

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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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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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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 NT\$652,947 thousand and NT\$1,094,881 thousand, constituting 6% and 9% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to NT\$130,514 thousand and NT\$195,269 thousand, constituting 2% and 3% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to NT\$20,414 thousand, NT\$(11,576) thousand, NT\$(25,150) thousand and NT\$(12,823) thousand, constituting 18%, (1)%, (167)% and (1)% of consolidated total comprehensive income (loss), for the three months and nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Fang-Yi Lee and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2023

Notes to Readers

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, September 30 and January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2022						September 30, 2022						September 30, 2022													
	September 30, 2023		December 31, 2022 (Restated)		September 30, 2022 (Restated)		January 1, 2022 (Restated)		September 30, 2023		December 31, 2022 (Restated)		September 30, 2022 (Restated)		January 1, 2022 (Restated)											
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%								
Current assets:																										
1100 Cash and cash equivalents (note 6(a))	\$ 1,305,630	13	2,100,360	21	1,564,512	13	702,518	7	2100 Short-term borrowings (note 6(i))	\$ 2,591,477	26	2,023,640	20	2,434,822	21	2,917,638	28									
1150-70 Notes and accounts receivable (note 6(b))	2,785,095	28	2,132,348	21	3,156,188	27	2,662,901	25	2110 Short-term notes and bills payable (note 6(j))	179,964	2	229,737	2	229,728	2	229,906	2									
1200 Other receivables, net (note 6(c))	20,153	-	29,918	-	19,500	-	21,714	-	2130 Current contract liabilities (note 6(u))	110,149	1	84,422	1	55,637	-	96,291	1									
1220 Current tax assets	99,171	1	81,639	1	108,664	1	78,882	1	2150-70 Notes and accounts payable	1,302,705	13	829,852	8	977,119	8	928,462	9									
130X Inventories (note 6(d))	3,159,287	31	3,120,018	31	4,205,024	36	4,052,841	38	2200 Other payables (note 6(m))	669,131	7	708,542	7	740,752	6	554,721	5									
1410 Prepayments	425,618	4	452,446	4	378,439	3	341,886	3	2230 Current tax liabilities	34,772	-	8,467	-	33,253	-	21,228	-									
1470 Other current assets (note 6(h))	14,136	-	12,657	-	14,005	-	11,764	-	2251 Current provisions for employee benefits	34,215	-	31,123	-	30,270	-	28,044	-									
Total current assets	7,809,090	77	7,929,386	78	9,446,332	80	7,872,506	74	2280 Current lease liabilities (note 6(n))	108,729	1	209,962	2	214,243	2	113,353	1									
Non-current assets:																										
1600 Property, plant and equipment (notes 6(e) and 8)	1,051,266	10	1,053,309	10	1,010,101	9	1,366,954	13	2320 Long-term liabilities, current portion (notes 6(k), (l) and 8)	626,568	6	1,205,792	12	842,001	8	215,377	2									
1755 Right-of-use assets (note 6(f))	334,048	3	422,627	4	464,520	4	477,956	5	2300 Other current liabilities (note 6(o))	5,996	-	4,012	-	5,104	-	5,583	-									
1780 Intangible assets (note 6(g))	555,016	6	422,371	4	517,709	4	428,216	4	Total current liabilities	5,728,805	57	5,395,268	53	5,629,542	48	5,178,466	49									
1840 Deferred tax assets (note 3(a))	369,961	4	300,073	3	268,230	2	318,622	3	Non-Current liabilities:																	
1915 Prepayments for business facilities	119	-	1,409	-	2,077	-	16,223	-	2530 Bonds payable (note 6(l))	-	-	-	-	-	-	128,930	1									
1900 Other non-current assets (notes 6(h) and 8)	46,176	-	71,652	1	69,430	1	66,942	1	2540 Long-term borrowings (notes 6(k) and 8)	557,336	6	394,992	4	1,085,807	9	2,153,868	20									
Total non-current assets	2,356,586	23	2,271,441	22	2,332,067	20	2,674,913	26	2570 Deferred tax liabilities (note 3(a))	131,568	1	152,526	1	161,237	1	147,650	1									
Total assets																										
	\$ 10,165,676	100	10,200,827	100	11,778,399	100	10,547,419	100	2580 Non-current lease liabilities (note 6(n))	248,835	2	352,398	3	413,620	4	381,288	4									
									2600 Other non-current liabilities (note 6(o))	6,952	-	10,470	-	9,799	-	20,519	-									
									Total non-current liabilities	944,691	9	910,386	8	1,670,463	14	2,832,255	26									
									Total liabilities	6,673,496	66	6,305,654	61	7,300,005	62	8,010,721	75									
Equity attributable to owners of parent (note 6(l), (r) and (s)):																										
3110 Ordinary shares	1,448,682	14	1,438,682	14	1,394,724	12	1,319,723	13	Equity attributable to owners of parent (note 6(l), (r) and (s)):																	
3130 Bond conversion entitlement certificates	-	-	3,169	-	43,958	-	-	-	3110 Ordinary shares	1,448,682	14	1,441,851	14	1,438,682	12	1,319,723	13									
									3130 Bond conversion entitlement certificates	-	-	3,169	-	43,958	-	-	-									
									Subtotal	1,448,682	14	1,441,851	14	1,438,682	12	1,319,723	13									
3200 Capital surplus	958,774	9	949,023	9	944,569	8	807,149	8	3200 Capital surplus	958,774	9	949,023	9	944,569	8	807,149	8									
3300 Retained earnings	1,015,649	10	1,609,221	17	2,027,620	17	819,550	8	3300 Retained earnings	1,015,649	10	1,609,221	17	2,027,620	17	819,550	8									
3400 Other equity interest	63,809	1	(110,053)	(1)	62,252	1	(414,386)	(4)	3400 Other equity interest	63,809	1	(110,053)	(1)	62,252	1	(414,386)	(4)									
									Total equity attributable to owners of parent	3,486,914	34	3,890,042	39	4,473,123	38	2,532,036	25									
36XX Non-controlling interests	5,266	-	5,131	-	5,271	-	4,662	-	36XX Non-controlling interests	5,266	-	5,131	-	5,271	-	4,662	-									
									Total equity	3,492,180	34	3,895,173	39	4,478,394	38	2,536,698	25									
									Total liabilities and equity	\$ 10,165,676	100	10,200,827	100	11,778,399	100	10,547,419	100									

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4110	Operating revenue (note 6(u))		\$ 2,657,305	100	3,172,311	100	7,352,655	100
5110	Operating costs (note 6(d), (n), (p), (v) and 12):		2,074,934	78	2,592,864	82	5,743,018	78
5900	Gross profit from operations		582,371	22	579,447	18	1,609,637	22
	Operating expenses (note 6(b), (n), (p), (s), (v), 7 and 12):							
6100	Selling expenses		401,530	15	534,561	17	1,318,173	18
6200	Administrative expenses		170,894	6	235,119	7	471,866	6
6300	Research and development expenses		14,202	1	15,048	-	37,030	1
6450	Expected credit loss (gain)		2,708	-	19,339	1	28,228	-
6000	Total operating expenses		589,334	22	804,067	25	1,855,297	25
6900	Operating loss		(6,963)	-	(224,620)	(7)	(245,660)	(3)
	Non-operating income and expenses (notes 6(l), (n) and (w)):							
7010	Other income		796	-	4,808	-	9,284	-
7020	Other gains and losses, net		(35,768)	(1)	2,015,881	64	93,467	1
7100	Interest income		4,794	-	2,153	-	22,460	-
7050	Finance costs, net		(33,039)	(1)	(47,750)	(2)	(118,170)	(1)
7000	Total non-operating income and expenses		(63,217)	(2)	1,975,092	62	7,041	-
7900	Loss from continuing operations before tax		(70,180)	(2)	1,750,472	55	(238,619)	(3)
7950	Less: Income tax (income) expenses (note 6(q))		(31,804)	(1)	594,939	19	(79,787)	(1)
	Profit (loss)		(38,376)	(1)	1,155,533	36	(158,832)	(2)
8300	Other comprehensive income:							
8360	Items that may be reclassified subsequently to profit or loss (notes 6(q) and (r))							
8361	Exchange differences on translation of foreign operation		189,115	6	335,821	11	217,328	3
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss		37,823	1	67,164	2	43,466	1
	Total items that may be reclassified subsequently to profit or loss		151,292	5	268,657	9	173,862	2
8300	Other comprehensive income		151,292	5	268,657	9	173,862	2
8500	Total comprehensive income (loss)		\$ 112,916	4	1,424,190	45	15,030	-
	Profit (loss) attributable to:							
8610	Profit (loss) attributable to owners of parent		\$ (38,419)	(1)	1,155,231	36	(158,967)	(2)
8620	Profit attributable to non-controlling interests		43	-	302	-	135	-
8600	Net profit (loss)		\$ (38,376)	(1)	1,155,533	36	(158,832)	(2)
	Comprehensive income attributable to:							
8710	Comprehensive income (loss) attributable to owners of parent		\$ 112,873	4	1,423,888	45	14,895	-
8720	Comprehensive income attributable to non-controlling interests		43	-	302	-	135	-
8700	Comprehensive income (loss)		\$ 112,916	4	1,424,190	45	15,030	-
	Earnings (loss) per share (in NT dollars) (note 6(t))							
9750	Basic earnings (loss) per share		\$ (0.27)		8.30		(1.10)	9.11
9850	Diluted earnings (loss) per share		\$ (0.27)		8.10		(1.10)	8.66

