

**YFC-BONEAGLE ELECTRIC CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2020**

Address: No. 12-9, Ln. 130, Sec. 2, Zhongshan E. Rd., Xinwu Dist, Taoyuan City 327,  
Taiwan (R.O.C.)  
Telephone: +866(3)477-8846

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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## 安侯建業聯合會計師事務所

**KPMG**

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 [home.kpmg/tw](http://home.kpmg/tw)

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,069,840 thousand and \$983,643 thousand, constituting 11% and 11% of consolidated total assets as of June 30, 2021 and 2020, respectively, total liabilities amounting to \$527,146 thousand and \$537,935 thousand, constituting 7% and 8% of consolidated total liabilities as of June 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$(12,690) thousand, \$(5,437) thousand, \$(9,108) thousand and \$(2,730) thousand, constituting 148%, (16)%, 493% and (5)% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.

## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yuan-Chen Mei and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)  
August 11, 2021

### **Notes to Readers**

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

The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2021 and 2020

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2021, December 31 and June 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2021			December 31, 2020			June 30, 2020			Liabilities and Equity	June 30, 2021			December 31, 2020			June 30, 2020			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount		Amount	%	Amount	%	Amount	%	Amount	%		
<b>Current assets:</b>																				
1100 Cash and cash equivalents (note (6)(a))	\$ 689,184	7	838,816	10	1,701,931	19	2100	Short-term borrowings (note (6)(i))	\$ 2,579,073	27	2,356,577	26	2,207,420	25						
1170 Notes and accounts receivable (note (6)(b) and (8))	2,151,077	22	2,500,763	28	2,109,037	24	2110	Short-term notes and bills payable(note(j))	179,906	2	129,886	1	129,971	1						
1200 Other receivables, net (note (6)(c))	23,381	-	21,758	-	22,115	-	2130	Current contract liabilities (note (6)(t))	78,960	1	141,558	2	49,677	1						
1220 Current tax assets	74,014	1	41,688	-	23,699	-	2170	Notes and accounts payable	953,003	10	946,956	10	856,379	10						
130X Inventories (note (6)(d))	3,847,085	40	2,835,079	31	2,217,185	25	2200	Other payables (note (6)(m))	657,502	7	636,130	7	453,809	5						
1410 Prepayments	472,340	5	319,162	4	294,210	4	2216	Dividends payable (note (6)(r))	132,000	1	-	-	105,871	1						
1470 Other current assets (note (6)(h))	15,593	-	21,002	-	15,571	-	2230	Current tax liabilities	44,907	-	67,138	1	58,527	1						
1481 Right to the return goods-current	<u>5,412</u>	<u>-</u>	<u>5,797</u>	<u>-</u>	<u>5,710</u>	<u>-</u>	2251	Current provisions for employee benefits	27,390	-	25,736	-	21,668	-						
<b>Total current assets</b>	<b>7,278,086</b>	<b>75</b>	<b>6,584,065</b>	<b>73</b>	<b>6,389,458</b>	<b>72</b>	2280	Current lease liabilities (note (6)(n))	89,630	1	84,844	1	83,264	1						
<b>Non-current assets:</b>																				
1600 Property, plant and equipment (note (6)(e)(h) and (8))	1,311,257	14	1,352,349	15	1,235,805	14	2320	Refund liabilities-current (note (6)(m))	70,359	1	91,697	1	56,720	1						
1755 Right-of-use assets (note (6)(f))	378,670	4	421,624	5	438,945	5	2300	Long-term liabilities, current portion (note (6)(k)(l) and (8))	635,078	7	280,766	3	878,549	10						
1780 Intangible assets (note (6)(g))	445,189	5	446,345	5	479,399	5	2365	Other current liabilities (note (6)(o))	6,047	-	6,418	-	7,641	-						
1840 Deferred tax assets	197,286	2	182,366	2	165,519	2	2300	<b>Total current liabilities</b>	<b>5,453,855</b>	<b>57</b>	<b>4,767,706</b>	<b>52</b>	<b>4,909,496</b>	<b>56</b>						
1915 Prepayments for business facilities	27,084	-	21,197	-	44,072	1	2530	Bonds payable (note (6)(l))	127,856	1	138,370	2	307,449	3						
1900 Other non-current assets (note (6)(h) and (8))	<u>42,525</u>	<u>-</u>	<u>27,161</u>	<u>-</u>	<u>126,671</u>	<u>1</u>	2540	Long-term borrowings (note (6)(k) and (8))	1,208,206	12	1,070,035	12	863,386	10						
<b>Total non-current assets</b>	<b>2,402,011</b>	<b>25</b>	<b>2,451,042</b>	<b>27</b>	<b>2,490,411</b>	<b>28</b>	2570	Deferred tax liabilities	55,101	1	55,364	1	72,126	1						
							2580	Non-current lease liabilities (note (6)(n))	307,281	3	351,385	4	366,841	4						
							2600	Other non-current liabilities (note (6)(o))	<u>18,375</u>	<u>-</u>	<u>20,526</u>	<u>-</u>	<u>6,018</u>	<u>-</u>						
									<b>Total non-current liabilities</b>	<b>1,716,819</b>	<b>17</b>	<b>1,635,680</b>	<b>19</b>	<b>1,615,820</b>	<b>18</b>					
									<b>Total liabilities</b>	<b>7,170,674</b>	<b>74</b>	<b>6,403,386</b>	<b>71</b>	<b>6,525,316</b>	<b>74</b>					
<b>Equity attributable to owners of parent (note (6)(l)(r)):</b>																				
3110 Ordinary share									Ordinary share	1,319,723	14	1,310,466	15	1,245,545	14					
3130 Bond conversion entitlement certificates									Subtotal	-	-	4,570	-	-	-					
										1,319,723	14	1,315,036	15	1,245,545	14					
3200 Capital surplus										807,149	8	800,209	9	698,714	8					
3300 Retained earnings										783,824	8	848,924	9	653,407	7					
3400 Other equity interest										(407,428)	(4)	(339,218)	(4)	(249,243)	(3)					
										2,503,268	26	2,624,951	29	2,348,423	26					
										6,155	-	6,770	-	6,130	-					
										2,509,423	26	2,631,721	29	2,354,553	26					
										<b>Total liabilities and equity</b>	<b>\$ 9,680,097</b>	<b>100</b>	<b>9,035,107</b>	<b>100</b>	<b>8,879,869</b>	<b>100</b>				

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards  
**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and six months ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	For the three months ended June 30				For the six months ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4110	<b>Operating revenue (note (6)(t))</b>		\$ 2,978,313	100	2,854,243	100	5,629,828	100
5110	<b>Operating costs (note (6)(d)(n)(p)(u) and (12)):</b>		2,258,369	76	2,158,155	76	4,343,507	77
5900	<b>Gross profit from operations</b>		<u>719,944</u>	<u>24</u>	<u>696,088</u>	<u>24</u>	<u>1,286,321</u>	<u>23</u>
	<b>Operating expenses (note (6)(b)(n)(p)(u), (7) and (12)):</b>							
6100	Selling expenses		402,718	14	364,616	13	795,352	14
6200	Administrative expenses		172,764	6	146,784	5	319,726	6
6300	Research and development expenses		12,126	-	9,856	-	24,071	-
6450	Expected credit loss (gain)		1,881	-	(3,039)	-	(19,460)	-
6000	<b>Total operating expenses</b>		<u>589,489</u>	<u>20</u>	<u>518,217</u>	<u>18</u>	<u>1,119,689</u>	<u>20</u>
6900	<b>Operating income</b>		<u>130,455</u>	<u>4</u>	<u>177,871</u>	<u>6</u>	<u>166,632</u>	<u>3</u>
	<b>Non-operating income and expenses (note (6)(l)(n)(v)):</b>							
7010	Other income		3,786	-	5,676	-	8,428	-
7020	Other gains and losses, net		(12,034)	-	(9,031)	-	(24,297)	-
7100	Interest income		294	-	2,074	-	554	-
7050	Finance costs, net		(23,488)	(1)	(26,983)	(1)	(45,298)	(1)
7000	<b>Total non-operating income and expenses</b>		<u>(31,442)</u>	<u>(1)</u>	<u>(28,264)</u>	<u>(1)</u>	<u>(60,613)</u>	<u>(1)</u>
7900	<b>Profit from continuing operations before tax</b>		<u>99,013</u>	<u>3</u>	<u>149,607</u>	<u>5</u>	<u>106,019</u>	<u>2</u>
7950	<b>Less: Income tax expenses (note (6)(q))</b>		<u>35,750</u>	<u>1</u>	<u>43,475</u>	<u>1</u>	<u>39,657</u>	<u>1</u>
	<b>Profit</b>		<u>63,263</u>	<u>2</u>	<u>106,132</u>	<u>4</u>	<u>66,362</u>	<u>1</u>
8300	<b>Other comprehensive income:</b>							
8360	<b>Items that may be reclassified subsequently to profit or loss (note (6)(q)(r))</b>							
8361	Exchange differences on translation of foreign operation		(89,785)	(3)	(89,730)	(3)	(85,262)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(17,957)	(1)	(17,946)	-	(17,052)	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>		<u>(71,828)</u>	<u>(2)</u>	<u>(71,784)</u>	<u>(3)</u>	<u>(68,210)</u>	<u>(1)</u>
8300	<b>Other comprehensive income</b>		<u>(71,828)</u>	<u>(2)</u>	<u>(71,784)</u>	<u>(3)</u>	<u>(68,210)</u>	<u>(1)</u>
8500	<b>Total comprehensive income</b>		<u><u>\$ (8,565)</u></u>	<u><u>-</u></u>	<u><u>34,348</u></u>	<u><u>1</u></u>	<u><u>(1,848)</u></u>	<u><u>-</u></u>
	<b>Profit, attributable to:</b>							
8610	Profit, attributable to owners of parent		\$ 63,506	2	106,075	4	66,900	1
8620	Profit, attributable to non-controlling interests		(243)	-	57	-	(538)	-
8600	<b>Net profit</b>		<u>\$ 63,263</u>	<u>2</u>	<u>106,132</u>	<u>4</u>	<u>66,362</u>	<u>1</u>
	<b>Comprehensive income attributable to:</b>							
8710	Comprehensive income, attributable to owners of parent		\$ (8,322)	-	34,291	1	(1,310)	-
8720	Comprehensive income, attributable to non-controlling interests		(243)	-	57	-	(538)	-
8700	<b>Comprehensive income</b>		<u>\$ (8,565)</u>	<u>-</u>	<u>34,348</u>	<u>1</u>	<u>(1,848)</u>	<u>-</u>
	<b>Earnings per share (in NT dollars) (note (6)(s))</b>							
9750	<b>Basic earnings per share</b>		<u>\$ 0.48</u>		<u>0.85</u>		<u>0.51</u>	
9850	<b>Diluted earnings per share</b>		<u>\$ 0.48</u>		<u>0.83</u>		<u>0.50</u>	
								<u>0.79</u>

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>Equity attributable to owners of parent</b>										<b>Total equity</b>	
	<b>Share capital</b>				<b>Retained earnings</b>				<b>Total other equity interest</b>			
	<b>Ordinary shares</b>	<b>Bond conversion entitlement certificates</b>	<b>Total share capital</b>	<b>Capital surplus</b>	<b>Legal reserve</b>	<b>Special reserve</b>	<b>Unappropriated retained earnings</b>	<b>Total retained earnings</b>	<b>Exchange differences on translation of foreign financial statements</b>	<b>Total equity attributable to owners of parent</b>		
<b>Balance at January 1, 2020</b>	\$ 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)	-	-	-	-	-	-	108,074	108,074	-	108,074	(502) 107,572	
Other comprehensive income	-	-	-	-	-	-	-	-	(53,112)	(53,112)	- (53,112)	
Total comprehensive income	-	-	-	-	-	-	108,074	108,074	(53,112)	54,962	(502) 54,460	
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	-	-	-	-	-	-	(105,871)	(105,871)	-	(105,871)	(105,871)	
Due to recognition of equity component of convertible bonds issued	-	-	-	21,093	-	-	-	-	-	21,093	- 21,093	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(167) (167)	
<b>Balance at June 30, 2020</b>	\$ 1,245,545	-	1,245,545	698,714	192,959	196,131	264,317	653,407	(249,243)	2,348,423	6,130 2,354,553	
<b>Balance at January 1, 2021</b>	\$ 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)	-	-	-	-	-	-	66,900	66,900	-	66,900	(538) 66,362	
Other comprehensive income	-	-	-	-	-	-	-	-	(68,210)	(68,210)	- (68,210)	
Total comprehensive income	-	-	-	-	-	-	66,900	66,900	(68,210)	(1,310)	(538) (1,848)	
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)	- (132,000)	
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627	- 11,627	
Conversion of certificates of bonds conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(77) (77)	
<b>Balance at June 30, 2021</b>	\$ 1,319,723	-	1,319,723	807,149	192,959	196,131	394,734	783,824	(407,428)	2,503,268	6,155 2,509,423	

See accompanying notes to consolidated financial statements.

