2530	Bonds payable (note (6)(m)(s))	128,930	2	138,370	2
1915	Prepayments for business facilities	13,115	-	18,032	-	2540	Long-term borrowings (note (6)(l) and (8))	600,758	8	588,913	8
1900	Other non-current assets (note (6)(i)(q) and (8))	12,748	-	5,899	-	2570	Deferred tax liabilities (note (6)(s))	2,331	-	-	-
	Total non-current assets	<u>4,877,726</u>	<u>62</u>	<u>4,888,256</u>	<u>68</u>	2580	Non-current lease liabilities (note (6)(o))	5,723	-	5,291	-
						2600	Other non-current liabilities (note (6)(p))	5,292	-	3,624	-
						2650	Credit balance of investments accounted for using equity method (note (6)(e))	50,666	1	44,043	1
							Total non-current liabilities	<u>793,700</u>	<u>11</u>	<u>780,241</u>	<u>11</u>
							Total liabilities	<u>5,302,043</u>	<u>68</u>	<u>4,593,076</u>	<u>64</u>
						Equity attributable to owners of parent (note (6)(m)(s)):					
						3110	Ordinary share	1,319,723	17	1,310,466	18
						3130	Bond conversion entitlement certificates	-	-	4,570	-
							Subtotal	<u>1,319,723</u>	<u>17</u>	<u>1,315,036</u>	<u>18</u>
						3200	Capital surplus	807,149	10	800,209	11
						3300	Retained earnings	819,550	10	848,924	12
						3400	Other equity interest	(414,386)	(5)	(339,218)	(5)
							Total equity	<u>2,532,036</u>	<u>32</u>	<u>2,624,951</u>	<u>36</u>
							Total liabilities and equity	<u>\$ 7,834,079</u>	<u>100</u>	<u>\$ 7,218,027</u>	<u>100</u>
	Total assets	<u>\$ 7,834,079</u>	<u>100</u>	<u>7,218,027</u>	<u>100</u>						

YFC-BONEAGLE ELECTRIC CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		2021		2020	
		Amount	%	Amount	%
4100	Operating revenue (note (6)(v) and (7))	\$ 5,221,881	100	4,817,598	100
5110	Operating costs (note (6)(d)(q)(u), (7) and (12))	4,932,733	94	4,309,926	89
5900	Gross profit from operations	289,148	6	507,672	11
5920	(Less) add: (Realized) unrealized loss from sales to related parties, net (note (7))	-	-	(84)	-
5900	Gross profit from operations	289,148	6	507,588	11
	Operating expenses (note (6)(b)(o)(q)(u), (7) and (12)):				
6100	Selling expenses	59,186	1	55,622	1
6200	Administrative expenses	105,747	2	117,316	3
6300	Research and development expenses	6,048	-	8,423	-
6450	Expected credit loss (profit)	16	-	(2)	-
6000	Total operating expenses	170,997	3	181,359	4
6900	Operating income	118,151	3	326,229	7
	Non-operating income and expenses (note (6)(e)(m)(o)(p)(w), (7) and (13)):				
7010	Other income	2,257	-	5,619	-
7020	Other gains and losses, net	(18,035)	-	(14,326)	-
7100	Interest income	807	-	1,369	-
7050	Finance costs, net	(33,269)	(1)	(39,401)	(1)
7070	Share of profit of subsidiaries accounted for using equity method	45,149	1	83,632	2
7000	Total non-operating income and expenses	(3,091)	-	36,893	1
7900	Profit from continuing operations before tax	115,060	3	363,122	8
7950	Less: Income tax expenses (note (6)(r))	14,675	-	58,339	2
	Profit	100,385	3	304,783	6
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss(note(6)(q))				
8311	Gains on remeasurements of defined benefit plans	2,241	-	(1,193)	-
8349	Less:Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	2,241	-	(1,193)	-
8360	Items that may be reclassified subsequently to profit or loss (note (6)(r)(s))				
8361	Exchange differences on translation of foreign operation	(93,960)	(2)	(178,859)	(4)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(18,792)	-	(35,772)	(1)
	Total items that may be reclassified subsequently to profit or loss	(75,168)	(2)	(143,087)	(3)
8300	Other comprehensive income (loss)	(72,927)	(2)	(144,280)	(3)
8500	Total comprehensive income	\$ 27,458	1	160,503	3
	Earnings per share (in NT dollars) (note (6)(t))				
9750	Basic earnings per share	\$ 0.76		2.40	
9850	Diluted earnings per share	\$ 0.75		2.21	

See accompanying notes to parent-company-only financial statements

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

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(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, 2020	\$ 1,245,545	-	1,245,545	677,621	175,794	170,064	305,346	651,204	(196,131)	2,378,239
Profit	-	-	-	-	-	-	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 shares	-	-	-	-	-	-	(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	1,310,466	4,570	1,315,036	800,209	192,959	196,131	459,834	848,924	(339,218)	2,624,951
Profit (loss)	-	-	-	-	-	-	100,385	100,385	-	100,385
Other comprehensive income	-	-	-	-	-	-	2,241	2,241	(75,168)	(72,927)
Total comprehensive income	-	-	-	-	-	-	102,626	102,626	(75,168)	27,458
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	30,359	-	(30,359)	-	-	-
Special reserve appropriated	-	-	-	-	-	143,087	(143,087)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627
Conversion of certificates of bond conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-
Balance at December 31, 2021	\$ 1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036