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Total equity Non-controlling interests	
	Share capital				Retained earnings				Total other equity interest				
	Ordinary shares	Bond conversion entitlement certificates	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropri- ated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non- controlling interests		
Balance at January 1, 2022	\$ 1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036	4,662	2,536,698	
Profit (loss)	-	-	-	-	-	-	1,225,070	1,225,070	-	1,225,070	609	1,225,679	
Other comprehensive income	-	-	-	-	-	-	-	-	476,638	476,638	-	476,638	
Total comprehensive income	-	-	-	-	-	-	1,225,070	1,225,070	476,638	1,701,708	609	1,702,317	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	10,262	-	(10,262)	-	-	-	-	-	
Special reserve appropriated	-	-	-	-	75,168	(75,168)	-	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	-	-	(17,000)	(17,000)	-	(17,000)	-	(17,000)	
Cash capital increase	75,000	-	75,000	72,500	-	-	-	-	-	147,500	-	147,500	
Share-based transactions	-	-	-	2,604	-	-	-	-	-	2,604	-	2,604	
Conversion of convertible bonds	-	43,959	43,959	62,316	-	-	-	-	-	106,275	-	106,275	
Balance at September 30, 2022	\$ 1,394,723	43,959	1,438,682	944,569	233,580	414,386	1,379,654	2,027,620	62,252	4,473,123	5,271	4,478,394	
Balance at January 1, 2023	\$ 1,438,682	3,169	1,441,851	949,023	233,580	414,386	961,255	1,609,221	(110,053)	3,890,042	5,131	3,895,173	
Profit (loss)	-	-	-	-	-	-	(158,967)	(158,967)	-	(158,967)	135	(158,832)	
Other comprehensive income	-	-	-	-	-	-	-	-	173,862	173,862	-	173,862	
Total comprehensive income	-	-	-	-	-	-	(158,967)	(158,967)	173,862	14,895	135	15,030	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	80,667	-	(80,667)	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	-	-	(434,605)	(434,605)	-	(434,605)	-	(434,605)	
Conversion of convertible bonds	-	6,831	6,831	9,751	-	-	-	-	-	16,582	-	16,582	
Conversion of certificates of bonds conversion entitlement	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-	
Balance at September 30, 2023	\$ 1,448,682	-	1,448,682	958,774	314,247	414,386	287,016	1,015,649	63,809	3,486,914	5,266	3,492,180	

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (238,619)	1,838,477
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	156,340	174,296
Amortization expense	31,903	31,235
Expected credit loss	28,228	28,456
Interest expense	118,170	117,641
Interest income	(22,460)	(2,506)
Share-based payments transactions	-	2,604
Gain on disposal of property, plant and equipment	(914)	(1,993,630)
Unrealized foreign exchange loss (gain)	(19,814)	(10,380)
Gain on disposal of lease-back right-of-use-assets and lease liabilities	(97,895)	-
Total adjustments to reconcile profit	<u>193,558</u>	<u>(1,652,284)</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(557,334)	(59,991)
Other receivables	10,009	2,453
Inventories	84,047	298,472
Prepayments	42,125	(10,230)
Other current assets and right to the return goods	(838)	(1,014)
Total changes in operating assets	<u>(421,991)</u>	<u>229,690</u>
Notes and accounts payable	429,939	(213,125)
Other payables	(48,271)	123,910
Refund liabilities and provisions for employee benefits	3,838	(11,533)
Other current liabilities and contract liabilities	23,756	(48,743)
Other non-current liabilities	(1,513)	(325)
Total changes in operating liabilities	<u>407,749</u>	<u>(149,816)</u>
Total changes in operating assets and liabilities	<u>(14,242)</u>	<u>79,874</u>
Total adjustments	<u>179,316</u>	<u>(1,572,410)</u>
Cash (out flow) inflow generated from operations	(59,303)	266,067
Interest received	22,455	2,506
Interest paid	(114,709)	(116,397)
Income taxes paid	(31,049)	(46,667)
Net cash flows (used in) from operating activities	<u>(182,606)</u>	<u>105,509</u>

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(77,716)	(98,710)
Proceeds from disposal of property, plant and equipment	14,546	2,601,603
Tax payment from disposal of property, plant and equipment	-	(613,973)
Acquisition of intangible assets	(138,807)	(56,039)
Decrease in other financial assets and non-current assets	27,004	(4,813)
Increase in prepayments for business facilities	<u>(157)</u>	<u>(1,074)</u>
Net cash flows (used in) investing activities	<u>(175,130)</u>	<u>1,826,994</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,657,877	3,958,820
Decrease in short-term loans	(2,126,811)	(4,499,131)
(Decrease) increase in short-term notes and bills payable	(49,773)	(178)
Repayments of convertible bonds	(100)	-
Proceeds from long-term debt	660,000	398,504
Repayments of long-term debt	(1,086,011)	(1,045,693)
Payment of lease liabilities	(107,992)	(110,700)
(Decrease) increase in other non-current liabilities	(2,121)	(10,979)
Cash dividends paid	(434,605)	(17,000)
Proceed from cash capital increase	<u>-</u>	<u>147,500</u>
Net cash flows (used in) from financing activities	<u>(489,536)</u>	<u>(1,178,857)</u>
Effect of exchange rate changes on cash and cash equivalents	52,542	108,348
Net (decrease) increase in cash and cash equivalents	<u>(794,730)</u>	<u>861,994</u>
Cash and cash equivalents at beginning of period	<u>2,100,360</u>	<u>702,518</u>
Cash and cash equivalents at end of period	<u>\$ 1,305,630</u>	<u>1,564,512</u>

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars Except for Earnings (Loss) 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 nine months ended September 30, 2023 and 2022 were authorized for issue by the board of directors on November 10, 2023.

(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 details of impact on the Group’s adoption of the new amendments beginning January 1, 2023 are as follows :

(i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that they no longer apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to equally recognize its deferred income tax assets and deferred income tax liabilities. The application of the amendments resulted in both deferred tax assets and deferred tax liabilities to increase by \$105,216, \$110,880 and \$100,225 on January 1, September 30 and December 31, 2022, respectively. Consequently, there were no impacts on the retain earnings, consolidated statement of comprehensive income, changes in equity, and cash flows, for the nine months ended September 30, 2022.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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In addition, if the Group had applied its previous accounting policy, both deferred tax assets and deferred tax liabilities would have decreased by \$79,708 on September 30, 2023. There is no impact on the consolidated statements of comprehensive income, changes in equity and cash flows in the said period.

(ii) Other amendments

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from January 1, 2023 :

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023 :

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(4) Summary of material 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 material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
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
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Trading business	100 %	100 %	100 %	
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	B.V.I.	Name of subsidiary	Principal activity	Shareholding			Note
				September 30, 2023	December 31, 2022	September 30, 2022	
		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 3
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 %	Note 1 and Note 2
UNIVERSAL		WUXI UNIVERSAL NETWORK CORPORATION (WUXI)	Manufacturing and sale of high-speed high-frequency LAN cables	100 %	100 %	100 %	

Note 1: Classified as immaterial subsidiaries, wherein their financial statements for the nine months ended September 30, 2023 and 2022 were not reviewed by a certificate public accountant.

Note 2: Since CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD., an immaterial subsidiary, has completed its milestones, the Group had decided in the end of 2022 to liquidate the above subsidiary in June 2023.

Note 3: Although the subsidiary is currently an immaterial subsidiary, its manufacturing function is gradually increasing, resulting in the Group to consider it as one of its important subsidiaries. Therefore, the subsidiary's financial statements, which were not reviewed by a certificate public accountant for the nine months ended September 30, 2022, were reviewed in the nine months ended September 30, 2023.

(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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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.

(Continued)

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

(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.

(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, 2022. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no material difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note (6) of the 2022 annual consolidated financial statements for related information.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,693	1,435	1,685
Demand deposits	1,144,358	2,026,072	1,412,522
Check deposits	159,130	72,369	149,814
Time deposits	449	484	491
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 1,305,630</u>	<u>2,100,360</u>	<u>1,564,512</u>

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

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Notes to Consolidated Financial Statements

(b) Notes and accounts receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable from operating activities	\$ 49,990	40,016	28,798
Accounts receivable - measured as amortized cost	2,820,524	2,146,445	3,201,683
Less: Loss allowance	<u>(85,419)</u>	<u>(54,113)</u>	<u>(74,293)</u>
Net	<u>\$ 2,785,095</u>	<u>2,132,348</u>	<u>3,156,188</u>

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 was determined as follows:

	September 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
	\$		
Current	2,124,730	0%	692
Past due 1 to 30 days	258,632	0.7%	1,682
Past due 31 to 120 days	379,520	6.1%	23,070
Past due 121 to 180 days	27,094	20.6%	5,586
Past due 181 to 360 days	53,543	51.2%	27,394
Past due more than 360 days	<u>26,995</u>	100%	<u>26,995</u>
Total	<u>\$ 2,870,514</u>		<u>85,419</u>

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
	\$		
Current	1,611,316	0.1%	2,223
Past due 1 to 30 days	154,900	0.4%	689
Past due 31 to 120 days	361,060	6.3%	22,756
Past due 121 to 180 days	30,448	23.9%	7,284
Past due 181 to 360 days	14,422	47.5%	6,846
Past due more than 360 days	<u>14,315</u>	100%	<u>14,315</u>
Total	<u>\$ 2,186,461</u>		<u>54,113</u>

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

	September 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	2,396,709	0.1%	2,692
Past due 1 to 30 days	486,564	0.2%	885
Past due 31 to 120 days	279,333	8.0%	22,315
Past due 121 to 180 days	13,692	37.8%	5,177
Past due 181 to 360 days	44,654	75.5%	33,695
Past due more than 360 days	9,529	100%	9,529
Total	\$ 3,230,481		74,293

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

	For the nine months ended	
	September 30	2023
Balance at January 1, 2023 and 2022	\$ 54,113	39,015
Expect credit loss	28,228	28,456
Amounts written off	(586)	(95)
Foreign exchange (gain) loss	3,664	6,917
Balance at September 30, 2023 and 2022	\$ 85,419	74,293

The Group did not pledged its notes and account receivable as collaterals for its loans.