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 106,019	157,192
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	102,914	95,646
Amortization expense	21,454	22,084
Expected credit gain	(19,460)	(324)
Interest expense	45,298	55,717
Interest income	(554)	(4,544)
Loss on disposal of property, plant and equipment	1,128	1,508
Unrealized foreign exchange loss	2,984	3,260
Gain on repurchase of convertible bonds	-	(8,018)
Total adjustments to reconcile profit	<u>153,764</u>	<u>165,329</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	317,218	(165,799)
Other receivables	(1,980)	18,559
Inventories	(1,071,345)	38,529
Prepayments	(160,361)	(37,575)
Other current assets and right to the return goods	<u>5,496</u>	<u>762</u>
Total changes in operating assets	<u>(910,972)</u>	<u>(145,524)</u>
Notes and accounts payable	44,992	212,169
Other payables	32,556	(271)
Refund liabilities and provisions for employee benefits	(17,260)	604
Other current liabilities and contract liabilities	(61,017)	(38,078)
Other non-current liabilities	(571)	3,675
Total changes in operating liabilities	<u>(1,300)</u>	<u>178,099</u>
Total changes in operating assets and liabilities	<u>(912,272)</u>	<u>32,575</u>
Total adjustments	<u>(758,508)</u>	<u>197,904</u>
Cash (outflow) inflow generated from operations	(652,489)	355,096
Interest received	558	4,645
Interest paid	(44,328)	(48,647)
Income taxes paid	(93,845)	(4,297)
<b>Net cash flows from (use in) operating activities</b>	<b><u>(790,104)</u></b>	<b><u>306,797</u></b>

See accompanying notes to consolidated financial statements.

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(36,987)	(11,734)
Proceeds from disposal of property, plant and equipment	1,713	3,287
Acquisition of intangible assets	(30,102)	(5,341)
Increase in other financial assets and non-current assets	(15,861)	(205)
Increase in prepayments for business facilities	<u>(6,144)</u>	<u>(20,747)</u>
<b>Net cash flows used in investing activities</b>	<u>(87,381)</u>	<u>(34,740)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,052,673	1,725,930
Decrease in short-term loans	(830,380)	(1,388,566)
Increase (decrease) in short-term notes and bills payable	50,020	(99,852)
Proceeds from issuing bonds	-	401,501
Repurchase of convertible bonds	-	(331,676)
Proceeds from long-term debt	999,874	810,215
Repayments of long-term debt	(488,626)	(1,063,254)
Payment of lease liabilities	(42,334)	(38,630)
Decrease in other non-current liabilities	(1,315)	(2,083)
Change in non-controlling interests	<u>(77)</u>	<u>(167)</u>
<b>Net cash flows from financing activities</b>	<u>739,835</u>	<u>13,418</u>
Effect of exchange rate changes on cash and cash equivalents	(11,982)	(16,258)
Net (decrease) increase in cash and cash equivalents	(149,632)	269,217
Cash and cash equivalents at beginning of period	<u>838,816</u>	<u>1,432,714</u>
Cash and cash equivalents at end of period	<u>\$ 689,184</u>	<u>1,701,931</u>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the three months and six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share Information  
and Unless Otherwise Specified)**

**(1) Company history**

YFC-BONEAGLE ELECTRIC CO., LTD. (the “Company”) was incorporated on September 3, 1983 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.12-9, Ln. 130, Sec. 2, Zhongshan E. Rd., Xinwu Dist., Taoyuan City 327, Taiwan (R.O.C.). The Company and subsidiaries (together referred to as the “Group”) primarily engaged in the developing, manufacturing, and selling of power cord sets, LAN cables, patch cords, and related networking accessories, as well as the sales of consumer electronics. Please refer to note (14) for segment information.

Since January 9, 2003, the Company’s ordinary shares have been listed on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market).

**(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements for the six months ended June 30, 2021 and 2020 were reported to the board of directors and issued on August 11, 2021.

**(3) New standards, amendments and interpretations adopted:**

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2020.

**(b) Basis of consolidation**

**(i) List of subsidiaries in the consolidated financial statements**

List of subsidiaries in the consolidated financial statements are as follows:

<b>Name of investor</b>	<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Shareholding</b>			<b>Note</b>
			<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	
The Company	BESTLINK NETWARE, INC. (BESTLINK)	Trading business	100 %	100 %	100 %	Note 1
”	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD. (B.V.I.)	Holding company set up for investments in Philippines, China and USA	100 %	100 %	100 %	
”	UNC INVESTMENT & DEVELOPMENT INC. (UNC)	Real estate investment business	100 %	100 %	100 %	Note 1
”	PREMIUM-LINE KSI GMBH (KSI)	Trading business	100 %	100 %	100 %	Note 1
”	MONOPRICE HOLDINGS, INC. (MONOPRICE HOLDINGS)	Holding company set up for investments in USA	100 %	100 %	100 %	
”	PREMIUM-LINE SYSTEMS GMBH (PREMIUM-LINE SYSTEMS)	Sale of network equipment and electronic appliances	100 %	100 %	100 %	Note 1
”	YUE FONG COMPANY LIMITED	Trading business	100 %	100 %	100 %	Note 1, 2
”	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Trading business	100 %	- %	- %	Note 3
B.V.I.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD. (CAYMANS)	Holding company set up for investments in China and USA	100 %	100 %	100 %	
”	EUROPOWER INTERNATIONAL LIMITED (EUROPOWER)	Trading business	100 %	100 %	100 %	
”	UNIVERSAL NETWORK CORPORATION (UNIVERSAL)	Holding company set up for investments in China	100 %	100 %	100 %	
”	MAX SYNERGY LIMITED (MAX)	Holding company set up for investments in China	80 %	80 %	80 %	Note 1

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
B.V.I	PREMIUM LINE ASIA LTD. (PREMIUMLINE)	Trading business	100 %	100 %	100 %	Note 1
"	YFC-BONEAGLE INTERNATIONAL, INC. (PHILIPPINES)	Trading business	100 %	100 %	100 %	Note 1
"	BESZIN CORPORATION INC. (BESZIN)	Trading business	100 %	100 %	100 %	Note 1
"	YFC DEVELOPMENT CORPORATION	Real estate investment business	100 %	100 %	100 %	Note 1
"	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	100 %	Note 1
MONOPRICE HOLDINGS	MONOPRICE INC. (MONOPRICE)	Trading business	100 %	100 %	100 %	
CAYMANS	DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD. (DONGGUAN YFC)	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	100 %	Note 1
"	PRIME WIRE & CABLE, INC. (PRIME WIRE)	Retailing of cord sets and network cabling system	100 %	100 %	100 %	
"	CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD. (CHENZHOU YFC)	Processing and sale of communication products and internet cables	100 %	100 %	100 %	Note 1
UNIVERSAL	WUXI UNIVERSAL NETWORK CORPORATION (WUXI)	Manufacturing and sale of high-speed high-frequency LAN cables	100 %	100 %	100 %	
MAX	YFC INTERNATIONAL TRADING (WUXI) CO., LTD. (INTERNATIONAL TRADING (WUXI))	Sale of electronic calculator software and hardware, network equipment and electronic appliances	94.5 %	94.5 %	94.5 %	Note 1

Note 1: Classified as immaterial subsidiaries, wherein their financial statements for the six months ended June 30, 2021 and 2020 were not reviewed by a certified public accountant.

Note 2: The parent company remitted the investment amount of \$5,989 to the Company in February 2020 for the investment and establishment of its new subsidiary, YUE FONG COMPANY LIMITED.

Note 3: The parent company remitted the investment amount of \$500 to the Company in April 2021 for the investment and establishment of its new subsidiary, YFC-EUROPOWER INTERNATIONAL CO., LTD.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

**(c) Income taxes**

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**(d) Employee benefits**

The pension cost under the defined benefit plans in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

**(e) Financial liabilities**

The financial liabilities should be measured at fair value through profit or loss if the financial liabilities are held-for-trading, derivative financial instruments, or originally mandatorily classified. The financial liabilities at fair value through profit or loss are measured at fair value; and the related net gain or loss, including any interest expense, are recognized in profit or loss.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2020.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note (6) of the 2020 annual consolidated financial statements for related information.

**(a) Cash and cash equivalents**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 1,324	1,030	1,067
Demand deposits	512,360	619,670	1,132,072
Check deposits	138,908	136,681	273,520
Time deposits	36,592	81,435	295,272
Cash and cash equivalents in consolidated statement of cash flows	<b>\$ 689,184</b>	<b>838,816</b>	<b>1,701,931</b>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

For the interest rate risk and sensitivity analysis of the Group's financial assets and liabilities, please refer to note (6)(w).

(b) Notes and accounts receivables

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Notes receivable from operating activities	\$ 42,167	15,592	26,756
Accounts receivable - measured as amortized cost	2,137,625	2,534,243	2,109,466
Less: Loss allowance	<u>(28,715)</u>	<u>(49,072)</u>	<u>(27,185)</u>
<b>Net</b>	<b><u>\$ 2,151,077</u></b>	<b><u>2,500,763</u></b>	<b><u>2,109,037</u></b>

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

	<b>June 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,739,028	0.1%	969
Past due 1 to 30 days	186,193	0.1%	183
Past due 31 to 120 days	224,449	3.8%	8,430
Past due 121 to 180 days	5,183	49.3%	2,557
Past due 181 to 360 days	18,599	55.0%	10,236
Past due more than 360 days	<u>6,340</u>	<u>100%</u>	<u>6,340</u>
<b>Total</b>	<b><u>\$ 2,179,792</u></b>		<b><u>28,715</u></b>

  

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,081,845	0%	-
Past due 1 to 30 days	120,936	0%	-
Past due 31 to 120 days	231,397	2.9%	6,709
Past due 121 to 180 days	17,389	25.4%	4,414
Past due 181 to 360 days	90,284	33.2%	29,965
Past due more than 360 days	<u>7,984</u>	<u>100%</u>	<u>7,984</u>
<b>Total</b>	<b><u>\$ 2,549,835</u></b>		<b><u>49,072</u></b>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>June 30, 2020</b>
	Weighted- average loss rate
	Loss allowance provision
Current	1,789,148
Past due 1 to 30 days	93,951
Past due 31 to 120 days	204,865
Past due 121 to 180 days	10,304
Past due 181 to 360 days	35,408
Past due more than 360 days	2,546
Total	<b>\$ 2,136,222</b>
	<b>\$ 27,185</b>

The movement in the allowance for notes and accounts receivable was as follows:

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1, 2021 and 2020	\$ 49,072	28,252
Expect credit gain	(19,460)	(324)
Amounts written off	(134)	(487)
Foreign exchange gains (losses)	(763)	(256)
Balance at June 30, 2021 and 2020	<b>\$ 28,715</b>	<b>\$ 27,185</b>

The aforementioned notes and account receivable of the Group had been pledged as collateral for long-term borrowings; please refer to note (8).