See accompanying notes to parent-company-only financial statements

YFC-BONEAGLE ELECTRIC CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 115,060	363,122
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	28,498	23,298
Amortization expense	2,284	3,021
Expected credit (profit) loss	16	(2)
Interest expense	33,269	39,401
Interest income	(807)	(1,369)
Share of profit of subsidiaries accounted for using equity method	(45,149)	(83,632)
Loss from disposal of property, plan and equipment	-	35
Realized (unrealized) loss from sales	-	84
Unrealized foreign exchange loss	(11,239)	999
Gain on repurchase of convertible bonds	-	(8,018)
Total adjustments to reconcile profit	<u>6,872</u>	<u>(26,183)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	273,468	(651,290)
Accounts receivable from related parties	(553,152)	(173,982)
Other receivables	(466)	(2,484)
Other receivable from related parties	(282,106)	15,539
Inventories	(34,348)	(79,232)
Other current assets	16,297	(3,979)
Total changes in operating assets	<u>(580,307)</u>	<u>(895,428)</u>
Changes in operating liabilities:		
Notes and accounts payable	57,881	52,817
Accounts payable to related parties	172,493	99,938
Other payables	(28,109)	27,024
Other payable to related parties	(634)	1,612
Other current liabilities and contract liabilities	93	10,283
Other non-current liabilities	1,668	3,524
Total changes in operating liabilities	<u>203,392</u>	<u>195,198</u>
Total changes in operating assets and liabilities	<u>(376,915)</u>	<u>(700,230)</u>
Total adjustments	<u>(370,043)</u>	<u>(726,413)</u>
Cash outflow generated from operations	(254,983)	(363,291)
Interest received	808	1,369
Interest paid	(30,374)	(30,258)
Income taxes paid	(53,887)	(15,807)
Net cash flows used in operating activities	<u>(338,436)</u>	<u>(407,987)</u>

See accompanying notes to parent-company-only financial statements

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(500)	(5,989)
Acquisition of property, plant and equipment	(5,653)	(7,494)
Decrease (increase) in other receivables from related parties	27,348	(21,715)
Acquisition of intangible assets	(1,453)	(1,988)
Increase in other financial assets and non-current assets	(4,608)	(1,946)
Increase in prepayments for business facilities	(16,378)	(9,635)
Decrease in prepayments for land purchases	-	88,381
Net cash flow (used in) from investing activities	(1,244)	39,614
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,547,003	2,042,021
Decrease in short-term loans	(1,198,586)	(1,784,930)
Increase (decrease) in short-term notes and bills payable	100,020	(99,937)
Proceeds from issuing bonds	-	401,501
Repurchase of convertible bonds	-	(331,676)
Repayments of bonds	-	(434,100)
Proceeds from long-term debt	827,331	1,274,186
Repayments of long-term debt	(808,972)	(1,403,294)
Increase in other payables to related parties	103,948	709,965
Payment of lease liabilities	(11,330)	(8,551)
Cash dividends paid	(132,000)	(105,870)
Net cash flows from financing activities	427,414	259,315
Effect of exchange rate changes on cash and cash equivalents	(520)	1,817
Net increase (decrease) in cash and cash equivalents	87,214	(107,241)
Cash and cash equivalents at beginning of period	155,662	262,903
Cash and cash equivalents at end of period	\$ 242,876	155,662

See accompanying notes to parent-company-only financial statements



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 consolidated financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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



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, 2021 and 2020, 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 28, 2022