(c) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Value-added tax returned by export trade	\$ 6,389	7,666	6,957
Other	13,764	22,252	12,543
Less: Loss allowance	-	-	-
Net	\$ 20,153	29,918	19,500

As of September 30, 2023 and 2022, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

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

(d) Inventory

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise inventory (including goods in transit)	\$ 2,683,634	2,771,683	3,751,618
Finished goods	205,878	150,769	219,213
Work in progress	111,270	42,103	99,018
Raw materials	146,542	145,325	125,473
Supplies	11,963	10,138	9,702
Total	\$ 3,159,287	3,120,018	4,205,024

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Inventory valuation and obsolescence (gains) losses	\$ (38,217)	134,289	(83,535)	177,771
Revenue from sale of scraps	(7,538)	(8,659)	(20,783)	(28,784)
Total	\$ (45,755)	125,630	\$ (104,318)	148,987

The significant increase in sales of net realizable value of slow-moving inventory resulted in the reversals of write-downs to be recognized as gain for the three months and nine months ended September 30, 2023.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(e) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Total</u>
Costs or deemed cost:					
Balance at January 1, 2023	\$ 296,000	570,491	1,007,802	525,507	2,399,800
Additions	-	3,616	42,463	15,376	61,455
Disposals	-	-	34,706	(34,706)	-
Reclassification	-	(64)	(32,745)	(51,891)	(84,700)
Effect of changes in foreign exchange rate	3,302	8,797	19,129	20,280	51,508
Balance at September 30, 2023	<u>\$ 299,302</u>	<u>582,840</u>	<u>1,071,355</u>	<u>474,566</u>	<u>2,428,063</u>
Balance at January 1, 2022	\$ 284,773	953,071	1,133,114	418,015	2,788,973
Additions	-	80,805	22,042	24,270	127,117
Reclassification	242,358	(242,358)	-	-	-
Disposals	(242,358)	(256,261)	(54,823)	(8,134)	(561,576)
Effect of changes in foreign exchange rate	(119)	41,297	42,131	40,935	124,244
Balance at September 30, 2022	<u>\$ 284,654</u>	<u>576,554</u>	<u>1,142,464</u>	<u>475,086</u>	<u>2,478,758</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2023	\$ -	293,039	761,100	292,352	1,346,491
Depreciation for the period	-	16,311	29,862	25,197	71,370
Disposals	-	(64)	(29,260)	(41,744)	(71,068)
Effect of changes in foreign exchange rate	-	4,493	13,820	11,691	30,004
Balance at September 30, 2023	<u>\$ -</u>	<u>313,779</u>	<u>775,522</u>	<u>287,496</u>	<u>1,376,797</u>
Balance at January 1, 2022	\$ -	321,214	843,961	256,844	1,422,019
Depreciation for the period	-	15,160	37,987	23,993	77,140
Disposals	-	(55,167)	(38,061)	(6,677)	(99,905)
Effect of changes in foreign exchange rate	-	9,249	32,864	27,290	69,403
Balance at September 30, 2022	<u>\$ -</u>	<u>290,456</u>	<u>876,751</u>	<u>301,450</u>	<u>1,468,657</u>
Carrying value:					
Balance at January 1, 2023	\$ 296,000	277,452	246,702	233,155	1,053,309
Balance at September 30, 2023	<u>\$ 299,302</u>	<u>269,061</u>	<u>295,833</u>	<u>187,070</u>	<u>1,051,266</u>
Balance at January 1, 2022	\$ 284,773	631,857	289,153	161,171	1,366,954
Balance at September 30, 2022	<u>\$ 284,654</u>	<u>286,098</u>	<u>265,713</u>	<u>173,636</u>	<u>1,010,101</u>

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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In order to meet its operational needs, the Group built a warehouse and an office inside its Wuxi factory in mainland China, at the amount of \$80,805 thousand, for the nine months ended September 30,2022.

In order to enrich the Group's working capital the Group sold its warehouse in Cerritos, California, United States, which is fully owned by its subsidiary, USC INVESTMENT & DEVELOPMENT INC., to an external third party based on a resolution approved during the board of director' meeting held on May 9, 2022. The contract signing date for the sale of the real estate was May 11, 2022 with the date of ownership transferred on July 7, 2022. Please refer to note 13(a)(vi) of the 2022 annual consolidated financial statements for related information and fair value. The Group subsequently agreed with the seller to lease back the warehouse for 18 months after the completion of the deed transfer for its operational use and to facilitate the relocation of its warehouse thereafter. The sales portion of the above transaction was recognized as gain from disposal. Furthermore, the parts of the leaseback amounting to \$30,042 and \$176,344 thousand were accounted for as right-of-use asset and lease liability, respectively, with the difference of unrealized sales gain amounting to \$146,302 thousand. However, the Group terminated the above lease-back agreement and disposed the related right-of-use-assets and lease liabilities in April 2023. Please refer to note(6)(f).

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:

	Land	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2023	\$ 15,468	775,097	12,353	802,918
Additions	-	39,637	848	40,485
Write-off	-	(112,211)	-	(112,211)
Effect of changes in foreign exchange rate	300	13,085	57	13,442
Balance at September 30, 2023	\$ 15,768	715,608	13,258	744,634
Balance at January 1, 2022	\$ 15,227	675,107	12,311	702,645
Additions	-	178,658	-	178,658
Unrealized gain of the sale-leaseback	-	(146,302)	-	(146,302)
Write-off	-	(813)	-	(813)
Effect of changes in foreign exchange rate	461	77,687	57	78,205
Balance at September 30, 2022	\$ 15,688	784,337	12,368	812,393

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 4,439	368,949	6,903	380,291
Depreciation for the period	232	81,970	2,768	84,970
Write-off	-	(54,694)	-	(54,694)
Effect of changes in foreign exchange rate	91	(97)	25	19
Balance at September 30, 2023	<u>\$ 4,762</u>	<u>396,128</u>	<u>9,696</u>	<u>410,586</u>
Balance at January 1, 2022	\$ 4,065	217,433	3,191	224,689
Depreciation for the period	233	94,122	2,801	97,156
Write-off	-	(813)	-	(813)
Effect of changes in foreign exchange rate	125	26,680	36	26,841
Balance at September 30, 2022	<u>\$ 4,423</u>	<u>337,422</u>	<u>6,028</u>	<u>347,873</u>
Carrying value:				
Balance at January 1, 2023	<u>\$ 11,029</u>	<u>406,148</u>	<u>5,450</u>	<u>422,627</u>
Balance at September 30, 2023	<u>\$ 11,006</u>	<u>319,480</u>	<u>3,562</u>	<u>334,048</u>
Balance at January 1, 2022	<u>\$ 11,162</u>	<u>457,674</u>	<u>9,120</u>	<u>477,956</u>
Balance at September 30, 2022	<u>\$ 11,265</u>	<u>446,915</u>	<u>6,340</u>	<u>464,520</u>

In order to seek the most effective solution in dealing with the current trading situation between China and the United States, and to comply with the adjustments made to the Group's business strategies, the Group acquired its right-of-use assets in the United States and Taiwan, at a building cost of \$32,356 (minus unrealized gain of the sale-leaseback).

The warehouse that was leased back by UNC, was leased to the subsidiaries, PRIME WIRE and BESTLINK. However, after March 31, 2023, both subsidiaries decided to discontinue to lease of the above warehouse. Instead, they leased the other warehouse in Western California of the another subsidiary, MONOPRICE, resulting in the Group to write-off the related lease-back right-of-use-assets amounting to \$57,517 and lease liabilities amounting to \$155,412, recognizing the gain on disposal of \$97,895. Please refer to note 6(w) for detail.