(c) Other receivables

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Value-added tax returned by export trade	\$ 12,209	10,906	5,934
Other	11,172	10,852	16,181
Less: Loss allowance	-	-	-
Net	<b>\$ 23,381</b>	<b>\$ 21,758</b>	<b>\$ 22,115</b>

As of June 30, 2021 and 2020, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(d) Inventory

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Merchandise inventory	\$ 2,785,174	2,199,437	1,651,293
Finished goods	512,877	219,184	315,172
Work in progress	300,038	308,682	131,442
Raw materials	234,309	99,411	109,123
Supplies	14,687	8,365	10,155
<b>Total</b>	<b>\$ 3,847,085</b>	<b>2,835,079</b>	<b>2,217,185</b>

Other than cost of inventory sold, other component of operating costs were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Inventory valuation and obsolescence losses (gains)	\$ 11,290	(8,215)	\$ 16,675	1,051
Revenue from sale of scraps	(15,733)	(6,980)	(26,788)	(10,677)
<b>Total</b>	<b>\$ (4,443)</b>	<b>(15,195)</b>	<b>\$ (10,113)</b>	<b>(9,626)</b>

For the three months ended June 30, 2020, the reversals of write-downs were recognized as gain due to the recovery of inventory of net realizable value.

The Group did not pledged its inventories as collaterals for its loans.

(e) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery and equipment</b>	<b>Office and other equipment</b>	<b>Total</b>
	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery and equipment</b>	<b>Office and other equipment</b>	<b>Total</b>
<b>Costs or deemed cost:</b>					
Balance at January 1, 2021	\$ 292,327	972,349	1,114,700	334,920	2,714,296
Additions	-	480	30,811	6,885	38,176
Disposals	-	(3,297)	(16,902)	(1,752)	(21,951)
Effect of changes in foreign exchange rate	(3,331)	(15,010)	(10,990)	(6,112)	(35,443)
Balance at June 30, 2021	<b>\$ 288,996</b>	<b>954,522</b>	<b>1,117,619</b>	<b>333,941</b>	<b>2,695,078</b>
Balance at January 1, 2020	\$ 215,057	998,082	1,063,389	315,632	2,592,160
Additions	-	445	11,068	5,852	17,365
Reclassification	-	-	-	6,031	6,031
Disposals	-	(2,892)	(10,234)	(2,684)	(15,810)
Effect of changes in foreign exchange rate	-	(15,495)	(17,533)	(4,958)	(37,986)
Balance at June 30, 2020	<b>\$ 215,057</b>	<b>980,140</b>	<b>1,046,690</b>	<b>319,873</b>	<b>2,561,760</b>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Total</u>
Depreciation and impairment loss:					
Balance at January 1, 2021	\$ -	305,556	818,129	238,262	1,361,947
Depreciation for the period	- -	10,097	28,426	17,963	56,486
Disposals	- -	(3,297)	(14,940)	(873)	(19,110)
Effect of changes in foreign exchange rate	- -	(3,432)	(7,705)	(4,365)	(15,502)
Balance at June 30, 2021	<u>\$ -</u>	<u>308,924</u>	<u>823,910</u>	<u>250,987</u>	<u>1,383,821</u>
Balance at January 1, 2020	\$ -	295,067	797,943	214,707	1,307,717
Depreciation for the period	- -	8,557	25,041	15,615	49,213
Reclassification	- -	- -	- -	1,259	1,259
Disposals	- -	(2,892)	(5,525)	(2,598)	(11,015)
Effect of changes in foreign exchange rate	- -	(5,228)	(12,414)	(3,577)	(21,219)
Balance at June 30, 2020	<u>\$ -</u>	<u>295,504</u>	<u>805,045</u>	<u>225,406</u>	<u>1,325,955</u>
Carrying value:					
Balance at January 1, 2021	<u>\$ 292,327</u>	<u>666,793</u>	<u>296,571</u>	<u>96,658</u>	<u>1,352,349</u>
Balance at June 30, 2021	<u>\$ 288,996</u>	<u>645,598</u>	<u>293,709</u>	<u>82,954</u>	<u>1,311,257</u>
Balance at January 1, 2020	<u>\$ 215,057</u>	<u>703,015</u>	<u>265,446</u>	<u>100,925</u>	<u>1,284,443</u>
Balance at June 30, 2020	<u>\$ 215,057</u>	<u>684,636</u>	<u>241,645</u>	<u>94,467</u>	<u>1,235,805</u>

Information on depreciation for the period is disclosed in note (12). For information on the Group's property, plant, and equipment pledged as collateral, please refer to note (8).

(f) Right-of-use assets

The Group leases many assets including land, buildings, and vehicles. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 15,310	568,044	2,336	585,690
Additions	- -	- -	12,312	12,312
Write-off	- -	- -	(686)	(686)
Effect of changes in foreign exchange rate	(184)	(12,504)	(19)	(12,707)
Balance at June 30, 2021	<u>\$ 15,126</u>	<u>555,540</u>	<u>13,943</u>	<u>584,609</u>
Balance at January 1, 2020	\$ 15,075	557,485	3,388	575,948
Additions	- -	- -	- -	- -
Write-off	- -	- -	(1,099)	(1,099)
Effect of changes in foreign exchange rate	(394)	(7,229)	(11)	(7,634)
Balance at June 30, 2020	<u>\$ 14,681</u>	<u>550,256</u>	<u>2,278</u>	<u>567,215</u>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>Land</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 3,782	158,511	1,773	164,066
Depreciation for the period	152	44,500	1,776	46,428
Write-off	-	-	(686)	(686)
Effect of changes in foreign exchange rate	(48)	(3,810)	(11)	(3,869)
Balance at June 30, 2021	<u><u>\$ 3,886</u></u>	<u><u>199,201</u></u>	<u><u>2,852</u></u>	<u><u>205,939</u></u>
Balance at January 1, 2020	\$ 3,422	79,191	1,879	84,492
Depreciation for the period	149	45,585	699	46,433
Write-off	-	-	(1,099)	(1,099)
Effect of changes in foreign exchange rate	(91)	(1,456)	(9)	(1,556)
Balance at June 30, 2020	<u><u>\$ 3,480</u></u>	<u><u>123,320</u></u>	<u><u>1,470</u></u>	<u><u>128,270</u></u>
Carrying value:				
Balance at January 1, 2021	<u><u>\$ 11,528</u></u>	<u><u>409,533</u></u>	<u><u>563</u></u>	<u><u>421,624</u></u>
Balance at June 30, 2021	<u><u>\$ 11,240</u></u>	<u><u>356,339</u></u>	<u><u>11,091</u></u>	<u><u>378,670</u></u>
Balance at January 1, 2020	<u><u>\$ 11,653</u></u>	<u><u>478,294</u></u>	<u><u>1,509</u></u>	<u><u>491,456</u></u>
Balance at June 30, 2020	<u><u>\$ 11,201</u></u>	<u><u>426,936</u></u>	<u><u>808</u></u>	<u><u>438,945</u></u>

Information on depreciation for the period is disclosed in note (12). The Group did not provide any of the aforementioned assets as collaterals for its loans.

**(g) Intangible assets**

The costs and amortization of intangible assets of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	<b>Goodwill</b>	<b>Trademark</b>	<b>Patent and customer relationships</b>	<b>Computer software and development cost</b>	<b>Total</b>
Costs or deemed cost:					
Balance at January 1, 2021	\$ 293,368	92,136	78,780	210,061	674,345
External acquisition	-	-	-	30,102	30,102
Effect of changes in foreign exchange rate	(6,404)	(2,009)	(1,693)	(5,886)	(15,992)
Balance at June 30, 2021	<u><u>\$ 286,964</u></u>	<u><u>90,127</u></u>	<u><u>77,087</u></u>	<u><u>234,277</u></u>	<u><u>688,455</u></u>
Balance at January 1, 2020	\$ 308,850	96,997	82,701	210,210	698,758
External acquisition	-	-	-	5,341	5,341
Effect of changes in foreign exchange rate	(3,615)	(1,134)	(933)	(3,481)	(9,163)
Balance at June 30, 2020	<u><u>\$ 305,235</u></u>	<u><u>95,863</u></u>	<u><u>81,768</u></u>	<u><u>212,070</u></u>	<u><u>694,936</u></u>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<u>Goodwill</u>	<u>Trademark</u>	<u>Patent and customer relationships</u>	<u>Computer software and development cost</u>	<u>Total</u>
Amortization:					
Balance at January 1, 2021	\$ -	6,296	67,584	154,120	228,000
Amortization for the period	-	218	3,828	17,408	21,454
Effect of changes in foreign exchange rate	-	(139)	(1,429)	(4,620)	(6,188)
Balance at June 30, 2021	<u>\$ -</u>	<u>6,375</u>	<u>69,983</u>	<u>166,908</u>	<u>243,266</u>
Balance at January 1, 2020	\$ -	6,163	62,365	128,063	196,591
Amortization for the period	-	233	4,275	17,576	22,084
Effect of changes in foreign exchange rate	-	(75)	(743)	(2,320)	(3,138)
Balance at June 30, 2020	<u>\$ -</u>	<u>6,321</u>	<u>65,897</u>	<u>143,319</u>	<u>215,537</u>
Carrying value:					
Balance at January 1, 2021	<u>\$ 293,368</u>	<u>85,840</u>	<u>11,196</u>	<u>55,941</u>	<u>446,345</u>
Balance at June 30, 2021	<u>\$ 286,964</u>	<u>83,752</u>	<u>7,104</u>	<u>67,369</u>	<u>445,189</u>
Balance at January 1, 2020	<u>\$ 308,850</u>	<u>90,834</u>	<u>20,336</u>	<u>82,147</u>	<u>502,167</u>
Balance at June 30, 2020	<u>\$ 305,235</u>	<u>89,542</u>	<u>15,871</u>	<u>68,751</u>	<u>479,399</u>

The amortizations of intangible assets please refer to note (12). For other information, please refer to note (6)(g) of the consolidated financial statements for the year ended December 31, 2020.

(h) Other current asset and other non-current assets

Other current and non-current assets of the Group were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other current assets:			
Other current financial assets	\$ 9,921	9,964	9,482
Temporary payments	<u>5,672</u>	<u>11,038</u>	<u>6,089</u>
Subtotal	<u>15,593</u>	<u>21,002</u>	<u>15,571</u>
Other non-current assets:			
Other non-current financial assets	5,425	5,533	5,713
Guarantee deposits paid	33,045	19,264	29,059
Net defined benefit assets	204	204	1,322
Prepaid for land purchases	-	-	88,381
Other	<u>3,851</u>	<u>2,160</u>	<u>2,196</u>
Subtotal	<u>42,525</u>	<u>27,161</u>	<u>126,671</u>
Total	<u>\$ 58,118</u>	<u>48,163</u>	<u>142,242</u>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(i) Other current financial assets

Other current financial assets refer to time deposits with more than three months and less than one year.

(ii) Temporary payments

Temporary payments are mainly payments made on behalf of others.

(iii) Other non-current financial assets

Other non-current financial assets are time deposits pledged as collaterals for long-term borrowings.

(iv) Guarantee deposits paid

Guarantee deposits paid are security deposits on leases and car rentals, performance bonds, and customs security deposits.

(v) Prepaid for land purchases

In order to meet customer's demand and to seek the most effective solution in dealing with the current trading situation between China and the United States, the Board of Directors approved a resolution in November 2018 to set up a new factory in Philippines; hence, purchased a piece of land from a third party, with an area of 36,271 square meters, amounting to \$88,381 (PHP148,711 thousand). Based on the agreement, the Group has paid a reservation fee amounting to \$17,253 (PHP29,742 thousand) in December 2018 and completed the registration procedure of its new subsidiary, YFC DEVELOPMENT CORPORATION, as well as paid the remaining purchase amount of \$71,128 (PHP118,969 thousand) in October 2019 to acquire the new piece of land mentioned above. The registration of transfer of ownership on the piece of land to YFC DEVELOPMENT CORPORATION, at the amount of \$77,850, was completed in September 2020. Please refer to note (6)(e) of the 2020 annual consolidated financial statements for related information.