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 702,518	7	838,816	10	2100	Short-term borrowings (note (6)(j))	\$ 2,917,638	28	2,356,577	26
1170	Notes and accounts receivable (note (6)(b))	2,662,901	25	2,500,763	28	2110	Short-term notes and bills payable(note(k))	229,906	2	129,886	1
1200	Other receivables, net (note (6)(c))	21,714	-	21,758	-	2130	Current contract liabilities (note (6)(u))	96,291	1	141,558	2
1220	Current tax assets	78,882	1	41,688	-	2170	Notes and accounts payable	928,462	9	946,956	10
130X	Inventories (note (6)(d))	4,052,841	39	2,835,079	31	2200	Other payables (note (6)(n))	554,721	6	636,130	7
1410	Prepayments	341,886	3	319,162	4	2230	Current tax liabilities	21,228	-	67,138	1
1470	Other current assets (note (6)(i))	6,391	-	21,002	-	2251	Current provisions for employee benefits	28,044	-	25,736	-
1481	Right to the return goods-current	5,373	-	5,797	-	2280	Current lease liabilities (note (6)(o))	113,353	1	84,844	1
	Total current assets	<u>7,872,506</u>	<u>75</u>	<u>6,584,065</u>	<u>73</u>	2365	Refund liabilities-current (note (6)(n))	67,863	1	91,697	1
Non-current assets:						2320	Long-term liabilities, current portion (note (6)(l) and (8))	215,377	2	280,766	3
1600	Property, plant and equipment (note (6)(f) and (8))	1,366,954	13	1,352,349	15	2300	Other current liabilities (note (6)(p))	5,583	-	6,418	-
1755	Right-of-use assets (note (6)(g))	477,956	5	421,624	5		Total current liabilities	<u>5,178,466</u>	<u>50</u>	<u>4,767,706</u>	<u>52</u>
1780	Intangible assets (note (6)(h))	428,216	4	446,345	5		Non-Current liabilities:				
1840	Deferred tax assets (note (6)(r))	213,406	2	182,366	2	2530	Bonds payable (note (6)(m))	128,930	1	138,370	2
1915	Prepayments for business facilities (note (9))	16,223	-	21,197	-	2540	Long-term borrowings (note (6)(l) and (8))	2,153,868	21	1,070,035	12
1900	Other non-current assets (note (6)(i)(q) and (8))	66,942	1	27,161	-	2570	Deferred tax liabilities (note (6)(r))	42,434	-	55,364	1
	Total non-current assets	<u>2,569,697</u>	<u>25</u>	<u>2,451,042</u>	<u>27</u>	2580	Non-current lease liabilities (note (6)(o))	381,288	4	351,385	4
						2600	Other non-current liabilities (note (6)(p))	20,519	-	20,526	-
							Total non-current liabilities	<u>2,727,039</u>	<u>26</u>	<u>1,635,680</u>	<u>19</u>
							Total liabilities	<u>7,905,505</u>	<u>76</u>	<u>6,403,386</u>	<u>71</u>
							Equity attributable to owners of parent (note (6)(m)(s)):				
						3110	Ordinary share	1,319,723	12	1,310,466	15
						3130	Bond conversion entitlement certificates	-	-	4,570	-
							Subtotal	<u>1,319,723</u>	<u>12</u>	<u>1,315,036</u>	<u>15</u>
						3200	Capital surplus	807,149	8	800,209	9
						3300	Retained earnings	819,550	8	848,924	9
						3400	Other equity interest	(414,386)	(4)	(339,218)	(4)
							Total equity attributable to owners of parent	<u>2,532,036</u>	<u>24</u>	<u>2,624,951</u>	<u>29</u>
						36XX	Non-controlling interests	4,662	-	6,770	-
							Total equity	<u>2,536,698</u>	<u>24</u>	<u>2,631,721</u>	<u>29</u>
							Total liabilities and equity	<u>\$ 10,442,203</u>	<u>100</u>	<u>\$ 9,035,107</u>	<u>100</u>
	Total assets	<u>\$ 10,442,203</u>	<u>100</u>	<u>9,035,107</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4110	Operating revenue (note (6)(u))	\$ 12,446,928	100	11,435,995	100
5110	Operating costs (note (6)(d)(o)(q)(v) and (12)):	9,814,429	79	8,652,663	76
5900	Gross profit from operations	2,632,499	21	2,783,332	24
		Operating expenses (note (6)(b)(o)(q)(v), (7) and (12)):			
6100	Selling expenses	1,753,176	14	1,534,790	13
6200	Administrative expenses	626,482	5	647,172	6
6300	Research and development expenses	47,436	-	42,315	-
6450	Expected credit loss (gain)	(7,194)	-	21,846	-
6000	Total operating expenses	2,419,900	19	2,246,123	19
6900	Operating income	212,599	2	537,209	5
		Non-operating income and expenses (note (6)(e)(m)(o)(w)):			
7010	Other income	55,417	-	24,402	-
7020	Other gains and losses, net	(32,743)	-	(42,360)	-
7100	Interest income	838	-	6,140	-
7050	Finance costs, net	(103,727)	(1)	(100,495)	(1)
7000	Total non-operating income and expenses	(80,215)	(1)	(112,313)	(1)
7900	Profit from continuing operations before tax	132,384	1	424,896	4
7950	Less: Income tax expenses (note (6)(r))	33,088	-	120,245	1
		Profit	1	304,651	3
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss(note(6)(q))				
8311	Gains on remeasurements of defined benefit plans	2,241	-	(1,193)	-
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)	-
8360	Items that may be reclassified subsequently to profit or loss (note (6)(r)(s))				
8361	Exchange differences on translation of foreign operation	(93,960)	(1)	(178,859)	(2)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(18,792)	-	(35,772)	-
		Total items that may be reclassified subsequently to profit or loss	(1)	(143,087)	(2)
8300	Other comprehensive income (loss)	(72,927)	(1)	(144,280)	(2)
8500	Total comprehensive income (loss)	\$ 26,369	-	160,371	1
		Profit, attributable to:			
8610	Profit, attributable to owners of parent	\$ 100,385	1	304,783	3
8620	Profit, attributable to non-controlling interests	(1,089)	-	(132)	-
8600	Net profit	\$ 99,296	1	304,651	3
		Comprehensive income attributable to:			
8710	Comprehensive income, attributable to owners of parent	\$ 27,458	-	160,503	1
8720	Comprehensive income, attributable to non-controlling interests	(1,089)	-	(132)	-
8700	Comprehensive income	\$ 26,369	-	160,371	1
		Earnings per share (in NT dollars) (note (6)(t))			
9750	Basic earnings per share	\$ 0.76			2.40
9850	Diluted earnings per share	\$ 0.75			2.21

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Share capital			Retained earnings				Total other equity interest		Total equity attributable to owners of parent	Non-control 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, 2020	\$ 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)	160,371
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
Profit (loss)	-	-	-	-	-	-	100,385	100,385	-	100,385	(1,089)	99,296
Other comprehensive income	-	-	-	-	-	-	2,241	2,241	(75,168)	(72,927)	-	(72,927)
Total comprehensive income	-	-	-	-	-	-	102,626	102,626	(75,168)	27,458	(1,089)	26,369
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	30,359	-	(30,359)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	143,087	(143,087)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)	-	(132,000)
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627	-	11,627
Conversion of certificates of bond conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,019)	(1,019)
Balance at December 31, 2021	\$ 1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036	4,662	2,536,698