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

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

(g) Intangible assets

The costs and amortization of intangible assets of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	<u>Goodwill</u>	<u>Trademark</u>	<u>Patent and customer relationships</u>	<u>Computer software and development cost</u>	<u>Total</u>
Costs or deemed cost:					
Balance at January 1, 2023	\$ 316,381	99,362	84,606	355,539	855,888
External acquisition	-	-	-	138,807	138,807
Effect of changes in foreign exchange rate	16,098	5,053	4,160	25,917	51,228
Balance at September 30, 2023	<u>\$ 332,479</u>	<u>104,415</u>	<u>88,766</u>	<u>520,263</u>	<u>1,045,923</u>
Balance at January 1, 2022	\$ 285,108	89,543	76,554	238,754	689,959
External acquisition	-	-	-	56,039	56,039
Effect of changes in foreign exchange rate	42,005	13,188	10,646	45,807	111,646
Balance at September 30, 2022	<u>\$ 327,113</u>	<u>102,731</u>	<u>87,200</u>	<u>340,600</u>	<u>857,644</u>
Accumulated amortization and impairment:					
Balance at January 1, 2023	\$ 107,351	7,145	84,606	234,415	433,517
Amortization for the period	-	-	-	31,903	31,903
Effect of changes in foreign exchange rate	5,462	363	4,160	15,502	25,487
Balance at September 30, 2023	<u>\$ 112,813</u>	<u>7,508</u>	<u>88,766</u>	<u>281,820</u>	<u>490,907</u>
Balance at January 1, 2022	\$ -	6,441	73,386	181,916	261,743
Amortization for the period	-	-	3,472	27,763	31,235
Effect of changes in foreign exchange rate	-	945	10,342	35,670	46,957
Balance at September 30, 2022	<u>\$ -</u>	<u>7,386</u>	<u>87,200</u>	<u>245,349</u>	<u>339,935</u>
Carrying value:					
Balance at January 1, 2023	<u>\$ 209,030</u>	<u>92,217</u>	<u>-</u>	<u>121,124</u>	<u>422,371</u>
Balance at September 30, 2023	<u>\$ 219,666</u>	<u>96,907</u>	<u>-</u>	<u>238,443</u>	<u>555,016</u>
Balance at January 1, 2022	<u>\$ 285,108</u>	<u>83,102</u>	<u>3,168</u>	<u>56,838</u>	<u>428,216</u>
Balance at September 30, 2022	<u>\$ 327,113</u>	<u>95,345</u>	<u>-</u>	<u>95,251</u>	<u>517,709</u>

The amortizations of intangible assets please refer to note (12). For other information, please refer to note (6)(h) of the consolidated financial statements for the year ended December 31, 2022.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(h) Other current asset and other non-current assets

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

	September 30, 2023	December 31, 2022	September 30, 2022
Other current assets:			
Temporary payments	\$ 7,870	6,694	7,840
Right to the return goods-current	<u>6,266</u>	<u>5,963</u>	<u>6,165</u>
Subtotal	<u>14,136</u>	<u>12,657</u>	<u>14,005</u>
Other non-current assets:			
Other non-current financial assets	6,503	6,063	6,226
Guarantee deposits paid	33,036	58,858	58,067
Net defined benefit assets	5,561	5,561	2,530
Other	<u>1,076</u>	<u>1,170</u>	<u>2,607</u>
Subtotal	<u>46,176</u>	<u>71,652</u>	<u>69,430</u>
Total	<u><u>\$ 60,312</u></u>	<u><u>84,309</u></u>	<u><u>83,435</u></u>

(i) Temporary payments

Temporary payments are mainly payments made on behalf of others.

(ii) Other non-current financial assets

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

(iii) Guarantee deposits paid

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

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(i) Short-term borrowings

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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	\$ 2,591,477	2,005,324	2,434,822
Unsecured non-financial institution loans	-	18,316	-
Total	\$ 2,591,477	2,023,640	2,434,822
Unused short-term and long-term credit lines	\$ 2,082,771	2,338,347	2,560,367
Interest rates	<u>1.79~7.25%</u>	<u>1.81~6.30%</u>	<u>0.98~5.31%</u>

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable	\$ 180,000	230,000	230,000
Less: discount on commercial paper payable	(36)	(263)	(272)
Total	\$ 179,964	229,737	229,728
Interest rates	<u>2.26~2.37%</u>	<u>2.04~2.21%</u>	<u>1.57~1.72%</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	\$ 1,051,261	1,403,365	1,701,586
Secured bank loans	132,643	142,124	145,445
Secured non-financial institution loans	-	38,633	56,534
Subtotal	1,183,904	1,584,122	1,903,565
Less: current portion	(626,568)	(1,189,130)	(817,758)
Non-current portion	\$ 557,336	394,992	1,085,807
Interest rates	<u>2.06~8.25%</u>	<u>1.94~7.25%</u>	<u>1.81~6.00%</u>

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

(i) Collateral for long-term borrowings

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

(ii) Low-interest loan from government

For information on low-interest loan from government, please refer to note(6)(m) of the consolidated financial statements for the year ended December 31, 2022. For information on government grants income, please refer to note(6)(o).

(l) Bonds payable

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

	September 30, 2023	December 31, 2022	September 30, 2022
Convertible bonds issued	\$ 400,000	400,000	400,000
Less: Unamortized discount on convertible bonds	- (338)	(338)	(157)
Accumulated converted and redeemed amount	(400,000) -	(383,000) 16,662	(375,600) 24,243
Less: Current portion	- (16,662)	(16,662)	(24,243)
Non-current portion	\$ -	- -	- -
Equity component – conversion options (included in “Capital surplus – stock options”)	\$ - 2,026	2,026	2,356
	For the three months ended September 30	For the nine months ended September 30	
	2023	2022	2023
Interest expense	\$ -	506	20 1,588

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

Period	Type	Issuance Period	Total Amount (in thousands dollars)	Coupon Rate	Effective Rate	Conversion Price (in dollar)
Period 9	Unsecured convertible bonds payable	2020.02~2023.02	400,000	0 %	1.67 %	24.3

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.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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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 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 18, 2021, the adjusted conversion price had further decreased to \$24.6 per share due to the events of ex-rights. Beginning August 25, 2022, the adjusted conversion price had further decreased to \$24.3 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

Except for the matter mentioned above, a resolution had been made during the board meeting held in November 2022 for the operational need of the Company, with the approval of the Financial Supervisory Commission with letters No.1110364563, and the Company revoked its decision concerning the issuance of its 10th domestic unsecured convertible corporate bonds, which was decided during its board meeting held on April 26, 2022 and approved by the Financial Supervisory Commission with letters No.11103425361.

(iv) Conversion of bonds

In the period of January to March, 2023, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 166 bonds, with the carrying amount of \$16,582, resulting in the capital surplus to increase by \$9,751, and the ordinary shares to be converted at the amount of \$6,381.

In the period of July to September, 2022, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 1,070 bonds, with the carrying amount of \$106,275, resulting in the capital surplus to increase by \$62,316, and the ordinary shares to be converted at the amount of \$43,959.

(v) Repurchase of bonds

There was no repurchase of bond payable for the nine months ended September 30, 2023 and 2022.

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

(vi) Redeem of due bonds

The Company's ninth domestic unsecured convertible bonds had matured on February 28, 2023, with maturity repayment amounting to \$100. On February 2023, 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 nine months ended September 30, 2023, and 2022.

(m) Other payables and refund liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	\$ 69,437	85,065	63,268
Compensation and bonus due to employees	71,969	52,181	81,871
Compensation due to directors	-	34,787	18,664
Interest payable	8,050	4,609	3,917
Processing fee payable	7,473	8,056	10,361
Payable on machinery and equipment	6,139	11,572	17,771
Freight payable	77,683	80,578	84,293
VAT and sales tax payable	252,332	219,392	202,436
Other accrued expenses	<u>176,048</u>	<u>212,302</u>	<u>258,171</u>
Other payables	<u>\$ 669,131</u>	<u>708,542</u>	<u>740,752</u>
Refund liabilities	<u>\$ 65,099</u>	<u>59,719</u>	<u>66,613</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.

(n) Lease liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 108,729</u>	<u>209,962</u>	<u>214,243</u>
Non-current	<u>\$ 248,835</u>	<u>352,398</u>	<u>413,620</u>

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

For the nine months ended September 30, 2023 and 2022, the Group recognized its lease liabilities amounting to \$40,485 and \$178,658, (include the unrealized gain of the sale-leaseback \$146,302), with an interest rate of 1.16~6.80% and 1.50%~5.00%, respectively.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 2,485	4,749	9,500	11,967
Variable lease payments not included in the measurement of lease liabilities	\$ 6,630	908	19,207	6,013
Expenses relating to short-term leases	\$ 1,942	2,695	5,690	7,960
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	\$ -	39	-	117

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

	For the nine months ended	
	September 30	
	2023	2022
Total cash outflow for leases	\$ 142,389	136,757

(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.

(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.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(o) Deferred income

	September 30, 2023	December 31, 2022	September 30, 2022
Deferred income-government grants	\$ 6,143	\$ 6,143	\$ 5,824
Current (recognized under other current liabilities)	\$ 1,536	1,536	2,501
Non-current (recognized under other non-current liabilities)	2,732	4,607	3,323
Total	\$ 4,268	\$ 6,143	\$ 5,824

For the nine months ended September 30, 2023 and 2022, the other income reclassified from deferred income amounted to \$1,875 and \$1,869, respectively, please refer to note(6)(w).

(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, 2022 and 2021.

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ -	-	-	-
Selling expenses	-	-	-	-
Administrative expenses	-	15	2	46
Research and development expenses	-	-	-	-
Total	\$ -	15	2	46

(ii) Defined contribution plans

The Company's pension expenses under the defined contribution method amounted to \$3,177 and \$3,561 for the nine months ended September 30, 2023 and 2022, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to \$18,280 and \$22,168 for the nine months ended September 30, 2023 and 2022, respectively.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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Pension expenses recognized by the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 1,449	2,612	4,434	8,437
Selling expenses	4,162	3,912	13,029	12,859
Administrative expenses	887	1,069	2,624	3,139
Research and development expenses	467	377	1,370	1,294
Total	\$ 6,965	7,970	21,457	25,729

(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.