(vi) For additional information on the Group's other non-current financial assets and guarantee deposits paid pledged as collaterals, please refer to note (8).

(i) Short-term borrowings

The details of the Group's short-term borrowings were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans	\$ 2,579,073	2,356,577	2,207,420
Secured bank loans	-	-	-
<b>Total</b>	<b>\$ 2,579,073</b>	<b>2,356,577</b>	<b>2,207,420</b>
Unused short-term and long-term credit lines	\$ 1,435,271	1,516,895	2,003,396
Interest rates	<u>0.72~2.20%</u>	<u>0.72~2.73%</u>	<u>0.72~3.27%</u>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

For the six months ended June 30, 2021 and 2020, the Group increased its short-term borrowings by \$1,052,673 and \$1,725,930, respectively, wherein the amounts of \$830,380 and \$1,388,566, respectively, had been repaid.

The Group did not provide any assets as collateral for short-term borrowings.

(j) Short-term notes and bills payable

The details of short-term notes and bills payable of the Group were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Commercial paper payable	\$ 180,000	130,000	130,000
Less: discount on commercial paper payable	(94)	(114)	(29)
Total	<u>\$ 179,906</u>	<u>129,886</u>	<u>129,971</u>
Interest rates	<u>1.14~1.16%</u>	<u>1.14~1.16%</u>	<u>1.16~1.17%</u>

The Group did not provide any assets as collateral for short-term notes payable.

(k) Long-term borrowings

The details of the Group's long-term borrowings were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans	\$ 1,294,784	784,730	627,700
Secured bank loans	548,500	566,071	680,135
Subtotal	1,843,284	1,350,801	1,307,835
Less: current portion	(635,078)	(280,766)	(444,449)
Non-current portion	<u>\$ 1,208,206</u>	<u>1,070,035</u>	<u>863,386</u>
Interest rates	<u>1.18~4.40%</u>	<u>1.18~4.40%</u>	<u>1.18~4.40%</u>

(i) Issues and repayments of long-term borrowings

For the six months ended June 30, 2021 and 2020, the Group increased its long-term borrowings by \$999,874 and \$810,215, respectively, wherein the amounts of \$488,626 and \$1,063,254, respectively, had been repaid.

(ii) Collateral for long-term borrowings

For information on assets pledged as collateral for long-term borrowings, please refer to note (8).

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(iii) Low-interest loan from government

According to “Guidelines of Project Loans for Returning Overseas Taiwanese Businesses”, the Group has been awarded a low-interest loan from Bank of Taiwan at the beginning of 2020 with the maximum credit amounting to \$484,000, including the amounts of \$284,000 and \$200,000 for the purpose of its business operation, as well as acquisition of its machinery and equipment, respectively. The project will continue for 7 years with an actual preferential interest rate of 0.1%. For the six months ended June 30, 2021, the actual used credit facilities amounted to \$84,840, while the fair value imputed by the market interest rate of 1.4% amounted to \$79,400, with the difference of \$5,440, deemed as government grant and recognized in deferred income. Please refer to note (6)(o).

(I) Bonds payable

(i) The details on the Group’s bonds payable were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Convertible bonds issued	\$ 400,000	400,000	1,100,000
Less: Unamortized discount on convertible bonds	(3,544)	(5,030)	(13,851)
Accumulated converted and redeemed amount	<u>(268,600)</u>	<u>(256,600)</u>	<u>(344,600)</u>
	127,856	138,370	741,549
Less: Current portion	<u>-</u>	<u>-</u>	<u>(434,100)</u>
Non-current portion	<u>\$ 127,856</u>	<u>138,370</u>	<u>307,449</u>
Equity component – conversion options (included in “Capital surplus – stock options”)	<u>\$ 6,928</u>	<u>7,561</u>	<u>62,128</u>
	<b>For the three months ended June 30</b>	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	
Interest expense (effective rate of 1.67%~2.06%)	<u>\$ 533</u>	<u>3,308</u>	<u>1,114</u>
	<b>2021</b>	<b>2020</b>	

(ii) The major terms of bonds payable were as follows:

<b>Period</b>	<b>Type</b>	<b>Issuance Period</b>	<b>Total Amount (in thousands dollars)</b>	<b>Coupon Rate</b>	<b>Effective Rate</b>	<b>Conversion Price (in dollar)</b>
Period 8	Unsecured convertible bonds payable	2017.06~2020.06	700,000	0 %	2.06 %	55.5
Period 9	Unsecured convertible bonds payable	2020.02~2023.02	400,000	0 %	1.67 %	25.6

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

In June 2017, the Group issued the 8th unsecured convertible bonds for a total of 7,000 bonds, with a face value of \$100 each. The bonds were issued at a premium rate of 100.6% and the total issuance amounted to \$704,200. The Group recorded the capital surplus of stock options amounting to \$41,035.

In February 2020, the Group issued the 9th unsecured convertible bonds for a total of 4,000 bonds, with a face value of \$100 each. The bonds were issued at a premium rate of 101%; and the total issuance after deducting the dealer's handling fee amounted to \$401,501, resulting in the Group to recognize the capital surplus of stock options, amounting to \$21,093.

Except for the following periods, the bondholders may opt to convert their bonds into common shares within the period between three months after issuance and the maturity date:

- 1) the mandated book closure date of common shares;
- 2) the book closure date for stock grants or cash dividends;
- 3) the period starting from 15 business days prior to the book closure date of stock options until the distribution record date;
- 4) the period from capital reduction record date to one day prior to the stock renewal date.

The conversion price of the 8th unsecured convertible bonds at the issuance date was \$66 per share. In the event of any ex-rights or ex-dividend, the conversion price shall be adjusted using the conversion pricing formula. From July 22, 2017 to July 23, 2018, the adjusted conversion price was \$63.6 per share, resulting from the events of ex-rights or ex-dividend. As of the period between July 24, 2018 and August 18, 2019, the adjusted conversion price was \$59.5 per share, resulting from the events of ex-rights or ex-dividend. Beginning August 19, 2019, the adjusted conversion price had decreased to \$55.5 per share, resulting from the events of ex-rights or ex-dividend.

The conversion price of the 9th unsecured convertible bonds at the issuance date was \$26.8 per share. In the event of any ex-rights or ex-dividend, the conversion price shall be adjusted using the conversion pricing formula. Beginning August 25, 2020, the adjusted conversion price had decreased to \$25.6 per share due to the events of ex-rights.

Corporate bonds will be paid back at face value upon maturity, except for bonds that have been converted into common shares or bonds redeemed by the Group.

**(iii) Issuance of bonds**

There were no issuance of bond payable for the six months ended June 30, 2021.

As mentioned above, there were issuance of bonds for the six months ended June 30, 2020.

**(iv) Conversion of bonds**

In March, 2021, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 120 bonds, with the carrying amount of \$11,627, resulting in the capital surplus to increase by \$6,940, and the ordinary shares to be converted at the amount of \$9,257. Please refer to note (6)(r) for details.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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There were no conversion of bond payable for the six months ended June 30, 2020.

(v) Repurchase of bonds

During the six months ended June 30, 2020, the Company bought back 2,659 and 787 shares of the 8th and the 9th convertible bonds at the amounts of \$265,526 thousand and \$66,150 thousand and the carrying values of \$264,815 and \$74,879, respectively, resulting in net gain of \$8,018 thousand, which was recognized as other gains and losses; please refer to note (6)(v). The capital surplus of stock options, which was initially recognized when issued, was transferred to capital surplus of treasury stock transaction, per related regulations, amounting to \$19,741, please refer to note (6)(r).

There was no repurchase of bond payable for the six months ended June 30, 2021.

(vi) Redeem of due bonds

The Company's eighth domestic unsecured convertible bonds had matured on June 19, 2020, with maturity repayment amounting to \$434,100 thousand. On July 6, 2020, the Company repaid its creditors due to the maturity of their bonds and termination of its trading on the Taiwan Over-The-Counter Securities Exchange.

(vii) Collateral

There were no bonds payable pledged as collateral by the Company for the six months ended June 30, 2021, and 2020.

(m) Other payables and refund liabilities

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Salaries and bonuses payable	\$ 67,726	109,646	53,840
Compensation and bonus due to employees	29,131	24,208	21,022
Compensation due to directors	18,404	16,139	13,214
Interest payable	3,414	3,558	4,475
Processing fee payable	44,904	27,357	32,396
Payable on machinery and equipment	4,818	3,629	2,795
Service fee payable	4,631	3,317	2,344
Freight payable	196,094	207,022	102,688
VAT and sales tax payable	137,307	129,232	95,686
Other accrued expenses	151,073	112,022	125,349
Other payables	<u>\$ 657,502</u>	<u>636,130</u>	<u>453,809</u>
Refund liabilities	<u>\$ 70,359</u>	<u>91,697</u>	<u>56,720</u>

Other payables and refund liabilities are expected to be settled within one year. Refund liabilities refer to expected payments to customers in relation to volume discounts of sales and right to the return goods.

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(n) Lease liabilities

The carrying values of the Group's lease liabilities were as follows:

	<b>June 30, 2021</b>	<b>2020</b>	<b>June 30, 2020</b>
Current	\$ 89,630	84,844	83,264
Non-current	\$ 307,281	351,385	366,841

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

For the six months ended June 30, 2021, the Group recognized its lease liabilities amounting to \$12,312, with an interest rate of 1.25%~2.38%.

There were no lease liabilities recognition by the Group for the six months ended June 30, 2020.

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30</b>	<b>2021</b>	<b>June 30</b>	<b>2020</b>
Interest on lease liabilities	\$ 4,390	5,152	9,058	10,597
Variable lease payments not included in the measurement of lease liabilities	\$ 670	435	1,365	1,012
Expenses relating to short-term leases	\$ 2,810	561	3,575	1,209
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	\$ 42	45	85	98

The amounts recognized in the statement of cash flows for the Group was as follows:

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	\$ 56,417	51,546

(i) Real estate leases

The Group leases land and buildings for the use of its factories, warehouses, and offices. The leases of land typically run for a period of 50 years, and the buildings for 2 to 10 years. Some leases contain extension and cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. Some leases provide for additional rent payments that are calculated based on the area being used. Such leases are considered as variable lease payments, thus, are not included within lease liabilities.

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Other leases

The Group leases certain buildings and vehicles which are short-terms, and office equipment which is deemed as low-value item. Since the leases of warehouses and office typically run for a period of 1 year, and the office equipment for 1 to 3 years, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(o) Deferred income

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Deferred income-government grants	<b>\$ 4,091</b>	<b>4,654</b>	<b>4,683</b>
Current (recognized under other current liabilities)	\$ 1,138	1,130	1,008
Non-current (recognized under other non-current liabilities)	2,953	3,524	3,675
<b>Total</b>	<b>\$ 4,091</b>	<b>4,654</b>	<b>4,683</b>

According to the “Guidelines of Project Loans for Returning Overseas Taiwanese Businesses”, the low interest loan offered by Bank of Taiwan to the Group can be availed for the purpose of business operation and acquisition of machinery and equipment in early 2020.

The Group received the government low-interest loan for its business operation, resulting in the difference between the market interest imputed using the effective interest method and the actual preferential interest to be reclassified from deferred income to other income over time.

The Group received the government low-interest loan for the acquisition of its machinery and equipment, resulting in the difference between the market interest imputed using the effective interest method and the actual preferential interest to be reclassified from deferred income to other income based on the useful life of the assets. Furthermore, the Group will have to comply with all the conditions associated with grant.

For the six months ended June 30, 2021 and 2020, the other income reclassified from deferred income amounted to \$563 and \$236, respectively, please refer to note(6)(v).