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 132,384	424,896
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	212,503	191,601
Amortization expense	41,957	44,750
Expected credit (gain) loss	(7,194)	21,846
Interest expense	103,727	100,495
Interest income	(838)	(6,140)
Loss on disposal of property, plan and equipment	2,049	4,023
Loss on disposal of investments	88	-
Unrealized foreign exchange loss (gain)	13,326	(19,449)
Gain on repurchase of convertible bonds	-	(8,018)
Government loan forgiveness reclassified as other income	(41,214)	-
Total adjustments to reconcile profit	324,404	329,108
Changes in operating assets and liabilities:		
Notes and accounts receivable	(173,420)	(643,088)
Other receivables	(442)	556
Inventories	(1,305,393)	(647,910)
Prepayments	(32,772)	(60,967)
Other current assets and right to the return goods	4,627	(4,740)
Total changes in operating assets	(1,507,400)	(1,356,149)
Notes and accounts payable	6,978	339,323
Other payables	(66,793)	194,207
Refund liabilities and provisions for employee benefits	(18,301)	43,874
Other current liabilities and contract liabilities	(42,635)	55,555
Other non-current liabilities	1,668	3,524
Total changes in operating liabilities	(119,083)	636,483
Total changes in operating assets and liabilities	(1,626,483)	(719,666)
Total adjustments	(1,302,079)	(390,558)
Cash (outflow) inflow generated from operations	(1,169,695)	34,338
Interest received	839	6,239
Interest paid	(100,836)	(92,434)
Income taxes paid	(144,030)	(79,063)
Net cash flows used in operating activities	(1,413,722)	(130,920)

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	8,438	-
Acquisition of property, plant and equipment	(136,081)	(85,626)
Proceeds from disposal of property, plant and equipment	4,316	4,211
Acquisition of intangible assets	(36,352)	(12,662)
(Increase) decrease in other financial assets and non-current assets	(28,773)	9,928
Increase in prepayments for business facilities	(18,684)	(10,700)
Net cash flows used in investing activities	(207,136)	(94,849)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,412,480	3,328,999
Decrease in short-term loans	(2,826,574)	(2,836,474)
Increase (decrease) in short-term notes and bills payable	100,020	(99,937)
Proceeds from issuing bonds	-	401,501
Repayments of bonds	-	(434,100)
Repurchase of convertible bonds	-	(331,676)
Proceeds from long-term debt	2,016,712	1,819,844
Repayments of long-term debt	(969,785)	(2,004,045)
Payment of lease liabilities	(97,878)	(81,769)
(Decrease) increase in other non-current liabilities	(1,448)	12,377
Cash dividends paid	(132,000)	(105,870)
Change in non-controlling interests	329	103
Net cash flows from (used in) financing activities	1,501,856	(331,047)
Effect of exchange rate changes on cash and cash equivalents	(17,296)	(37,082)
Net decrease in cash and cash equivalents	(136,298)	(593,898)
Cash and cash equivalents at beginning of period	838,816	1,432,714
Cash and cash equivalents at end of period	\$ 702,518	838,816

See accompanying notes to consolidated financial statements.

YFC-BONEAGLE ELECTRIC CO., LTD.**2021 Earnings Distribution Table**

	Unit NTD \$
Beginning Retained Earnings	154,387,386
<i>Plus (Minus):</i> Current Actuarial Gain (Loss)	2,241,016
<i>Plus:</i> Net Profit after Tax	100,384,694
<i>Minus:</i> Appropriated for 10% Legal Reserve	(10,262,571)
<i>Minus:</i> Appropriated for Special Reserve	(75,167,301)
Allocable Earnings	171,583,224
Allocation Items:	
Cash Dividend to Shareholders	(17,000,000)
Ending Unappropriated Retained Earnings	154, 583,224

 Chun Rong Yeh

Chairman of Board

 Shen Fu Lin

General Manager

 Jui Hua Tsai

Chief Accountant

Comparison Table of Articles of Incorporation

After Amendments	Before Amendments	Explanation
<p>Article 20-1 Paragraph 1 is omitted.</p> <p>As the Company takes stable development and solid financial structure into account, the allocation of earnings shall not less than <u>10%</u> of the allocable earnings after deducting the earnings of previous year. When the allocable earnings after deducting the earnings of previous year less than <u>3%</u> of the paid-in capital, the Company may waive the allocation upon resolution.</p> <p>Paragraphs 3-4 are omitted.</p>	<p>Article 20-1 Paragraph 1 is omitted.</p> <p>As the Company takes stable development and solid financial structure into account, the allocation of earnings shall not less than <u>50%</u> of the allocable earnings after deducting the earnings of previous year. When the allocable earnings after deducting the earnings of previous year less than <u>1%</u> of the paid-in capital, the Company may waive the allocation upon resolution.</p> <p>Paragraphs 3-4 are omitted.</p>	<p>Revise the article for operational purpose.</p>
<p>Article 22 The Articles of Incorporation was established on July 29, 1983.</p> <p>Omit the 1st to 28th amendments.</p> <p>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. <u>The 32nd amendment was made on June 21, 2022.</u></p>	<p>Article 22 The Articles of Incorporation was established on July 29, 1983.</p> <p>Omit the 1st to 28th amendments.</p> <p>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.</p>	<p>Add the revision date</p>