(i) Income tax expense

The components of income tax expense (income) for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current tax expense (income)				
Current period	\$ 3,244	589,194	\$ 37,850	605,080
Adjustments for prior periods	(2,878)	5,247	2,750	5,603
Subtotal	<u>366</u>	<u>594,441</u>	<u>40,600</u>	<u>610,683</u>
Deferred tax (income) expense				
Origination and reversal of temporary differences	(32,170)	498	(120,387)	2,115
Subtotal	<u>(32,170)</u>	<u>498</u>	<u>(120,387)</u>	<u>2,115</u>
Income tax expense (income)	\$ (31,804)	594,939	\$ (79,787)	612,798

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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The amounts of income tax expense (income) recognized in other comprehensive income for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended		For the nine months ended	
	September 30	September 30	September 30	September 30
	2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	\$ <u>37,823</u>	<u>67,164</u>	<u>\$ 43,466</u>	<u>119,159</u>

(ii) Examination and approval

The Company's income tax returns for all years through 2021, have been examined by the R.O.C. income tax authorities.

The Group's overseas subsidiaries' income tax returns for all years through 2022 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 nine months ended September 30, 2023 and 2022. For related information, please refer to note (6)(s) of the consolidated financial statements for the year ended December 31, 2022.

(i) Issuance of common stock

The Group converted its bonds by issuing 1,000 thousand shares of common stocks amounting to \$10,000 for the nine months ended September 30, 2023. The related registration procedures had already been completed in April, 2023.

The Group increased its capital by cash through issuing 7,500 thousand shares of common stock at the actual issuance price of NTD20 per share, amounting to \$15,000, minus the amount of \$2,500 of brokerage underwriting fee, totaling \$147,500; with the base date of cash capital increase set on August 25, 2022, based on the resolution decided during the board of directors' meeting held on April 26, 2022. The above transaction was approved by the financial Supervisory Commission with Letter No.110342536 on May 24, 2022. All related registration procedures had been completed in September 2022.

The Group converted its bonds by issuing 4,396 thousand shares of common stocks amounting to \$43,959. The related registration procedures had already been completed in November, 2022.

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Changes in the numbers of outstanding shares for the nine months ended September 30, 2023 and 2022, were as follows:

	Common Shares (in thousand shares)	
	For the nine months ended September 30	
	2023	2022
Beginning balance at January 1	144,185	131,972
Cash capital increase	-	7,500
Conversion of convertible bonds	683	4,396
Ending balance at September 30	144,868	143,868

(ii) Capital surplus

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

	September 30, 2023	December 31, 2022	September 30, 2022
Premium of issuance	\$ 906,697	896,237	891,453
Transaction of treasury stock	19,741	19,741	19,741
Difference between consideration and carrying amount of shares	334	334	334
Stock options of convertible bonds issued	-	2,026	2,356
Expired employee stock options	32,002	30,685	30,685
Total	\$ 958,774	949,023	944,569

Premium of issuance, 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 recognized as premium issuance when the bonds converted, and recognized as expired stock options when the repayment of bonds is due. 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 shareholders' meeting held on June 20, 2023, the resolution for the distribution of earnings from the year 2022 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$803,702 for the year 2022, plus, actuarial gain of \$2,969 and the beginning balance of unappropriated earnings of \$154,584, less the required legal reserve of \$80,667, which amounted to \$880,588. The cash dividends, that were expected to finish to distribution in August 2023 amounted to \$434,605, with a par value of \$3 per share.

In the shareholders' meeting held on June 21, 2022, the resolution for the distribution of earnings from the year 2021 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$100,385 for the year 2021, plus, actuarial gain of \$2,241 and the beginning balance of unappropriated earnings of \$154,388, less, the required legal reserve of \$10,262 and special reserve of \$75,168, which amounted to \$171,584. The cash dividends, that were finished to distribution in August 2022 amounted to \$17,000, with a par value of \$0.13 per share.

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

(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	\$ (110,053)
Exchange differences on foreign operation	<u>173,862</u>
Balance at September 30, 2023	<u>63,809</u>
Balance at January 1, 2022	\$ (414,386)
Exchange differences on foreign operation	<u>476,638</u>
Balance at September 30, 2022	<u>62,252</u>

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(s) Share-based payment

The Group has completed a cash capital increase between July and August 2022 for subscription as employee stock options in accordance with the provisions of the company acts. For the nine months ended September 2022, the share-based payment of the Group was follows:

	Equity-settled
	Cash capital increase
	reserved for employee
	subscription
Grant date	July 12, 2022
Number of shares granted	903 thousand shares
Contract term	July 19 to August 19, 2022
Recipients	employee
Vesting conditions	Immediately vested

(i) Fair value of the share-based payment at the grant date

The Group used Black-Scholes method in measuring the fair value of the share-based payment at the grant date.

	Cash capital increase
	reserved for employee
	subscription
Fair value at grant date	2.88 dollars
Stock price at grant date	22.85 dollars
Execution price	20.00 dollars
Expected volatility (%)	29 %
The duration (year)	0.07 year
Expected dividend (%)	0 %
Risk-free interest rate (%)	0.72 %

The estimation of the fair value per share is based on the closing price of the common shares of the Group on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market) on the grant date. The execution price is set in accordance with the Group's policy, with the expected volatility estimated based on the Group's daily historical stock price fluctuation data for the lastthree months prior, and the contract term from July 19 to August 19, 2022, at an estimated duration of 0.07 year. Since the Group did not plan to have a scheduled dividend payment no dividend was expected. The risk-free interest rate is calculated on the fixed interest rate of the postal savings fund between one and three months.

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(ii) For the nine months ended September 30, 2022, the expense of share-based payment for cash capital increase was \$2,604 thousand.

(t) Earnings per share

For the nine months ended September 30, 2023 and 2022, the Company's earnings per share were calculated as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earning (loss) per share				
Profit (loss) attributable to ordinary shareholders of the Company	\$ (38,419)	1,155,231	(158,967)	1,225,070
Weighted-average number of ordinary shares (in thousands of shares)	<u>144,868</u>	<u>139,259</u>	<u>144,837</u>	<u>134,437</u>
Basic earnings (loss) per share (in dollars)	<u>\$ (0.27)</u>	<u>8.30</u>	<u>(1.10)</u>	<u>9.11</u>
Diluted earnings (loss) per share				
Profit (loss) attributable to ordinary shareholders of the Company	\$ (38,419)	1,155,231	(158,967)	1,225,070
Interest of convertible bond		506		1,588
Profit (loss) attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary share)	\$ (38,419)	<u>1,155,737</u>	<u>(158,967)</u>	<u>1,226,658</u>
Weighted-average number of ordinary shares (in thousand of share)	<u>144,868</u>	<u>139,259</u>	<u>144,837</u>	<u>134,437</u>
Effects of dilutive potential ordinary shares:				
Effect of employee stock bonus (in thousand of share)		2,411		2,703
Effect of conversion of convertible bond (in thousand of share)		1,033		4,575
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>144,868</u>	<u>142,703</u>	<u>144,837</u>	<u>141,715</u>
Diluted (loss) earnings per share (in dollars)	<u>\$ (0.27)</u>	<u>8.10</u>	<u>(1.10)</u>	<u>8.66</u>

The conversion of convertible bonds and effects of employee stock bonus were not disclosed due to its anti-dilutive effect for the three months and nine months ended September 30, 2023.

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(u) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Goods sold	\$ 2,654,066	3,169,143	\$ 7,345,155	9,243,836
Rental income	3,239	3,168	7,500	10,751
Total	<u><u>\$ 2,657,305</u></u>	<u><u>3,172,311</u></u>	<u><u>\$ 7,352,655</u></u>	<u><u>9,254,587</u></u>

(ii) Disaggregation of revenue

	For the three months ended September 30, 2023			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 589,822	784,883	897,660	2,272,365
China	56,297	-	-	56,297
Taiwan	97,684	-	-	97,684
Canada	5,306	116,643	-	121,949
United Kingdom	18,163	-	-	18,163
Others	<u>33,547</u>	<u>54,061</u>	<u>-</u>	<u>87,608</u>
Total	<u><u>\$ 800,819</u></u>	<u><u>955,587</u></u>	<u><u>897,660</u></u>	<u><u>2,654,066</u></u>
Main products/services lines				
CABLE	\$ 348,745	48,641	401,457	798,843
POWER CORD	385,755	886,971	-	1,272,726
Consumer electronics	-	-	496,203	496,203
Others	<u>66,319</u>	<u>19,975</u>	<u>-</u>	<u>86,294</u>
Total	<u><u>\$ 800,819</u></u>	<u><u>955,587</u></u>	<u><u>897,660</u></u>	<u><u>2,654,066</u></u>
Timing of revenue recognition:				
Product transferred at a point in time	<u><u>\$ 800,819</u></u>	<u><u>955,587</u></u>	<u><u>897,660</u></u>	<u><u>2,654,066</u></u>
Sales channels				
Directly to customers	<u><u>\$ 800,819</u></u>	<u><u>955,587</u></u>	<u><u>897,660</u></u>	<u><u>2,654,066</u></u>