(p) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Operating costs	\$ -	-	\$ -	-
Selling expenses	-	-	-	-
Administrative expenses	20	18	127	35
Research and development expenses	-	-	-	-
Total	<u><u>\$ 20</u></u>	<u><u>18</u></u>	<u><u>\$ 127</u></u>	<u><u>35</u></u>

(ii) Defined contribution plans

The Company's pension expenses under the defined contribution method amounted to \$2,226 and \$1,922 for the six months ended June 30, 2021 and 2020, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to \$16,453 and \$10,734 for the six months ended June 30, 2021 and 2020, respectively.

Pension expenses recognized by the Group were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Operating costs	\$ 2,747	432	\$ 5,456	2,306
Selling expenses	5,150	3,662	10,387	9,038
Administrative expenses	940	409	1,873	978
Research and development expenses	473	112	963	334
Total	<u><u>\$ 9,310</u></u>	<u><u>4,615</u></u>	<u><u>\$ 18,679</u></u>	<u><u>12,656</u></u>

(q) Income tax

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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(i) Income tax expense

The components of income tax expense for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ 29,377	42,927	\$ 33,131	48,342
Adjustments for prior periods	5,287	553	5,575	568
Subtotal	<u>34,664</u>	<u>43,480</u>	<u>38,706</u>	<u>48,910</u>
Deferred tax expense				
Origination and reversal of temporary differences	1,086	(5)	951	710
Subtotal	<u>1,086</u>	<u>(5)</u>	<u>951</u>	<u>710</u>
Income tax expense	<u>\$ 35,750</u>	<u>43,475</u>	<u>\$ 39,657</u>	<u>49,620</u>

The amounts of income tax expense (income) recognized in other comprehensive income for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	<u>\$ (17,957)</u>	<u>(17,946)</u>	<u>(17,052)</u>	<u>(13,278)</u>

(ii) Examination and approval

The Company's income tax returns for all years through 2018, have been examined by the R.O.C. income tax authorities.

The Group's overseas subsidiaries' income tax returns for all years through 2020 have been declared to, but have yet to be examined by, the local tax authorities.

(r) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2021 and 2020. For related information, please refer to note (6)(s) of the consolidated financial statements for the year ended December 31, 2020.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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(i) Issuance of common stock

A resolution was approved during the board meeting held on May 10, 2021 for the issuance of convertible bonds amounting to \$4,687, which was converted into 469 thousand shares of common stocks by the Group, with the record date set on May 10, 2021. The related registration procedures had already been completed in May, 2021.

There were no issuance of shares from conversions of convertible debt for the six months ended March 31, 2020.

The outstanding shares for the six months ended June 30, 2021 and 2020 were 131,972 thousand and 124,544 thousand shares, respectively.

(ii) Capital surplus

The balances of additional paid-in capital were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Premium issuance of common shares for cash	\$ 432,122	432,122	432,122
Premium issuance of convertible bond	317,339	309,766	198,890
Transaction of treasury stock	19,741	19,741	-
Difference between consideration and carrying amount of shares	334	334	334
Stock options of convertible bonds issued	6,928	7,561	62,128
Expired employee stock options	30,685	30,685	5,240
<b>Total</b>	<b>\$ 807,149</b>	<b>800,209</b>	<b>698,714</b>

Premium insurance of common shares for cash, premium insurance of convertible bond, transaction of treasury stock, and difference between the consideration and the carrying amount of shares, may be used to offset the Company's deficit. However, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the ordinary shares.

Stock options of convertible bonds issued may not be used for any purpose, and expired employee stock options may only be used to offset a deficit.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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**(iii) Earnings distribution**

In the Board of Director's meeting held on March 29, 2021, the resolution for the distribution of earnings from the year 2020 has been approved. Other items related to the distribution of earnings were approved on the shareholders meeting held on August 11, 2021. Based on the resolution, distributable earnings is calculated as net income after tax of \$304,783 for the year 2020, plus, actuarial loss of \$(1,193) and the beginning balance of unappropriated earnings of \$156,244, less, the required legal reserve of \$30,359 and special reserve of \$143,087, which amounted to \$286,388. The cash dividends, that were expected to finish to distribution in September, 2021 amounted to \$132,000, with a par value about \$1.00 per share.

In the shareholders meeting held on June 18, 2020, the resolution for the distribution of earnings from the year 2019 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$172,272 for the year 2019, plus, actuarial loss of \$(620) and the beginning balance of unappropriated earnings of \$133,694, less, the required legal reserve of \$17,165 and special reserve of \$26,066, which amounted to \$262,144. The cash dividends that were distributed to the shareholders in September, 2020 amounted to \$105,871, with a par value of \$0.85 per share.

The related information can be accessed from "Market Observation Post System".

**(iv) Other equity interest (net taxes)**

	<b>Exchange differences on translation of foreign financial statements</b>
Balance at January 1, 2021	\$ (339,218)
Exchange differences on foreign operation	<u>(68,210)</u>
Balance at June 30, 2021	<u><u>\$ (407,428)</u></u>
Balance at January 1, 2020	\$ (196,131)
Exchange differences on foreign operation	<u>(53,112)</u>
Balance at June 30, 2020	<u><u>\$ (249,243)</u></u>

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(s) Earnings per share

For the six months ended June 30, 2021 and 2020, the Company's earnings per share were calculated as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
<b>Basic earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>63,506</u>	<u>106,075</u>	<u>66,900</u>	<u>108,074</u>
Weighted-average number of ordinary shares	<u>131,972</u>	<u>124,554</u>	<u>131,821</u>	<u>124,554</u>
<b>Basic earnings per share (in dollars)</b>	<u>\$ 0.48</u>	<u>0.85</u>	<u>0.51</u>	<u>0.87</u>
<b>Diluted earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ 63,506	106,075	66,900	108,074
Effects of dilutive potential ordinary shares:				
Interest of convertible bond	533	3,308	1,114	7,513
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u>64,039</u>	<u>109,383</u>	<u>68,014</u>	<u>115,587</u>
Weighted-average number of ordinary shares (in thousands of shares)	131,972	124,554	131,821	124,554
Effects of dilutive potential ordinary shares:				
Effects of employee stock bonus (in thousands of share)	196	419	206	441
Effects of conversion of convertible bond (in thousands of share)	2,595	6,881	5,284	20,434
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>134,763</u>	<u>131,854</u>	<u>137,311</u>	<u>145,429</u>
<b>Diluted earnings per share (in dollars)</b>	<u>\$ 0.48</u>	<u>0.83</u>	<u>0.50</u>	<u>0.79</u>

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(t) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Goods sold	\$ 2,975,959	2,851,720	5,625,072	5,071,677
Rental income	2,354	2,523	4,756	5,081
Total	<u><u>\$ 2,978,313</u></u>	<u><u>2,854,243</u></u>	<u><u>5,629,828</u></u>	<u><u>5,076,758</u></u>

(ii) Disaggregation of revenue

	For the three months ended June 30, 2021			
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Total</u>
<b>Primary geographical markets</b>				
United States	\$ 446,430	743,329	1,343,985	2,533,744
China	80,966	12,153	-	93,119
Taiwan	78,398	-	-	78,398
Canada	28,689	37,761	-	66,450
United Kingdom	19,232	-	-	19,232
Others	<u>133,668</u>	<u>51,348</u>	<u>-</u>	<u>185,016</u>
Total	<u><u>\$ 787,383</u></u>	<u><u>844,591</u></u>	<u><u>1,343,985</u></u>	<u><u>2,975,959</u></u>
<b>Main products/services lines</b>				
CABLE	\$ 316,463	40,956	498,290	855,709
POWER CORD	450,028	785,845	-	1,235,873
Consumer electronics	-	-	845,695	845,695
Others	<u>20,892</u>	<u>17,790</u>	<u>-</u>	<u>38,682</u>
Total	<u><u>\$ 787,383</u></u>	<u><u>844,591</u></u>	<u><u>1,343,985</u></u>	<u><u>2,975,959</u></u>
<b>Timing of revenue recognition:</b>				
Product transferred at a point in time	<u><u>\$ 787,383</u></u>	<u><u>844,591</u></u>	<u><u>1,343,985</u></u>	<u><u>2,975,959</u></u>
<b>Sales channels</b>				
Directly to customers	<u><u>\$ 787,383</u></u>	<u><u>844,591</u></u>	<u><u>1,343,985</u></u>	<u><u>2,975,959</u></u>

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>For the three months ended June 30, 2020</b>			
	<b>Manufacturing</b>	<b>Wholesaling</b>	<b>Online retailing</b>	<b>Total</b>
Primary geographical markets				
United States	\$ 846,693	381,583	1,254,176	2,482,452
China	59,826	11,511	-	71,337
Taiwan	86,707	-	-	86,707
Canada	4,003	21,512	-	25,515
United Kingdom	20,391	-	-	20,391
Others	136,647	28,671	-	165,318
Total	<b>\$ 1,154,267</b>	<b>443,277</b>	<b>1,254,176</b>	<b>2,851,720</b>
Main products/services lines				
CABLE	\$ 207,115	2,329	499,527	708,971
POWER CORD	882,103	425,784	-	1,307,887
Consumer electronics	-	-	754,649	754,649
Others	65,049	15,164	-	80,213
Total	<b>\$ 1,154,267</b>	<b>443,277</b>	<b>1,254,176</b>	<b>2,851,720</b>
Timing of revenue recognition:				
Product transferred at a point in time	<b>\$ 1,154,267</b>	<b>443,277</b>	<b>1,254,176</b>	<b>2,851,720</b>
Sales channels				
Directly to customers	<b>\$ 1,154,267</b>	<b>443,277</b>	<b>1,254,176</b>	<b>2,851,720</b>
	<b>For the six months ended June 30, 2021</b>			
	<b>Manufacturing</b>	<b>Wholesaling</b>	<b>Online retailing</b>	<b>Total</b>
Primary geographical markets				
United States	\$ 800,933	1,278,645	2,628,140	4,707,718
China	173,587	25,279	-	198,866
Taiwan	152,776	-	-	152,776
Canada	42,703	102,490	-	145,193
United Kingdom	45,000	-	-	45,000
Others	283,626	91,893	-	375,519
Total	<b>\$ 1,498,625</b>	<b>1,498,307</b>	<b>2,628,140</b>	<b>5,625,072</b>
Main products/services lines				
CABLE	\$ 622,004	75,379	976,951	1,674,334
POWER CORD	770,471	1,385,891	-	2,156,362
Consumer electronics	-	-	1,651,189	1,651,189
Others	106,150	37,037	-	143,187
Total	<b>\$ 1,498,625</b>	<b>1,498,307</b>	<b>2,628,140</b>	<b>5,625,072</b>
Timing of revenue recognition:				
Product transferred at a point in time	<b>\$ 1,498,625</b>	<b>1,498,307</b>	<b>2,628,140</b>	<b>5,625,072</b>

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>For the six months ended June 30, 2021</b>			
	<b>Manufacturing</b>	<b>Wholesaling</b>	<b>Online retailing</b>	<b>Total</b>
Sales channels				
Directly to customers	\$ <u>1,498,625</u>	<u>1,498,307</u>	<u>2,628,140</u>	<u>5,625,072</u>
<b>For the six months ended June 30, 2020</b>				
Primary geographical markets				
United States	\$ 1,135,767	716,405	2,495,208	4,347,380
China	179,333	28,606	-	207,939
Taiwan	139,543	-	-	139,543
Canada	15,728	37,817	-	53,545
United Kingdom	32,605	-	-	32,605
Others	<u>231,392</u>	<u>59,273</u>	<u>-</u>	<u>290,665</u>
Total	<u>\$ 1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Main products/services lines				
CABLE	\$ 563,776	47,387	951,163	1,562,326
POWER CORD	1,061,382	764,351	-	1,825,733
Consumer electronics	-	-	1,544,045	1,544,045
Others	<u>109,210</u>	<u>30,363</u>	<u>-</u>	<u>139,573</u>
Total	<u>\$ 1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Timing of revenue recognition:				
Product transferred at a point in time	<u>\$ 1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Sales channels				
Directly to customers	<u>\$ 1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>

(iii) Contract balances

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	<b>\$ 78,960</b>	<b>141,558</b>	<b>49,677</b>
Contract liabilities—advance sales receipts	<u>\$ 78,960</u>	<u>141,558</u>	<u>49,677</u>

For details on notes and accounts receivable and allowance for impairment, please refer to note (6)(b).