Comparison Table of Procedures for Acquisition or Disposal of Assets

After Amendments	Before Amendments	Explanation
<p>Article 8 Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the website designated by the <u>FSC</u> by category and in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>Items 1-5 are omitted.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>(2) Where done by professional investors—securities trading on domestic and overseas securities exchanges or OTC markets, or subscription of <u>foreign government bonds, or of</u> ordinary corporate bonds or</p>	<p>Article 8 Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the website designated by the <u>Financial Supervisory Commission (FSC)</u> by category and in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>Items 1-5 are omitted.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where done by professional investors—securities trading on domestic and overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are</p>	<p>Revise to comply with the change of laws and regulations of the competent authority.</p>

After Amendments	Before Amendments	Explanation
<p>general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded notes.</u></p> <p>The rest of the article is omitted.</p>	<p>offered and issued in the primary market or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription in accordance with the rules of the Taipei Exchange.</u></p> <p>The rest of the article is omitted.</p>	
<p>Article 11 In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, publicly quoted prices of securities that have an active market or, where otherwise provided by regulations of the FSC, this requirement does not apply.</p>	<p>Article 11 In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> However, publicly quoted prices of securities that have an active market or, where otherwise provided by regulations of the FSC, this requirement does not apply.</p>	
<p>Article 12 Where the Company acquires or</p>	<p>Article 12 Where the Company acquires or</p>	

After Amendments	Before Amendments	Explanation
<p>disposes of membership or intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20% or more of paid-in capital, or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>disposes of membership or intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20% or more of paid-in capital, or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	
<p>Article 14 Paragraph 1 and Items 1-3 are omitted.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the industry associations to which they belong and with the following provisions:</u></p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness 	<p>Article 14 Paragraph 1 and Items 1-3 are omitted.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the following:</u></p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the 	

After Amendments	Before Amendments	Explanation
<p>of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 16 Paragraph 1 and Items 1-7 are omitted</p> <p>For any acquisition or disposal of equipment held for business use between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p><u>If the Company or a subsidiary thereof that is not a domestic public company has a transaction set out in paragraph 1 and the amount reaches 10% or more of its total assets, the Company shall submit the materials in all the</u></p>	<p>Article 16 Paragraph 1 and Items 1-7 are omitted</p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and the audit committee need not be counted toward the transaction amount.</u></p> <p>For any acquisition or disposal of equipment held for business use between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment 	

After Amendments	Before Amendments	Explanation
<p><u>subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may enter into and any payment made.</u></p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u></p>	<p>or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p>	
<p>Article 26 Paragraphs 1-3 are omitted. Omit the 1st to 10th amendments.</p> <p><u>The 11th amendment was approved by the general shareholders’ meeting on June 21, 2022.</u></p>	<p>Article 26 Paragraphs 1-3 are omitted. Omit the 1st to 10th amendments.</p>	<p>Add the revision date</p>

List of Director and Independent Director Candidates

A. Candidates nominated by the Board of Directors

No.	Title	Nominee Name	Education & Experience	Concurrent Positions	Holding Shares
1.	Director	GOOD WIN INVESTMENT CO., LTD.	N/A	Corporate Director, YFC BONEAGLE ELECTRIC CO., LTD.	6,635,361
2.	Director	GREAT KING INVESTMENT DEVELOPMENT LTD.	N/A	Corporate Director, YFC BONEAGLE ELECTRIC CO., LTD.	2,126,000
3.	Director	KU YING MING	Education Bachelor of Electrical Engineering, National Chin-Yi University of Technology Experience Director and R&D President, YFC BONEAGLE ELECTRIC CO., LTD.	Director, YFC BONEAGLE ELECTRIC CO., LTD. R&D President, YFC BONEAGLE ELECTRIC CO., LTD.	1,062,412
4.	Director	CHANG LUNG KWANG	Education Bachelor of Mechanical Engineering, National Cheng Kung University Experience Manager, LU HER WIRES AND CABLES CO., LTD.	Director, YFC BONEAGLE ELECTRIC CO., LTD. Chairman, DORRIS-MIC INTERNATIONAL COMPANY LTD.	2,968,000
5.	Director	YU YAO INVESTMENT CO., LTD.	N/A	Corporate Director, YFC BONEAGLE ELECTRIC CO., LTD.	5,506,000
6.	Director	HE DING INVESTMENT CO., LTD.	N/A	Corporate Director, YFC BONEAGLE ELECTRIC CO., LTD.	3,416,776
7.	Independent Director	LEE HAN TZONG	Education PhD in Business Management, University of South Australia Experience Assistant Professor of Business	Independent Director, YFC BONEAGLE ELECTRIC CO., LTD. Supervisor, LIGHTWAVE LINK, INC. Executive Supervisor, Digital Technology and Innovation Development Association	354,959

			Administration, Minghsin University of Science and Technology		
8.	Independent Director	CHEN CHAO TING	Education MBA, National Central University Experience CPA, TOP NEW & CO., CPAs	Independent Director, YFC BONEAGLE ELECTRIC CO., LTD. Independent Director, Sunplus Innovation Technology Inc. CPA, Cheng-Xin CPA Firm	0
9.	Independent Director	LIN TZENG SHOU	Education MBM, National Taipei University of Technology Experience Executive Director and President, Taiwan Business Bank	Independent Director, YFC BONEAGLE ELECTRIC CO., LTD.	0