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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	For the three months ended September 30, 2022			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 730,295	767,734	1,045,453	2,543,482
China	110,916	-	-	110,916
Taiwan	77,327	-	-	77,327
Canada	1,016	124,410	-	125,426
United Kingdom	29,652	-	-	29,652
Others	228,768	53,572	-	282,340
Total	<u>\$ 1,177,974</u>	<u>945,716</u>	<u>1,045,453</u>	<u>3,169,143</u>
Main products/services lines				
CABLE	\$ 683,330	33,242	483,217	1,199,789
POWER CORD	440,942	895,157	-	1,336,099
Consumer electronics	-	-	562,236	562,236
Others	53,702	17,317	-	71,019
Total	<u>\$ 1,177,974</u>	<u>945,716</u>	<u>1,045,453</u>	<u>3,169,143</u>
Timing of revenue recognition:				
Product transferred at a point in time	<u>\$ 1,177,974</u>	<u>945,716</u>	<u>1,045,453</u>	<u>3,169,143</u>
Sales channels				
Directly to customers	<u>\$ 1,177,974</u>	<u>945,716</u>	<u>1,045,453</u>	<u>3,169,143</u>
	For the nine months ended September 30, 2023			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 1,733,827	1,832,561	2,708,089	6,274,477
China	202,863	-	-	202,863
Taiwan	218,124	-	-	218,124
Canada	21,160	209,676	-	230,836
United Kingdom	44,529	-	-	44,529
Others	210,623	163,703	-	374,326
Total	<u>\$ 2,431,126</u>	<u>2,205,940</u>	<u>2,708,089</u>	<u>7,345,155</u>
Main products/services lines				
CABLE	\$ 996,686	123,486	1,227,676	2,347,848
POWER CORD	1,283,863	2,027,713	-	3,311,576
Consumer electronics	-	-	1,480,413	1,480,413
Others	150,577	54,741	-	205,318
Total	<u>\$ 2,431,126</u>	<u>2,205,940</u>	<u>2,708,089</u>	<u>7,345,155</u>

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	For the nine months ended September 30, 2023			
	Manufacturing	Wholesaling	Online retailing	Total
Timing of revenue recognition:				
Product transferred at a point in time	\$ <u>2,431,126</u>	<u>2,205,940</u>	<u>2,708,089</u>	<u>7,345,155</u>
Sales channels				
Directly to customers	\$ <u>2,431,126</u>	<u>2,205,940</u>	<u>2,708,089</u>	<u>7,345,155</u>
	For the nine months ended September 30, 2022			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 2,601,815	1,918,586	3,209,476	7,729,877
China	297,622	-	-	297,622
Taiwan	225,483	-	-	225,483
Canada	7,897	308,970	-	316,867
United Kingdom	74,303	-	-	74,303
Others	442,000	157,684	-	599,684
Total	<u>\$ 3,649,120</u>	<u>2,385,240</u>	<u>3,209,476</u>	<u>9,243,836</u>
Main products/services lines				
CABLE	\$ 1,634,353	102,226	1,478,880	3,215,459
POWER CORD	1,884,853	2,233,778	-	4,118,631
Consumer electronics	-	-	1,730,596	1,730,596
Others	129,914	49,236	-	179,150
Total	<u>\$ 3,649,120</u>	<u>2,385,240</u>	<u>3,209,476</u>	<u>9,243,836</u>
Timing of revenue recognition:				
Product transferred at a point in time	\$ <u>3,649,120</u>	<u>2,385,240</u>	<u>3,209,476</u>	<u>9,243,836</u>
Sales channels				
Directly to customers	\$ <u>3,649,120</u>	<u>2,385,240</u>	<u>3,209,476</u>	<u>9,243,836</u>

(iii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities—advance sales receipts	<u>\$ 110,149</u>	<u>84,422</u>	<u>55,637</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 nine months ended September 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$65,866 and \$94,471, 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.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(v) 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 nine months ended September 30, 2023, no remunerations to employees and directors were accrued due to the loss incurred by the Group.

For the nine months ended September 30, 2022, the Company accrued remuneration to employees of \$74,271 and remuneration to directors amounted to \$18,664. 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 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 actual remunerations to employees and directors in 2022 amounted to \$71,000 and \$15,000, respectively, were based on the resolution decided during the board of directors' meeting held on March 28, 2023. Except for the employee remuneration of \$46,000 in stock, all other remunerations will be paid in cash and had already been reported in the shareholders' meeting on June 20, 2023.

The cash remunerations to employees and directors for the year 2021 amounting to \$7,600 and \$5,000, respectively, were based on the resolution decided during the board of directors' meeting held on March 28, 2022 and had already been reported in the shareholders' meeting on June 21, 2022.

As mentioned above, the differences between the actual amounts and the estimated amounts of the remuneration to employees and directors for the years ended 2022 and 2021 had been adjusted accordingly.

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

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(w) Other non-operating income and expenses

(i) Interest income

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 4,794	2,153	22,460	2,506

(ii) Other income

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Government grants	626	771	2,170	3,853
Other income	170	4,037	7,114	7,022
Total	\$ 796	4,808	9,284	10,875

(iii) Other gains and losses

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Gain (loss) on disposal of property, plant, and equipment	\$ (4,362)	1,993,199	914	1,993,630
Foreign exchange gain (loss)	(32,599)	26,297	(4,310)	60,547
Gain on disposal of lease-back right-of-use-assets and lease liabilities	1,318	-	97,895	-
Other non-operating expenses	(125)	(3,615)	(1,032)	(5,470)
Other gains and losses, net	\$ (35,768)	2,015,881	93,467	2,048,707

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(iv) Financial costs

	For the three months ended		For the nine months ended	
	September 30	September 30	September 30	September 30
	2023	2022	2023	2022
Interest expense				
Interest on bank and non-financial institution loans	\$ (29,681)	(41,417)	(105,747)	(102,292)
Interest on lease liabilities	(2,485)	(4,749)	(9,500)	(11,967)
Short-term notes and bills payable	(873)	(1,078)	(2,903)	(1,794)
Bonds payable	-	(506)	(20)	(1,588)
Total	<u>\$ (33,039)</u>	<u>(47,750)</u>	<u>(118,170)</u>	<u>(117,641)</u>

(x) 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)(z) of the consolidated financial statements for the year ended December 31, 2022.

(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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group reviewed the concentrations of credit risk arising from the major Customer G, and it was below 27%, 23%, and 36% of the gross notes and accounts receivable, respectively. The other top four clients contributed no more than 28%, 23% and 23%, 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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(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.

	Carrying value	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
September 30, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,591,477	2,613,831	2,613,831	-	-	-
Short-term notes and bills payable	179,964	180,000	180,000	-	-	-
Notes and accounts payable	1,302,705	1,302,705	1,302,705	-	-	-
Other payables	669,131	669,131	669,131	-	-	-
Lease liabilities - current and noncurrent	357,564	387,996	120,287	76,741	172,075	18,893
Long-term borrowings (includes current portion)	1,183,904	1,225,080	975,571	65,625	111,992	71,892
Total	<u>\$ 6,284,745</u>	<u>6,378,743</u>	<u>5,861,525</u>	<u>142,366</u>	<u>284,067</u>	<u>90,785</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,023,640	2,037,864	2,037,864	-	-	-
Short-term notes and bills payable	229,737	230,000	230,000	-	-	-
Notes and accounts payable	829,852	829,852	829,852	-	-	-
Other payables	708,542	708,542	708,542	-	-	-
Bonds payable (includes current portion)	16,662	16,700	16,700	-	-	-
Lease liabilities - current and noncurrent	562,360	604,681	227,319	152,666	180,482	44,214
Long-term borrowings (includes current portion)	1,584,122	1,628,581	1,324,023	67,761	153,461	83,336
Total	<u>\$ 5,954,915</u>	<u>6,056,220</u>	<u>5,374,300</u>	<u>220,427</u>	<u>333,943</u>	<u>127,550</u>
September 30, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,434,822	2,446,532	2,446,532	-	-	-
Short-term notes and bills payable	229,728	230,000	230,000	-	-	-
Notes and accounts payable	977,119	977,119	977,119	-	-	-
Other payables	740,752	740,752	740,752	-	-	-
Bonds payable (includes current portion)	24,243	24,400	24,400	-	-	-
Lease liabilities - current and noncurrent	627,863	677,109	234,000	192,322	196,092	54,695
Long-term borrowings (includes current portion)	1,903,565	1,961,829	1,532,632	190,013	230,818	8,366
Total	<u>\$ 6,938,092</u>	<u>7,057,741</u>	<u>6,185,435</u>	<u>382,335</u>	<u>426,910</u>	<u>63,061</u>

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

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(iii) Market risk

1) Exposure to foreign currency risk

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

	(In Thousands of Foreign Currencies)								
	September 30, 2023			December 31, 2022			September 30, 2022		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
Financial assets:									
Monetary items									
USD	\$ 43,500	32.22	1,401,570	38,352	30.66	1,175,872	58,306	31.70	1,848,300
HKD	852	4.12	3,508	3,160	3.93	12,426	5,358	4.04	21,639
CNY	1,231	4.49	5,524	705	4.40	3,104	1,132	4.46	5,054
EUR	1,147	33.71	38,665	747	32.52	24,292	1,003	31.06	31,153
CAD	488	22.75	11,102	454	23.92	10,860	457	22.38	10,228
Financial liabilities:									
Monetary items									
USD	22,179	32.22	714,607	20,893	30.66	640,579	26,691	31.70	846,105

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 nine months ended September 30, 2023 and 2022, assuming the TWD appreciated by 1%, were decreases of \$7,458 and \$10,703, 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 nine months ended September 30, 2023 and 2022, the foreign exchange (loss) gain (including both realized and unrealized) amounted to \$(32,599), \$26,297, \$(4,310) and \$60,547, 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 provided by the bank. When reporting to management, the interest rate is expressed at a rate of change of 1% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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If the interest rate had increased by 1% at the reporting date, all things held constant, the net profit before tax would have decreased by \$28,315 and \$32,538 for the nine months ended September 30, 2023 and 2022, respectively, which mainly results from bank loans with variable interest rates.

(iv) Fair value of financial instruments

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.