The amount of revenue recognized for the six months ended June 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$131,296 and \$80,704, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(u) Remuneration to employees and directors**

In accordance with the articles of incorporation, earnings shall first be offset against any deficit, then, a minimum of 6% will be distributed as employee remuneration and a maximum of 6% will be allocated as directors' remuneration. Earnings refer to pre-tax net profit for the period before deducting remunerations.

Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's affiliated companies which are at least 50% directly or indirectly owned by the Company.

For the six months ended June 30, 2021, the Company accrued remuneration to employees of \$4,831 and remuneration to directors amounted to \$2,404. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the remunerations to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors based on the amended Company's articles of association. These remunerations were expensed under operating costs or expenses for the year.

For the six months ended June 30, 2020, the Company accrued remuneration to employees of \$8,538 and remuneration to directors amounted to \$5,692. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the remunerations to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors based on the previous Company's articles of association. These remunerations were expensed under operating costs or expenses for the year.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

The cash remunerations to employees and directors for the year 2020 amounting to \$24,300 and \$16,000, respectively, were based on the resolution decided during the Board meeting held on March 29, 2020, and had already been reported in the shareholders' meeting..

The cash remunerations to employees and directors, for the year 2019 amounting to \$12,483 and \$8,322, respectively, were based on the resolution decided during the Board meeting held on May 8, 2020, and had already been reported in the shareholders' meeting.

As mentioned above, the differences between the actual amounts and the estimated amounts of the remuneration to employees and directors for the years ended 2020 and 2019 had been adjusted accordingly.

For further information, please refer to "Market Observation Post System".

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(v) Other non-operating income and expenses

(i) Interest income

The details of interest income of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 294	2,074	554	4,544

(ii) Other income

The details of other income of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Government grants	286	1,002	\$ 996	8,716
Other income	3,500	4,674	7,432	6,443
Total	<u>3,786</u>	<u>5,676</u>	<u>8,428</u>	<u>15,159</u>

(iii) Other gains and losses

The details of other gains and losses of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Loss on disposal of property, plant, and equipment	\$ (237)	(154)	(1,128)	(1,508)
Foreign exchange loss	(9,644)	(6,088)	(19,371)	(2,580)
Gain (loss) on repurchase of convertible bonds	-	(52)	-	8,018
Other non-operating expenses	(2,277)	(2,737)	(3,798)	(2,890)
Gain on financial liabilities at fair value through profit or loss	124	-	-	-
Other gains and losses, net	<u>\$ (12,034)</u>	<u>(9,031)</u>	<u>(24,297)</u>	<u>1,040</u>

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

For the six months ended June 30, 2021, the loss on settled transaction of derivative financial instruments amounting to \$18 was recognized by the Group as foreign exchange loss.

There was no transaction of derivative financial instruments for the six months ended June 30, 2020.

(iv) Financial costs

The details of financial costs of the Group for the six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest expense				
Bank loans	\$ (18,214)	(18,240)	(34,512)	(36,895)
Interest on lease liabilities	(4,390)	(5,152)	(9,058)	(10,597)
Short-term notes and bills payable	(351)	(283)	(614)	(712)
Bonds payable	(533)	(3,308)	(1,114)	(7,513)
Total	<u><u>\$ (23,488)</u></u>	<u><u>(26,983)</u></u>	<u><u>(45,298)</u></u>	<u><u>(55,717)</u></u>

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(x) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of June 30, 2021, December 31 and June 30, 2020, the Group reviewed the concentrations of credit risk arising from the major Customer G, and it was below 17%, 41%, and 37% of the gross notes and accounts receivable, respectively. The other top four clients contributed no more than 24%, 17% and 16%, respectively, of the gross notes and accounts receivable.

3) Receivables

For notes and accounts receivable, as well as other receivables, which are exposed to credit risk, please refer to note (6)(b) and note (6)(c), respectively.

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Liquidity risk

The following are the dates of contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>June 30, 2021</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,579,073	2,585,383	2,585,383	-	-	-
Short-term notes and bills payable	179,906	180,000	180,000	-	-	-
Notes and accounts payable	953,003	953,003	953,003	-	-	-
Other payables	657,502	657,502	657,502	-	-	-
Dividends payable	132,000	132,000	132,000	-	-	-
Bonds payable (includes current portion)	127,856	131,400	-	131,400	-	-
Lease liabilities - current and noncurrent	396,911	441,754	104,987	100,370	185,701	50,696
Long-term borrowings (includes current portion)	<u>1,843,284</u>	<u>1,969,808</u>	<u>1,157,386</u>	<u>151,220</u>	<u>216,003</u>	<u>445,199</u>
Total	<u><u>\$ 6,869,535</u></u>	<u><u>7,050,850</u></u>	<u><u>5,770,261</u></u>	<u><u>382,990</u></u>	<u><u>401,704</u></u>	<u><u>495,895</u></u>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,356,577	2,364,149	2,364,149	-	-	-
Short-term notes and bills payable	129,886	130,000	130,000	-	-	-
Notes and accounts payable	946,956	946,956	946,956	-	-	-
Other payables	636,130	636,130	636,130	-	-	-
Bonds payable (includes current portion)	138,370	143,400	-	-	143,400	-
Lease liabilities - current and noncurrent	436,229	490,976	102,206	101,659	219,494	67,617
Long-term borrowings (includes current portion)	<u>1,350,801</u>	<u>1,487,782</u>	<u>483,209</u>	<u>257,027</u>	<u>261,847</u>	<u>485,699</u>
Total	<u><u>\$ 5,994,949</u></u>	<u><u>6,199,393</u></u>	<u><u>4,662,650</u></u>	<u><u>358,686</u></u>	<u><u>624,741</u></u>	<u><u>553,316</u></u>
<b>June 30, 2020</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,207,420	2,214,683	2,214,683	-	-	-
Short-term notes and bills payable	129,971	130,000	130,000	-	-	-
Notes and accounts payable	856,379	856,379	856,379	-	-	-
Other payables	453,809	453,809	453,809	-	-	-
Dividends payable	105,871	105,871	105,871	-	-	-
Bonds payable (includes current portion)	741,549	755,400	434,100	-	321,300	-
Lease liabilities - current and noncurrent	450,105	507,557	101,629	101,656	247,791	56,481
Long-term borrowings (includes current portion)	<u>1,307,835</u>	<u>1,432,196</u>	<u>475,546</u>	<u>204,982</u>	<u>247,805</u>	<u>503,863</u>
Total	<u><u>\$ 6,252,939</u></u>	<u><u>6,455,895</u></u>	<u><u>4,772,017</u></u>	<u><u>306,638</u></u>	<u><u>816,896</u></u>	<u><u>560,344</u></u>

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follow:

	June 30, 2021			December 31, 2020			June 30, 2020		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial assets:</u>									
<u>Monetary items</u>									
USD	\$ 34,233	27.81	952,020	56,611	28.43	1,609,451	50,920	29.58	1,506,214
HKD	6,906	3.58	24,713	5,050	3.67	18,520	6,171	3.82	23,552
CNY	1,924	4.30	8,275	3,374	4.36	14,701	2,935	4.18	12,263
EUR	1,790	32.95	58,981	441	34.82	15,356	1,057	33.07	34,955
CAD	889	19.64	17,460	962	22.18	21,338	601	20.89	12,555
<u>Financial liabilities:</u>									
<u>Monetary items</u>									
USD	29,284	27.81	814,388	23,924	28.43	680,159	23,132	29.58	684,245

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gain and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, and loans and borrowings, which are denominated in foreign currency. The overall effects to the net profit before tax for the six months ended June 30, 2021 and 2020, assuming the TWD appreciated by 1%, were decreases of \$2,471 and \$9,053, respectively. The analysis is performed on the same basis for the prior year.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2021 and 2020, the foreign exchange loss (including both realized and unrealized) amounted to \$(9,644), \$(6,088), \$(19,371) and \$(2,580), respectively.

3) Interest rate analysis

The exposure to interest rate risk for financial assets and liabilities were already discussed in the section on liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. For liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The liabilities with variable interest rates of the Group all have related contractual agreements, and the Group calculates interest based on the notice of interest payment

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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provided by the bank. When reporting to management, the interest rate is expressed at a rate of change of 0.25% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

If the interest rate had increased by 0.25% at the reporting date, all things held constant, the net profit before tax would have decreased by \$5,528 and \$4,394 for the six months ended June 30, 2021 and 2020, respectively, which mainly results from bank loans with variable interest rates.

(iv) Fair value of financial instruments

1) Types of financial instruments and fair value

The carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include the fair value information of the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

(x) Financial risk management

There were no significant changes in the Group's financial risk management and polices as disclosed in note (6)(y) of the consolidated financial statements for the year ended December 31, 2020.

(y) Capital management

The management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. In addition, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to note (6)(z) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(z) Investing and financing activities not affecting current cash flow

(i) Please refer to note (6)(f) and (n) sets out information about the right-of-use asset had got from lease.

(ii) Please refer to note (6)(l) and (r) for information on the conversion of convertible bonds to ordinary shares.

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(iii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		June 30, 2021
					Increase in Right-of-use assets	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,356,577	1,052,673	(830,380)	203	-	-	2,579,073
Short-term notes and bills payable	129,886	50,020	-	-	-	-	179,906
Bonds payable (includes current portion)	138,370	-	-	-	-	(10,514)	127,856
Lease liabilities	436,229	-	(42,334)	(9,296)	12,312	-	396,911
Long-term borrowings (includes current portion)	1,350,801	999,874	(488,626)	(18,765)	-	-	1,843,284
Total liabilities from financing activities	\$ 4,411,863	2,102,567	(1,361,340)	(27,858)	12,312	(10,514)	5,127,030
	January 1, 2020	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		June 30, 2020
					Gain on repurchase of convertible bonds	Amortization of interest expense	
Short-term borrowings	\$ 1,881,475	1,725,930	(1,388,566)	(11,419)	-	-	2,207,420
Short-term notes and bills payable	229,823	-	(99,852)	-	-	-	129,971
Bonds payable (includes current portion)	693,322	401,501	(331,676)	-	(8,018)	(13,580)	741,549
Lease liabilities	496,833	-	(38,630)	(8,098)	-	-	450,105
Long-term borrowings (includes current portion)	1,569,250	810,215	(1,063,254)	(8,376)	-	-	1,307,835
Total liabilities from financing activities	\$ 4,870,703	2,937,646	(2,921,978)	(27,893)	(8,018)	(13,580)	4,836,880

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
All directors, supervisors, directors, general managers, etc.	Key management personnel

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 6,537	7,403	\$ 12,455	13,045
Post-employment benefits	176	105	298	190
Total	\$ 6,713	7,508	\$ 12,753	13,235

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

For the six months ended June 30, 2021, the Group rented 4 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$1,624 and the amount of rent expense recognized was \$103.

For the six months ended June 30, 2020, the Group rented 4 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$713 and the amount of rent expense recognized was \$17.