B. Candidates nominated by Shareholders

No.	Title	Nominee Name	Education & Experience	Concurrent Positions	Holding Shares
1.	Director	WU PEY SHIANG	Education Bachelor of Early Childhood Education, NCYU Teachers College Experience Director, Xue-Si-Yuan Cram School	CEO, Eagle Learning School	141,000
2.	Director	YEH SHOU WEN	Education Private Taibei Senior High School Experience Office Staff, Taipei City Government	Consultant, CARE360TEK CO., LTD.	321,000
3.	Director	LEE SHENG SHU	Education National Pingtung Senior Industrial Vocational School Experience Factory & Production Control Manager, NAN YA PLASTICS CORPORATION	Consultant, BONZ Co., Ltd.	82,000

4.	Director	WANG WAN CHING	<p>Education Bachelor of Mechanical Engineering, National Central University</p> <p>Experience Senior Manager, ASUSTEK COMPUTER INC. Manager, Compal Electronics, Inc.</p>	President, CARE360TEK CO., LTD Chairman, CARE360TEK CO., LTD	65,000
5.	Director	CHANG CHI MING	<p>Education Bachelor in Dentistry, National Defense Medical Center</p> <p>Experience Resident/Chief Resident/Attending physician, Tri-Service General Hospital Songshan Branch Dentist, Wei-Cheng Dental Clinic</p>	Dentist, Verax Cosmetic Dental Center	190,000
6.	Independent Director	SHIH I CHUN	<p>Education Bachelor of Business Administration, National Taiwan University</p> <p>Experience Business Manager, 3M TAIWAN LIMITED</p>	Business Manager, TETRA PAK TAIWAN LTD.	65,000
7.	Independent Director	CHIU HSIEN JUNG	<p>Education Bachelor of Mathematics, National Taiwan University</p> <p>Experience IT Director, TAIWAN MOBILE CO., LTD.</p>	Assistant Manager of Information & Digital Transformation Technology, Far EasTone Telecommunications Co., Ltd.	88,000

YFC-BONEAGLE ELECTRIC CO., LTD.

Articles of Incorporation

(Before Amendments)

Chapter I - General Provisions

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

Chapter II - Shares

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

of issuance are as follows:

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

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

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

9. The board of directors is authorized to list preferred shares and ordinary shares converted from preferred shares in the over-the-counter market in accordance with the situation of the Company and the market.

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

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

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

Chapter III - Shareholders' Meeting

Article 9 The shareholders meetings are categorized into the general shareholders' meeting and

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

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

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

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

The Company's shareholders may also exercise their voting rights by way of electronic transmission as set forth in the notice for the shareholders' meeting. The shareholder who exercises his/her/its voting right by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, provided that such exercise shall constitute his/her/its waiver to any 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 Act. 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 Act. A director unable to attend the directors' meeting in person may authorize another director to attend the meeting on behalf of him/her by issuing a written proxy.

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

Article 16 The Board of Directors shall be authorized to set the remuneration or salary to directors for their performance of duties on the basis of the level of their participation in the

Company's operations and value of their contributions, and the general standards applicable in the same trade.

Chapter V - Managerial Officers

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

Chapter VI - Accounting

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

Article 19 Deleted.

Article 20 If the Company has profits in a year, it shall allocate no less than 6% as employees' remuneration and no more than 6% as directors' remuneration, provided that where the Company retains accumulated losses, it shall first make up for the losses.

The profit referred to in the preceding paragraph shall mean the earnings before tax prior to deduction of employees' and directors' remuneration.

Article 20-1 If the Company retains earnings upon final accounting, after paying taxes and covering losses for the previous year, the Company shall set aside 10% of the remainder, if any, as legal reserve, unless the legal reserve amounts to the total paid-in capital; the balance amount, if any, may be used to distribute dividends distributable for preferred shares in the current year, then, the Company shall set aside or reverse a reserve pursuant to laws, if any, plus unallocated earnings for the previous year shall be allocated upon resolution of a shareholders' meeting on the motion for allocation proposed by the Board of Directors. As the Company takes stable development and solid financial structure into account, the allocation of earnings shall not less than 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 Act and other related laws.

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

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

YFC-BONEAGLE ELECTRIC CO., LTD.
Procedures for Acquisition or Disposal of Assets
(Before Amendments)

Chapter 1 - Procedure

Article 1 Purpose

To implement corporate governance, reinforce asset management and public disclosure of information, acquisition or disposal of assets by the Company shall be in accordance with this Procedure.

Article 2 Basis

This Procedure is established in accordance with Article 36-1 of the Securities and Exchange Act and applicable provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

Article 3 The term “assets” as used in this Procedure includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Membership.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4 Evaluation Procedure

1. For the acquisition or disposal of securities not traded on a stock exchange or over-the-counter market, decisions shall be made in consideration of net worth per share, profitability, future development potential, market interest rate, bond coupon rate, debtor’s credit worthiness and transaction prices at the time.
2. For the acquisition or disposal of securities traded on a stock exchange or over-the-counter market, decisions shall be made based on the price of the stock or bond at the time.