(y) Financial risk management

There were no significant changes in the Group's financial risk management and polices as disclosed in note (6)(aa) of the consolidated financial statements for the year ended December 31, 2022.

(z) 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, 2022. 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, 2022. Please refer to note (6)(ab) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

	January 1, 2023	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		September 30, 2023
					Increase (decrease) in right-of-use assets and disposal of lease liability	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,023,640	2,657,877	(2,126,811)	36,771	-	-	2,591,477
Short-term notes and bills payable	229,737	-	(49,773)	-	-	-	179,964
Bonds payable (includes current portion)	16,662	-	(100)	-	-	(16,562)	-
Lease liabilities	562,360	-	(107,992)	18,123	(114,927)	-	357,564
Long-term borrowings (includes current portion)	1,584,122	660,000	(1,086,011)	25,793	-	-	1,183,904
Total liabilities from financing activities	\$ 4,416,521	3,317,877	(3,370,687)	80,687	(114,927)	(16,562)	4,312,909

(Continued)

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	<u>January 1, 2022</u>	<u>Cash inflow</u>	<u>Cash Outflow</u>	<u>Foreign exchange movement</u>	<u>Increase in Right-of-use assets</u>	<u>Non-cash changes</u>	<u>Conversion of convertible bonds and Others</u>	<u>September 30, 2022</u>
Short-term borrowings	\$ 2,917,638	3,958,820	(4,499,131)	57,495	-	-	-	2,434,822
Short-term notes and bills payable	229,906	(178)	-	-	-	-	-	229,728
Bonds payable (includes current portion)	128,930	-	-	-	-	-	(104,687)	24,243
Lease liabilities	494,641	-	(110,700)	65,264	178,658	-	-	627,863
Long-term borrowings (includes current portion)	2,369,245	398,504	(1,045,693)	181,509	-	-	-	1,903,565
Total liabilities from financing activities	<u>\$ 6,140,360</u>	<u>4,357,146</u>	<u>(5,655,524)</u>	<u>304,268</u>	<u>178,658</u>	<u>(104,687)</u>	<u>5,220,221</u>	

(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

<u>Name of related party</u>	<u>Relationship with the Group</u>
All directors, directors, general managers, etc.	Key management personnel

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$ 4,523	25,473	15,454	38,423
Short-term employee benefits	123	149	427	447
Post-employment benefits	<u>\$ 4,646</u>	<u>25,622</u>	<u>15,881</u>	<u>38,870</u>
Total				

For the nine months ended September 30, 2023, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$2,833, and the balance of lease liabilities amounted to \$3,531 (including current and non-current).

For the nine months ended September 30, 2022, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$2,873, and the balance of lease liabilities amounted to \$6,320 (including current and non-current).

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	September 30, 2023	December 31, 2022	September 30, 2022
Land ,plant and buildings	Long-term borrowings	\$ 247,840	249,841	250,702
Other financial asset — non-current	Long-term borrowings	6,503	6,063	6,226
Guarantee deposits paid	Long-term borrowings and Customs security deposits	338	15,331	15,333
Total		<u>\$ 254,681</u>	<u>271,235</u>	<u>272,261</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:

Supplier	Contract Period	Pricing Terms	Product	Breach Clause
A	2023.03~2023.12	Average price (in USD) listed in LME of the previous month, plus, US\$171, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,200 per ton of conversion cost	600~800 tons of copper wire	Late payment surcharge at 10% annual rate
D	2023.04~2024.03	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	2023.02~2023.12	Average price (in USD) listed in LME of the previous month, plus, US\$171, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,200 per ton of conversion cost	450~950 tons of copper wire	1. Late payment surcharge at 10% rate per year 2. Supplier can demand back parts of the unpaid purchased wires upon overdue

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

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of equipments and software	\$ <u>83,013</u>	<u>13,037</u>	<u>12,679</u>

(iii) Unused letters of credit: None.

(iv) For endorsement and guarantees between related parties, please refer to note (12)(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:

by Function by Nature	For the three months ended, September 30, 2023			For the three months ended, September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	71,766	190,323	262,089	96,584	244,745	341,329
Labor and health insurance (Note 1)	1,968	14,447	16,415	2,272	22,092	24,364
Pension (Note 2)	1,446	5,519	6,965	2,612	5,373	7,985
Remuneration of directors	-	-	-	-	15,586	15,586
Other employee benefits	1,234	1,876	3,110	1,342	5,837	7,179
Depreciation	24,993	23,416	48,409	16,377	40,949	57,326
Amortization	171	13,971	14,142	409	8,395	8,804

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by Function by Nature	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	210,847	526,245	737,092	243,302	582,870	826,172
Labor and health insurance (Note 1)	5,692	63,957	69,649	7,404	64,053	71,457
Pension (Note 2)	4,433	17,026	21,459	8,437	17,338	25,775
Remuneration of directors	-	-	-	-	20,150	20,150
Other employee benefits	3,740	9,543	13,283	4,332	12,038	16,370
Depreciation	80,717	75,623	156,340	53,679	120,617	174,296
Amortization	569	31,334	31,903	1,207	30,028	31,235

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 nine months ended September 30, 2023 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	YUE FONG COMPANY LIMITED	Other receivables	Yes	30,400 (USD1,000 thousand)	16,110 (USD500 thousand)	16,110	-	2	-	Business operation	-	-	-	871,729	1,394,766
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Other receivables	Yes	171,920 (USD5,600 thousand)	90,216 (USD2,800 thousand)	90,216	-	1	875,478	Business operation	-	-	-	875,478	875,478
1	PRIME WIRE & CABLE INC.	BESTLINK NETWARE INC.	Other receivables	Yes	45,990 (USD1,500 thousand)	- (USD thousand)	-	2.30~ 3.25%	2	-	Business operation	-	-	-	1,098,398	1,098,398
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	797,940 (USD26,000)	741,060 (USD23,000)	741,060	-	2	-	Business operation	-	-	-	831,610	831,610
2	EUROPOWER INTERNATIONAL LIMITED	YFC BONEAGLE INTERNATIONAL INC.	Other receivables	Yes	19,929 (USD650 thousand)	- (USD thousand)	-	-	2	-	Business operation	-	-	-	831,610	831,610
3	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	The Company	Other receivables	Yes	155,450 (USD5,000 thousand)	- (USD5,000 thousand)	-	-	2	-	Business operation	-	-	-	1,373,239	1,373,239
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	96,660 (USD3,000 thousand)	96,660 (USD3,000 thousand)	92,139		2	-	Business operation	-	-	-	3,380,864	3,380,864
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	Other receivables	Yes	467,190 (USD14,500 thousand)	467,190 (USD14,500 thousand)	370,530		2	-	Business operation	-	-	-	3,380,864	3,380,864
4	YFC-BONEAGLE ELECTRIC (B.V.I) KSI CO., LTD.	PREMIUM-LINE GMBH	Other receivables	Yes	58,667 (EUR1,700 thousand)	57,307 (EUR1,700 thousand)	56,513		2	-	Business operation	-	-	-	3,380,864	3,380,864
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC BONEAGLE INTERNATIONAL INC.	Other receivables	Yes	138,546 (USD4,300 thousand)	138,546 (USD4,300 thousand)	137,190		2	-	Business operation	-	-	-	3,380,864	3,380,864
5	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE INC.	Other receivables	Yes	521,900 (USD17,000 thousand)	289,980 (USD9,000 thousand)	273,870	3%	2	-	Business operation	-	-	-	1,646,702	1,646,702
5	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	Other receivables	Yes	902,160 (USD28,000 thousand)	902,160 (USD28,000 thousand)	902,160	3%	2	-	Business operation	-	-	-	1,646,702	1,646,702

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 funding for parties who has business relationship with the Company .

2.2 represents funding 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 NETWORK CORPORATION	1, 2	3,486,914	893,293	866,920	300,943	-	24.86 %	6,973,828	Y	N	Y
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1, 2	3,486,914	100,000	100,000	21,104	-	2.87 %	6,973,828	Y	N	N
0	The Company	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	1, 2	3,486,914	155,450	-	-	-	- %	6,973,828	Y	N	N
1	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE, INC.	1, 4	1,646,702	386,640	386,640	-	-	11.09 %	3,293,404	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 September 30, 2023 (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 September 30, 2023.

(Continued)

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	Ending balance (Note 2)	Percentage of total notes/accounts receivable (payable)	
The Company	WUXI UNIVERSAL NETWORK CORPORATION	Parent company to subsidiary	Purchases	996,092 (USD32,340 thousand)	37.16 %	OA 90 days	-	-	(471,131) (USD14,622 thousand)	(57.73)%	
The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Parent company to subsidiary	Purchases	875,478 (USD28,223 thousand)	32.66 %	OA 90 days	-	-	(12,116) (USD376 thousand)	(1.48)%	
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchases	263,162 (USD8,500 thousand)	20.16 %	OA 90 days	-	-	(146,189) (USD4,533 thousand)	(45.22)%	
MONOPRICE, INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchase	700,996 (USD22,627 thousand)	60.90 %	OA 60 days	-	-	(332,093) (USD10,307 thousand)	(64.94)%	
BESTLINK NETWARE INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchase	102,138 (USD3,305 thousand)	81.36 %	OA 90 days	-	-	(94,965) (USD3,209 thousand)	(94.50)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	WUXI UNIVERSAL NETWORK CORPORATION	Subsidiary to subsidiary	Purchase	358,100 (USD11,564 thousand)	35.44 %	OA 90 days	-	-	(305,422) (USD9,479 thousand)	(18.68)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	DONGGUAN YFCBONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary to subsidiary	Purchases	184,688 (USD5,964 thousand)	18.28 %	OA 90 days	-	-	(116,198) (USD3,606 thousand)	(7.11)%	
EUROPOWER INTERNATIONAL LIMITED	The Company	Subsidiary to parent company	Purchases	175,315 (USD5,635 thousand)	23.68 %	OA 90 days	-	-	(143,422) (USD4,451 thousand)	(50.38)%	

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 30.9661.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 32.22.