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Accounts receivable	Long-term borrowings	\$ -	-	88,740
Property, plant, and equipment	Long-term borrowings	676,014	687,663	706,581
Other financial asset — non-current	Long-term borrowings	5,425	5,533	5,713
Guarantee deposits paid	Customs security deposits	331	328	328
Total		<u><u>\$ 681,770</u></u>	<u><u>693,524</u></u>	<u><u>801,362</u></u>

**(9) Commitments and contingencies:**

**(a) Unrecognized contractual commitments**

(i) The Group entered into separate agreements with its suppliers for the purchase of copper. If the Group makes payments in advance, the Group may claim a discount based on the agreements, starting from the payment date until the shipment date. In the event the Group did not comply with provisions and terms in the contract, the Group shall pay interest on the amount overdue. Details of contracts are summarized as follows:

<b>Supplier</b>	<b>Contract Period</b>	<b>Pricing Terms</b>	<b>Product</b>	<b>Breach Clause</b>
A	2021.01~2021.12	Average price (in USD) listed in LME of the previous month, plus, US\$115, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$6,100 per ton of conversion cost	1,690~3,490 tons of copper wire	Late payment surcharge at 10% annual rate
B	2021.01~2021.12	Average price listed in Shanghai Futures Exchange (aka SHFE) agreed by both parties, considering any premiums or discounts, plus, an additional amount of CNY\$980 per ton of conversion cost, depending on the product specification	240~2,160 tons of copper wire	5% of the total amount

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

<b>Supplier</b>	<b>Contract Period</b>	<b>Pricing Terms</b>	<b>Product</b>	<b>Breach Clause</b>
D	2021.04~2022.03	Spot price listed in LME agreed by both parties, considering any premiums or discounts, plus, an additional amount of US\$225 per ton of conversion cost	240~1,800 tons of copper rods	1. 30% of the amount overdue 2. Late payment surcharge at 1% rate per day
F	2021.01~2021.12	Average price (in USD) listed in LME of the previous month, plus, US\$115, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$6,600 per ton of conversion cost	1,200~2,400 tons of copper wire	Supplier can demand back parts of the unpaid purchased wires upon overdue

(ii) The Group's unrecognized contractual commitments are as follows:

	<b>December 31,</b>		
	<b>June 30, 2021</b>	<b>2020</b>	<b>June 30, 2020</b>
Acquisition of equipments	\$ 9,174	8,174	27,919
Total	<b>\$ 9,174</b>	<b>8,174</b>	<b>27,919</b>

(iii) Unused letters of credit: None.

(iv) For endorsement and guarantees between related parties, please refer to note (13)(a)(ii).

(b) Significant contingencies: None.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

<b>by Function</b>	<b>For the three months ended, June 30, 2021</b>			<b>For the three months ended, June 30, 2020</b>			
	<b>by Nature</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefit							
Salaries (including employee remuneration)	76,262	196,943	273,205	71,047	173,596	244,643	
Labor and health insurance (Note 1)	2,307	23,960	26,267	1,585	25,134	26,719	
Pension (Note 2)	2,746	6,584	9,330	432	4,201	4,633	
Remuneration of directors	-	2,020	2,020	-	5,470	5,470	
Other employee benefits	1,736	2,590	4,326	1,722	2,419	4,141	
Depreciation	18,649	32,428	51,077	11,606	35,023	46,629	
Amortization	413	9,304	9,717	857	10,247	11,104	

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

by Function by Nature	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	141,919	388,139	530,058	123,604	356,996	480,600
Labor and health insurance (Note 1)	4,601	49,474	54,075	3,427	54,000	57,427
Pension (Note 2)	5,455	13,351	18,806	2,306	10,385	12,691
Remuneration of directors	-	2,265	2,265	-	5,692	5,692
Other employee benefits	3,235	5,967	9,202	3,081	6,216	9,297
Depreciation	36,294	66,620	102,914	23,078	72,568	95,646
Amortization	860	20,594	21,454	1,001	21,083	22,084

Note 1: Includes local social insurance of China subsidiaries, such as employment injury insurance, maternity insurance, medical insurance, unemployment insurance, and housing provident fund.

Note 2: Includes local endowment insurance of China subsidiaries.

(b) Seasonality of operations

The Group's products are subject to seasonal fluctuations in the United States that usually occur in the second half of the year, wherein the Group incurs higher revenue during the period. Therefore, the Group attempts to minimize the impact on its inventories by properly managing them in order to meet market demands.

## YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The following is the information on significant transactions for the six months ended June 30, 2021 required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

###### (i) Loans to other parties:

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)	
												Item	Value			
0	The Company	WUXI UNIVERSAL	Other receivables	Yes	84,600 (RMB18,000)	77,112	77,112	1%	1	1,129,141	Business operation	-	-	-	2,076,759	2,076,759
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	52,909 (USD1,918)	47,169	47,169	-	2	-	Business operation	-	-	-	625,817	1,001,308
0	The Company	YUE FONG COMPANY LIMITED	Other receivables	Yes	8,546 (USD300)	8,343	8,343	-	2	-	Business operation	-	-	-	625,817	1,001,308
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHLS. CORPORATION	Other receivables	Yes	84,542 (USD3,040)	84,542	17,242	-	2	-	Business operation	-	-	-	625,817	1,001,308
1	PRIME WIRE & CABLES INC.	BESTLINK NETWARE INC.	Other receivables	Yes	56,970 (USD2,000)	41,715	36,153	2.30~ 3.25%	2	-	Business operation	-	-	-	927,113	927,113
2	EUROPOWER INTERNATIONAL LIMITED	PREMIUM-LINE KSI GMBH	Other receivables	Yes	52,629 (EUR1,859)	49,802	49,802	-	2	-	Business operation	-	-	-	1,342,860	1,342,860
2	EUROPOWER INTERNATIONAL LIMITED	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	136,833 (USD4,908)	136,489	118,413	0~1.15%	2	-	Business operation	-	-	-	1,342,860	1,342,860
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	1,133,600 (USD40,000)	1,056,780	973,350	-	2	-	Business operation	-	-	-	1,342,860	1,342,860
2	EUROPOWER INTERNATIONAL LIMITED	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	81,458 (USD2,860)	79,528	79,528	-	2	-	Business operation	-	-	-	1,342,860	1,342,860
3	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	The Company	Other receivables	Yes	27,810 (USD1,000)	27,810	27,810	-	2	-	Business operation	-	-	-	1,288,955	1,288,955

Note 1: The numbers are filled in as follows:

1. 0 represents the Company

2. Investees are sorted in numerical order starting from 1.

Note 2: Purposes of financing are labelled as follows:

1.1 represents fundings for parties who has business relationship with the Company .

2.2 represents fundings for parties with short-term financing needs.

Note 3: The allowable aggregate amount of financing provided to others may not exceed 40% of the net worth of the Company, and the maximum financing provided to an individual company may not exceed 25% of the net worth of the Company. The allowable aggregate amount of financing provided by subsidiaries to others may not exceed the net worth of the subsidiary, and maximum financing provided to an individual company may not exceed the net worth of the subsidiary. For fundings to companies with business relationships with the Company, the total amount of such fundings shall not exceed the total transaction between the parties during the past year, wherein total transactions refer to the higher of amounts purchased or sold.

Note 4: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor (Note 1)	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	WUXI UNIVERSAL	1, 2	2,503,268	984,264	824,913	578,690	-	32.95 %	5,006,536	Y	N	Y
1	EUROPOWER INTERNATIONAL LIMITED	MONOPRICE, INC.	1, 3	1,342,860	569,700	556,200	472,770	-	22.22 %	2,685,720	N	N	N
2	PRIME WIRE & CABLE, INC.	UNC INVESTMENT & DEVELOPMENT, INC	1, 3	927,113	436,212	425,876	391,339	-	18.09 %	1,854,226	N	N	N

Note 1: The numbers are filled in as follows:

1. 0 represents the Company.
2. Investees are sorted in numerical order starting from 1.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the followings:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: 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 4: The maximum amount of endorsements for investees have been approved in the Board of directors' meeting.

Note 5: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(iii) Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	Stock TAIPIN CIRCULATING ENTERPRISE CO., LTD.	The Company holds around 15.81% shares in the investee.	Non-current financial assets at fair value through other comprehensive	-	-	15.81 %	-	1

Note 1: In 2015, the Group determined that the investee was showing indications of impairments and recognized the full amount of impairment loss. In 2016, the investee ceased its business operation, and have yet to be liquidated as of June 30, 2021.

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**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details (Note 4)				Transactions with terms different from others		Notes/Accounts receivable (payable) (Note 4)	Note
			Purchase/Sale	Amount (Note 1)	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms		
The Company	DONGGUAN YFC	Parent company to subsidiary	Purchases	374,469 (USD13,338)	16.64 %	OA 90 days	-	-	(50,917) (USD1,831)	(8.32)%
The Company	WUXI UNIVERSAL	Parent company to subsidiary	Purchases	1,129,141 (USD40,339)	50.18 %	OA 90 days	-	-	(403,764) (USD14,519)	(65.96)%
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchase	633,271 (USD22,530)	47.18 %	OA 90 days	-	-	(394,634) (USD14,190)	(80.02)%
MONOPRICE, INC.	The Company	Subsidiary to parent company	Purchase	218,690 (USD7,788)	8.65 %	OA 60 days	-	-	(280,158) (USD10,074)	(36.79)%

Note 1: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 28.0558.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 27.8100.

Note 3: In preparing the consolidated financial report, the transactions listed above have been eliminated.

Note 4: Related-party transactions on sales and receivables are disclosed in note (13)(a)(x).

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	PRIME WIRE & CABLE, INC.	Parent company to subsidiary	Accounts receivable: 394,634	4.43	-	-	21,615	-
The Company	MONOPRICE INC.	Parent company to subsidiary	Accounts receivable: 280,158	1.93	-	-	-	-
WUXI UNIVERSAL NETWORK CORPORATION	The Company	Subsidiary to parent company	Accounts receivable: 403,764	5.53	-	-	320,847	-

Note 1: The information above shows subsequent collection of accounts receivable – related party as of July 30, 2021.

Note 2: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 28.0558.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 27.8100.

Note 4: In preparing the consolidated financial report, the transactions listed above have been eliminated.

- (ix) Trading in derivative instruments:Please refer to notes (6)(v)

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended June 30, 2021 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PRIME WIRE & CABLE, INC.	1	Sales	633,271	A percentage of gross profit	11%
0	The Company	PRIME WIRE & CABLE, INC.	1	Accounts Receivable	394,634	OA 90 days	4%
0	The Company	MONOPRICE INC.	1	Sales	218,690	A percentage of gross profit	4%
0	The Company	MONOPRICE INC.	1	Accounts Receivable	280,158	OA 60 days	3%
0	The Company	YFC-BONEAGLE INTERNATIONAL INC.	1	Sales	43,347	A percentage of gross profit	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL INC.	1	Accounts Receivable	43,176	OA 90 days	-%
0	The Company	BESTLINK NETWARE INC.	1	Sales	96,107	A percentage of gross profit	2%
0	The Company	BESTLINK NETWARE INC.	1	Accounts Receivable	68,098	OA 120 days	1%
0	The Company	WUXI UNIVERSAL	1	Other Receivables	77,112	Based on collection status	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Other Receivables	47,169	Based on collection status	-%
0	The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	1	Other Receivables	17,242	Based on collection status	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Accounts Receivable	973,350	Based on collection status	10%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	22,128	The Company collecting sales of goods on behalf of the subsidiary	-%
1	EUROPOWER INTERNATIONAL LIMITED	PREMIUM-LINE KSI GMBH	3	Other Receivables	49,802	Based on collection status	1%
1	EUROPOWER INTERNATIONAL LIMITED	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	118,413	Based on collection status	1%
1	EUROPOWER INTERNATIONAL LIMITED	YFC DEVELOPMENT CORPORATION	3	Other Receivable	79,528	Based on collection status	1%
2	DONGGUAN YFC	The Company	2	Sales	374,469	A percentage of gross profit	7%
2	DONGGUAN YFC	The Company	2	Accounts Receivable	50,917	OA 90 days	1%
2	DONGGUAN YFC	WUXI UNIVERSAL	3	Sales	12,167	A percentage of gross profit	-%

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended June 30, 2021 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. C. ORP.	3	Sales	15,750	A percentage of gross profit	-%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. C. ORP.	3	Accounts Receivable	15,564	OA 90 days	-%
3	WUXI UNIVERSAL	The Company	2	Sales	1,129,141	A percentage of gross profit	20%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivable	403,764	OA 90 days	4%
3	WUXI UNIVERSAL	DONGGUAN YFC	3	Sales	31,876	A percentage of gross profit	1%
3	WUXI UNIVERSAL	DONGGUAN YFC	3	Accounts Receivable	27,623	OA 90 days	-%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	15,660	A percentage of gross profit	-%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivable	15,542	OA 90 days	-%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Sales	15,600	A percentage of gross profit	-%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Accounts Receivable	10,083	OA 90 days	-%
4	PRIME WIRE & CABLE, INC.	BESTLINK NETWARE INC.	3	Other Receivable	36,153	Based on collection status	-%
5	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE, INC.	3	Rental Income	11,927	Monthly payment	-%
6	YFC-BONEAGLE HOLDING(CAYMAN) CO., LTD.	The Company	3	Other Receivable	27,810	Based on collection status	-%

Note 1: The numbers are filled in as follows:

1. 0 represents the Company.
2. Investees are sorted in numerical order starting from 1.