3. Acquisition or disposal of asset other than the previous two subparagraphs shall be done through price enquiry, price comparison, price negotiation or public tender. Reference shall also be made to published current value, appraised current value and actual transaction price for real properties in the vicinity. If the threshold for public announcement and report under this Procedure is met, reference shall be made to the appraisal report by professional appraiser.

Article 5 Procedure for the Acquisition or Disposal of Assets

1. To acquire or dispose of assets, after the processing unit evaluates the reason for the contemplated acquisition or disposal, target, transaction counterparty, transfer price, conditions for collection and payment and price reference basis, a submission shall be made to the responsible unit for decision and to the management department for execution. Relevant matters shall be carried out in accordance with applicable procedures of the internal control system of the Company and this Procedure.
2. The execution unit for the Company's investment in long-term and short-term securities is the finance department. For real property and other fixed assets, the execution unit is the user department and relevant responsible units. For assets other than securities investment, real property and other fixed assets, investment shall only be made after evaluation by the execution related units.
3. Procedures related to the acquisition or disposal of assets shall be carried out in accordance with applicable provisions of the internal control system of the Company. If any material breach is discovered, relevant personnel shall be sanctioned depending on the situation of the breach.

Article 6 Approval Authority

Purchase and sale of long-term and short-term securities investments by the Company are subject to approval in accordance with the Regulations Governing Approval Authorities.

Article 7 Investment Amount Limit

The Company and its subsidiaries may purchase real property or securities for non-business use with relevant investment limit amounts as follows:

1. Investment limit amount for the Company:
 - (1) Investment in real property for non-business use shall not exceed 50% of the Company's net worth in its latest financial statements. Investment in right-of-use assets shall not exceed 50% of the Company's net worth in its latest financial statements.
 - (2) Total amount of investment in securities shall not exceed 200% of the Company's net worth in its latest financial statements. Investment in individual securities shall not exceed 100% of the Company's net worth in its latest financial statements
2. Investment limit amount for subsidiaries:

(1) Investment in real property for non-business use shall not exceed 50% of the parent company's net worth in its latest financial statements. Investment in right-of-use assets shall not exceed 50% of the Company's net worth in its latest financial statements.

(2) Total amount of investment in securities shall not exceed 200% of the parent company's net worth in its latest financial statements. Investment in individual securities shall not exceed 100% of the parent company's net worth in its latest financial statements.

Article 8

Thresholds for Public Announcements and Reporting

Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the website designated by the Financial Supervisory Commission (hereinafter the "FSC") by category and in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1) Trading of domestic government bonds.

- (2) Where done by professional investors - securities trading on domestic and overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market or subscription or redemption of securities investment trust funds or futures trust funds, or subscription in accordance with the rules of the Taipei Exchange.
- (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another law provides otherwise.

Article 9

Deadline for Public Announcement and Report

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the

information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 10

In acquiring or disposing of real property or equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction in the future.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

- Article 11 In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- Article 12 Where the Company acquires or disposes of membership or intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- Article 12-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 8, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- Article 13 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- Article 14 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence or since a pardon was received previously received a final and unappealable sentence to

imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence or since a pardon was received

2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 15 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the

transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the rules.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and the audit committee need not be counted toward the transaction amount.

For any acquisition or disposal of equipment held for business use between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

3. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
4. Acquisition or disposal of real property right-of-use assets held for business use.

Article 17

In acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When the company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its parents or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issues shares or authorized capital.

Article 18

When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside against the difference between transaction price of the real property or right-of-use assets thereof and the appraised cost, and may not

be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. The audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two paragraphs shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

If the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing.
2. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 19 When the Company engages in derivatives trading, it shall comply with the Procedure for Engaging in Derivatives Trading of the Company and shall exercise caution about risk management and audit matters in order to implement internal control system.

Article 20 When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

The requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

Article 21 The Company shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the Securities and Futures Bureau is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 22

In participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The Company's contract for merger, demerger, acquisition or share transfer shall specify relevant matters in accordance with the requirements in order to maintain the interest of the participating companies.

Article 23

The contract for participation by the Company in a merger, demerger, acquisition or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under the law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date and relevant procedures for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion.

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling

another shareholders' meeting to resolve on the matter anew.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21 and the preceding article.

Article 24 Procedure for Acquisition and Disposal of Assets by Subsidiaries

1. In acquiring or disposing of assets, subsidiaries shall also follow the rules of the parent company.
2. Information required to be publicly announced and reported in accordance with Article 8 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the public company.
3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 8.

A "subsidiary" is a company in which the Company directly or indirectly holds over 50% voting rights.

Article 24-1 For the calculation of total assets under this Procedure, the total assets stated in the most recent Company only financial report.

In the case of the Company's shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under this Procedure, 10% of equity attributable to owners of the parent shall be substituted.

Article 25 Disclosure in Financial Statements

If the Company's acquisition or disposal of asset reaches the standard for public announcement and reporting under Article 8 of this Procedure and if the transaction counterparty is a de facto related party, the published details shall be disclosed in the footnotes to the financial statements and also reported to the shareholders' meeting.

Article 26 Date of Implementation

The establishment or amendment of this Procedure shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

When this Procedure is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. The clear opinions for approval or objection or the reasons for objection shall be included in the records of the board meeting.