Note 2: The nature of the relationship is labelled as follows:

1. represents transactions from the Company to subsidiaries.
2. represents transactions from subsidiaries to the Company.
3. represents transactions between subsidiaries.

Note 3: For business transactions between the Company and its subsidiaries, only the information on sales and accounts receivable are disclosed; the corresponding purchase and accounts payable are not listed.

(Continued)

## YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**(b) Information on investees:**

The following is the information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2021			Net income (losses) of investee	Investment income (loss)	Note
				June 30, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,781,915 (USD54,423)	1,781,915 (USD54,423)	53,906	100.00 %	3,166,254	29,861	37,564	The difference between the subsidiary's profit and loss, and the Company's recognized profit and loss was due to the decreasing in downstream unrealized gain amounting to \$5,712 from subsidiaries in the US and the Philippines and the decreasing in sidestream unrealized gain of \$1,991.
"	BESTLINK NETWARE INC.	USA	Trading business	31,393 (USD1,000)	31,393 (USD1,000)	1,000	100.00 %	27,465	8,517	8,517	
"	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50)	1,496 (USD50)	50	100.00 %	49,767	7,867	7,867	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600)	28,193 (EUR600)	-	100.00 %	(44,369)	(2,746)	(2,746)	
"	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USD32,507)	1,031,853 (USD32,507)	100	100.00 %	1,180,389	6,171	6,171	
"	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,077 (EUR30)	1,077 (EUR30)	-	100.00 %	-	-	-	
"	YUE FONG COMPANY LIMITED	Vietnam	Trading business	5,989 (USD200)	5,989 (USD200)	-	100.00 %	814	(1,423)	(1,423)	Note 1
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Taiwan	Trading business	500	-	50,000	100.00 %	858	358	358	Note 2
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	B.V.I	Holding company set up for investments in China and USA	752,008 (USD22,807)	752,008 (USD22,807)	22,807	100.00 %	1,288,955	70,244	70,244	
"	EUROPOWER INTERNATIONAL LIMITED	Samoa	Trading business	161,778 (USD4,890)	161,778 (USD4,890)	4,890	100.00 %	1,342,860	(22,760)	(22,760)	
"	UNIVERSAL NETWORK CORPORATION	Samoa	Holding company set up for investments in China	646,459 (USD20,000)	646,459 (USD20,000)	20,000	100.00 %	574,379	3,260	3,260	
"	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720)	23,392 (USD720)	720	80.00 %	19,070	(2,084)	(1,667)	
"	PREMIUM LINE ASIA LTD.	Philippines	Trading business	1,472 (USD50)	1,472 (USD50)	50	100.00 %	480	(51)	(51)	
"	YFC-BONEAGLE INTERNATIONAL, INC	Philippines	Trading business	5,840 (USD200)	5,840 (USD200)	220	100.00 %	(26,783)	1,253	1,253	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20)	608 (USD20)	75	100.00 %	(5,091)	(1,770)	(1,770)	
"	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Samoa	Manufacturing and sales of power cable, wires, network equipment and cable	6,170 (USD200)	6,170 (USD200)	200	100.00 %	(12,895)	(18,645)	(18,645)	
"	BESZIN COPORATION INC.	USA	Trading business	3,085 (USD100)	3,085 (USD100)	1,000	100.00 %	12,832	1	1	
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	PRIME WIRE & CABLE, INC.	USA	Sale of electronic calculator software and hardware, network equipment and electronic appliances	511,700 (USD15,500)	511,700 (USD15,500)	15,500	100.00 %	927,113	46,110	46,110	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507)	1,031,853 (USD32,507)	500	100.00 %	1,180,389	6,171	6,171	

Note 1: The Company directly established its new subsidiary, YUE FONG COMPANY LIMITED, in February 2020, with the investment amount having been paid in full.

Note 2: The Company directly established its new subsidiary, YFC-EUROPOWER INTERNATIONAL CO., LTD., in April 2021, with the investment amount having been paid in full.

Note 3: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of June 30, 2021	Accumulated remittance of earnings in current period
					Outflow	Inflow						
DONGGUAN YFC	Manufacturing and sale of power cables, wires, and outlets	241,998 (USD7,387)	( 2 )	240,494 (USD7,007)	-	-	240,494 (USD7,007)	26,649	100.00%	26,649 (1)	335,490	-
WUXI UNIVERSAL	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000)	( 2 )	646,459 (USD20,000)	-	-	646,459 (USD20,000)	4,019	100.00%	4,019 (1)	569,396	-
CHENZHOU YFC	Processing and sale of communication products and internet cables	9,593 (USD300)	( 2 )	9,593 (USD300)	-	-	9,593 (USD300)	(1,949)	100.00%	(1,949) (1)	(2,681)	-
INTERNATIONAL TRADING (WUXI)	Sale of electronic calculator software and hardware, network equipment and electronic appliances	31,032 (USD1,000)	( 2 )	23,381 (USD753)	-	-	23,381 (USD753)	(2,205)	75.60%	(1,667) (1)	23,836	-
I-MARK	Wholesaling business	900,877 (HKD234,228)	( 2 )	167,022 (HKD42,000)	-	-	167,022 (HKD42,000)	-	15.81%	- (2)	(Note 6)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 4)	Upper Limit on Investment (Note 5)
1,084,829 (USD33,643)	1,101,189 (USD34,022)	-

Note 1: The method of investments are as follows:

- (1) Direct investment in subsidiaries in Mainland China.
- (2) Indirect investment through investment holdings companies
- (3) Others

Note 2: The investment gains and losses for the period are:

- (1) recognized based on the Company's financial statements, as reviewed by the CPA
- (2) not recognized as profit or loss, and is instead recognized as financial asset at the fair value of the investment

Note 3: The amount shown is the actual accumulated investment in Mainland China as of June 30, 2021.

Note 4: The amount authorized does not include the reinvestment of earnings of the subsidiary DONGGUAN YFC, which amounted to USD379 thousand.

Note 5: Limitation on investment in Mainland China is calculated as 60% of the net worth of the Company. The Group has acquired the relevant investment approval documents issued by Industrial Development Bureau, Ministry of Economic Affairs on May 8, 2020, and it is applicable from May 7, 2020 to May 6, 2023. Therefore, there is no restriction on the Company's investment in Mainland China.

Note 6: Please refer to note (13)(a)(iii) for details.

Note 7: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(iii) Significant transactions:

Please refer to "Information on significant transaction" for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China during the six months ended June 30, 2021 .

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
GOOD WIN INVESTMENT CO., LTD		6,635,361	5.02 %

(Continued)

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
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**(14) Segment information:**

(a) General information

The major operating segments of the Group are the manufacturing, wholesaling and online retailing segment. The manufacturing segment manufactures different types of cables, power cords, power outlets, and high-speed high-frequency LAN cables. The wholesaling segment engages in the sale products such as cord, cord sets, and network cabling system. The online retailing segment engages in the sale of products through the usage of information and communications technology and the internet.

(b) Profit or loss of reporting segments, assets, liabilities, basis of measurement and reconciliation

The operating segment information and reconciliation were as follows:

	For the three months ended June 30, 2021			
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	Adjustments and elimination
				<u>Total</u>
Revenue:				
Revenue from external customers	\$ 787,383	846,945	1,343,985	-
Inter-segment revenue	<u>1,576,030</u>	<u>19,677</u>	<u>1,937</u>	<u>(1,597,644)</u>
Total revenues	<u><b>\$ 2,363,413</b></u>	<u><b>866,622</b></u>	<u><b>1,345,922</b></u>	<u><b>(1,597,644)</b></u>
<b>Reportable segment profit or loss</b>	<b><u>\$ 74,528</u></b>	<b><u>73,417</u></b>	<b><u>11,560</u></b>	<b><u>(60,492)</u></b>
				<b><u>99,013</u></b>
	For the three months ended June 30, 2020			
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	Adjustments and elimination
				<u>Total</u>
Revenue:				
Revenue from external customers	\$ 1,154,267	445,800	1,254,176	-
Inter-segment revenue	<u>972,526</u>	<u>22,239</u>	<u>3,176</u>	<u>(997,941)</u>
Total revenues	<u><b>\$ 2,126,793</b></u>	<u><b>468,039</b></u>	<u><b>1,257,352</b></u>	<u><b>(997,941)</b></u>
<b>Reportable segment profit or loss</b>	<b><u>\$ 148,619</u></b>	<b><u>13,153</u></b>	<b><u>29,704</u></b>	<b><u>(41,869)</u></b>
				<b><u>149,607</u></b>
	For the six months ended June 30, 2021			
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	Adjustments and elimination
				<u>Total</u>
Revenue:				
Revenue from external customers	\$ 1,498,625	1,503,063	2,628,140	-
Inter-segment revenue	<u>2,626,483</u>	<u>34,573</u>	<u>2,933</u>	<u>(2,663,989)</u>
Total revenues	<u><b>\$ 4,125,108</b></u>	<u><b>1,537,636</b></u>	<u><b>2,631,073</b></u>	<u><b>(2,663,989)</b></u>
<b>Reportable segment profit or loss</b>	<b><u>\$ 65,753</u></b>	<b><u>71,889</u></b>	<b><u>18,310</u></b>	<b><u>(49,933)</u></b>
				<b><u>106,019</u></b>

**YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<u>For the six months ended June 30, 2020</u>			
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>
				<u>Total</u>
Revenue:				
Revenue from external customers	\$ 1,734,368	847,182	2,495,208	-
Inter-segment revenue	<u>1,451,677</u>	<u>47,796</u>	<u>5,055</u>	<u>(1,504,528)</u>
Total revenues	<u><u>\$ 3,186,045</u></u>	<u><u>894,978</u></u>	<u><u>2,500,263</u></u>	<u><u>(1,504,528)</u></u>
Reportable segment profit or loss	<u><u>\$ 138,073</u></u>	<u><u>(27,574)</u></u>	<u><u>68,625</u></u>	<u><u>157,192</u></u>
Reportable segment assets :				
June 30, 2021	<u><u>\$ 10,849,981</u></u>	<u><u>2,480,772</u></u>	<u><u>3,352,872</u></u>	<u><u>(7,003,528)</u></u>
December 31, 2020	<u><u>\$ 9,239,870</u></u>	<u><u>3,498,290</u></u>	<u><u>3,078,374</u></u>	<u><u>(6,781,427)</u></u>
June 30, 2020	<u><u>\$ 10,657,369</u></u>	<u><u>1,967,048</u></u>	<u><u>2,761,166</u></u>	<u><u>(6,505,714)</u></u>
Reportable segment liabilities :				
June 30, 2021	<u><u>\$ 6,119,635</u></u>	<u><u>1,534,836</u></u>	<u><u>2,145,018</u></u>	<u><u>(2,628,815)</u></u>
December 31, 2020	<u><u>\$ 5,728,522</u></u>	<u><u>1,188,803</u></u>	<u><u>1,858,479</u></u>	<u><u>(2,372,418)</u></u>
June 30, 2020	<u><u>\$ 5,931,301</u></u>	<u><u>1,110,525</u></u>	<u><u>1,551,966</u></u>	<u><u>(2,068,476)</u></u>