After this Procedure has been approved by the board of directors, it shall be submitted

to a shareholders' meeting for approval before implementation. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee and to the shareholders' meeting for discussion. The same shall be applicable in case of amendment.

This Procedure was approved by the general shareholders' meeting, published and implemented on May 7, 2001.

The 1st amendment was approved by the general shareholders' meeting on May 20, 2002.

The 2nd amendment was approved by the general shareholders' meeting on June 3, 2003.

The 3rd amendment was approved by the general shareholders' meeting on December 2, 2003.

The 4th amendment was approved by the general shareholders' meeting on April 25, 2006.

The 5th amendment was approved by the general shareholders' meeting on June 13, 2007.

The 6th amendment was approved by the general shareholders' meeting on June 17, 2010.

The 7th amendment was approved by the general shareholders' meeting on June 12, 2012.

The 8th amendment was approved by the general shareholders' meeting on June 17, 2014.

The 9th amendment was approved by the general shareholders' meeting on June 14, 2017.

The 11th amendment was approved by the general shareholders' meeting on June 18, 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.
- (7) A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only and no proposal containing more than one item will be included in the meeting agenda. If a shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, the board of directors shall include it in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

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

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

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

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

Article 6 Preparation of attendance book and other necessary documents.

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

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

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

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

- (1) If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the 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 and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.
However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.
- (3) If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.
- (4) When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 Discussion of proposals.

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

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

Article 11 Shareholder speech.

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

Article 12 Calculation of voting shares and recusal system.

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

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

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

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

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

Article 14 Elections.

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

Article 15 Meeting Minutes and Signatures.

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

Article 16 Public disclosure.

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

Article 17 Maintaining order at the meeting place.

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

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

Article 18 Recess and resumption of a shareholders' meeting.

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

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

Article 20 These Rules were established on June 18, 2019.

The 1st amendment was made on June 18, 2020.

The 2nd amendment was made on June 18, 2021.

YFC-BONEAGLE ELECTRIC CO., LTD.

Rules for the Election of Directors

- Article 1: Directors of the Company are elected in accordance with these Rules.
- Article 2: Directors of the Company shall be elected by the shareholders' meeting from among persons with legal capacities.
- Article 3: In the election of directors of the Company, each share is entitled to the number of votes that are the same as the number of directors to be elected. These votes may be casted for the same person or allocated to multiple persons. Those that have received ballots with the highest number of votes are elected as directors. The names of the persons for election may be substituted by attendance numbers printed on the ballots.
- Article 4: In the election of directors and supervisors of the Company, in accordance with the number of seats provided in the Articles of Association of the Company, those who have received ballots with the highest number of votes are elected as directors and independent directors in the order of sequence. If two or more persons receive ballots representing the same number of votes, a random draw shall be conducted to determine the result. Those not present will be represented by the chairman to participate in the random draw.
- Article 5: Ballots are printed and issued by the Company, numbered with shareholder account numbers or attendance card numbers, with the number of voting rights specified, and distributed to each shareholder.
- Article 6: Before the start of the election, the chairman shall designate the vote monitoring, announcing and counting personnel to perform relevant matters.
- Article 7: The Company shall prepare a ballot box, which shall be opened and verified by the vote monitoring personnel in public.
- Article 8: If the elected person is a shareholder, the electing person shall specify the elected person's account name, shareholder account name and the voting rights casted in the "elected person" column in the ballot. If the elected person is not a shareholder, the name and ID number of the elected person shall be completed. If the elected person is a representative of a juristic person shareholder, the corporation's name of the juristic person shareholder and the name and full title of the representative shall be completed.
- Article 9: Below ballots are invalid:
1. Failure to use ballots printed by the Company.
 2. Failure to complete the ballots in accordance with Article 8 of these Rules.
 3. Indication of any other text or mark on the ballot other than the elected person's account name (name), shareholder account name (ID number) and the number of voting rights allocated.

4. If the elected person is a shareholder and if the account name or shareholder account number is inconsistent with the shareholder's register; or if the elected person is not a shareholder and its name or ID number is inconsistent.

5. Illegible or altered ballot.

Article 10: When the chair announces the closing of the vote, the ballot box will be opened by the vote monitoring personnel and the votes shall be opened, announced and recorded on site, with the supervision of the vote monitoring personnel. The chairman shall announce the results of the vote on site.

Article 11: If there is any doubt in any ballot, the vote monitoring personnel shall determine whether the ballot should be nullified. Nullified ballots shall be kept separately and handed to the vote monitoring personnel for cancellation markings and signature after statistics are completed.

Article 12: The list of elected directors shall be announced by the chairman on site.

Article 13: Any matter that is not provided in these Rules shall be governed by the Company Act and applicable laws.

Article 14: These Rules are implemented following approvals by the board of directors and the shareholders' meeting. The same shall be applicable to any amendment.

Article 15: These Rules were published and implemented on May 7, 2001.

The 1st amendment was made on May 20, 2002.

The 2nd amendment was made on May 10, 2019

YFC-BONEAGLE ELECTRIC CO., LTD.

Shareholdings of Directors

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

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

Common shares issued:	131,972,388 shares
The statutorily required number of shares held by all directors:	8,000,000 shares

2. Shareholdings by all board members are as follows:

Book Closure Date: April 23, 2022

Title	Name	Number of	
		Shares	Shareholdings Ratio
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	0.81%
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		<u>22,069,508</u>	<u>16.73%</u>

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