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: 146,189	2.86	-	-	11,187	-
The Company	EUROPOWER INTERNATIONAL LIMITED	Parent company to subsidiary	Accounts receivable: 143,422	1.65	-	-	-	-
DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 116,198	2.73	-	-	-	-

(Continued)

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

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		
DONGGUAN YFC	WUXI UNIVERSAL NETWORK CORPORATION	Subsidiary to subsidiary	Other receivable: 107,697	-	-	-	9,215	-
WUXI UNIVERSAL NETWORK CORPORATION	The Company	Subsidiary to parent company	Accounts receivable: 471,131	3.69	-	-	67,404	-
WUXI UNIVERSAL NETWORK CORPORATION	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 305,422	2.20	-	-	-	-
YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	Subsidiary to subsidiary	Accounts receivable: 332,093	2.46	-	-	23,875	-

Note 1: The information above shows subsequent collection of accounts receivable – related party as of November 3, 2023.

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 30.9661.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 32.22.

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

- (ix) Trading in derivative instruments:None.
- (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 September 30, 2023 (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	263,162	A percentage of gross profit	4%
0	The Company	PRIME WIRE & CABLE, INC.	1	Accounts Receivable	146,189	OA 90 days	1%
0	The Company	EUROPOWER INTERNATIONAL LIMITED	1	Sales	175,315	A percentage of gross profit	2%
0	The Company	EUROPOWER INTERNATIONAL LIMITED	1	Accounts Receivable	143,422	OA 90 days	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Sales	71,087	A percentage of gross profit	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Accounts Receivable	98,250	OA 90 days	1%
0	The Company	WUXI UNIVERSAL	1	Accounts Receivable	11,354	OA 90 days	-%
0	The Company	YUE FONG COMPANY LIMITED	1	Other Receivables	16,110	Based on collection status	-%
0	The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	1	Other Receivables	90,216	Based on collection status	1%
0	The Company	EUROPOWER INTERNATIONAL LIMITED	1	Other Receivables	50,358	The Company payment for goods on behalf of the subsidiary	-%

(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 September 30, 2023 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	25,641	The Company collection on sales goods on behalf of the subsidiary	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	741,060	Based on collection status	7%
1	EUROPOWER INTERNATIONAL LIMITED	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Other Receivables	11,529	Payment on behalf of the goods	-%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	184,688	A percentage of gross profit	3%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivables	116,198	OA 90 days	1%
2	DONGGUAN YFC	WUXI UNIVERSAL	3	Other Receivables	107,697	Payment on behalf of the goods	1%
3	WUXI UNIVERSAL	The Company	2	Sales	996,092	A percentage of gross profit	14%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivables	471,131	OA 90 days	5%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	358,100	A percentage of gross profit	5%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivable	305,422	OA 90 days	3%
3	WUXI UNIVERSAL	PREMIUM-LINE KSI GMBH	3	Accounts Receivables	39,323	OA 90 days	-%
3	WUXI UNIVERSAL	YUE FONG COMPANY LIMITED	3	Accounts Receivables	24,140	OA 90 days	-%
4	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE,INC.	3	Other Receivables	273,870	Based on collectionstatus	3%
4	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Other Receivables	902,160	Based on collectionstatus	9%
4	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE,INC.	3	Rental income	25,814	Changed monthly	-%
4	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Interest income	13,270	Changed monthly	-%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Sales	875,478	A percentage of gross profit	12%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Accounts Receivable	12,116	OA 90 days	-%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	3	Sales	700,996	A percentage of gross profit	10%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	3	Accounts Receivable	332,093	OA 60 days	3%

(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 September 30, 2023 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
6	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Sales	102,138	A percentage of gross profit	1%
6	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Accounts Receivable	94,965	OA 90 days	1%
6	YFC-EUROPOWER INTERNATIONAL CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Accounts Receivable	14,262	OA 90 days	-%
7	YFC-EUROPOWER INTERNATIONAL CO., LTD.	The Company	2	Other Receivable	370,530	Based on collection status	4%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	3	Other Receivable	92,139	Based on collection status	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	137,190	Based on collection status	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	3	Other Receivable	56,513	Based on collection status	1%
8	MONOPRICE INC.	UNC INVESTMENT & DEVELOPMENT INC.	3	Rental income	36,614	Charged monthly	-%

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.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2023 (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 September 30, 2023	Balance as of September 30, 2023 December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value	Net income (losses) of investee	Investment income (loss)	Note
The Company	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,730,223 (USD52,876 thousand)	1,794,633 (USD54,876 thousand)	53,906	100.00 %	3,312,247	(89,893)	(98,895)	The difference between the subsidiary's profit and loss, and the Company's recognized profit and loss was due to the increasing in downstream unrealized gain amounting to \$12,446 and the decreasing in sidestream unrealized gain amounting to \$3,444.
"	BESTLINK NETWARE INC.	USA	Trading business	31,393 (USD1,000 thousand)	31,393 (USD1,000 thousand)	1,000	100.00 %	35,933	(21,813)	(21,813)	
"	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50 thousand)	1,496 (USD50 thousand)	50	100.00 %	1,646,702	153,290	153,290	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600 thousand)	28,193 (EUR600 thousand)	-	100.00 %	(66,810)	(7,519)	(7,519)	
"	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USA32,507 thousand)	1,031,853 (USA32,507 thousand)	100	100.00 %	596,738	(256,550)	(256,550)	
"	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,077 (EUR30 thousand)	1,077 (EUR30 thousand)	-	100.00 %	-	-	-	
"	YUE FONGCOMPANY LIMITED	Vietnam	Trading business	5,989 (USD200 thousand)	5,989 (USD200 thousand)	-	100.00 %	(8,503)	145	145	
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Taiwan	Trading business	500	500	50	100.00 %	89,129	63,866	63,866	

(Continued)

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Investment income (loss)	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	CAYMANS	Holding company set up for investments in China and USA	687,598 (USD20,807 thousand)	752,008 (USD22,807 thousand)	22,807	100.00 %	1,373,239	(14,855)	(14,855)	
"	EUROPOWER INTERNATIONAL LIMITED	B.V.I	Trading business	161,778 (USD4,890 thousand)	161,778 (USD4,890 thousand)	4,890	100.00 %	831,610	(9,589)	(9,589)	
"	UNIVERSAL NETWORK CORPORATION	Samoa	Holding company set up for investments in China	646,459 (USD20,000 thousand)	646,459 (USD20,000 thousand)	20,000	100.00 %	657,923	(11,288)	(11,288)	
"	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720 thousand)	23,392 (USD720 thousand)	720	80.00 %	21,065	676	540	
"	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50 thousand)	1,472 (USD50 thousand)	50	100.00 %	619	43	43	
"	YFC-BONEAGLE INTERNATIONAL, INC	Philippines	Trading business	18,558 (USD653 thousand)	18,558 (USD653 thousand)	653	100.00 %	2,667	3,410	3,410	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20 thousand)	608 (USD20 thousand)	75	100.00 %	567	-	-	
"	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Philippines	Manufacturing and sales of power cable, wires, network equipment and cable	6,170 (USD200 thousand)	6,170 (USD200 thousand)	200	100.00 %	(160,756)	(76,113)	(76,113)	
"	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100 thousand)	3,085 (USD100 thousand)	1,000	100.00 %	15,019	110	110	
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 thousand)	511,700 (USD15,500 thousand)	15,500	100.00 %	1,098,398	(2,571)	(2,571)	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	500	100.00 %	596,738	(256,550)	(256,550)	

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of September 30, 2023	Accumulated remittance of earnings in current period
					Outflow	Inflow						
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	Manufacturing and sale of power cables, wires, and outlets	112,978 (USD3,387 thousand)	(2)	240,494 (USD7,007 thousand)	-	64,410	176,084 (USD5,007 thousand)	(9,292)	100.00%	(9,292) (1)	251,073	-
WUXI UNIVERSAL NETWORK CORPORATION	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000 thousand)	(2)	646,459 (USD20,000 thousand)	-	-	646,459 (USD20,000 thousand)	(9,993)	100.00%	(9,993) (1)	656,099	-
CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD.	Processing and sale of communication products and internet cables	- (USD - thousand)	(2)	9,593 (USD300 thousand)	-	-	9,593 (USD300 thousand)	(127)	-%	(127) (1)	-	(Note 6)
YFC INTERNATIONAL TRADING (WUXI) CO., LTD.	Sale of electronic calculator software and hardware, network equipment and electronic appliances	31,032 (USD1,000 thousand)	(2)	23,381 (USD753 thousand)	-	-	23,381 (USD753 thousand)	-	-%	-	(Note 3)	-
T-MARK	Wholesaling business	900,877 (HKD234,228 thousand)	(2)	167,022 (HKD42,000 thousand)	-	-	167,022 (HKD42,000 thousand)	-	15.81%	- (2)	(Note 8)	-

(Continued)

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2023 (Note 3 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3, 4 and 6)	Upper Limit on Investment (Note 5)
1,020,419 (USD31,643 thousand)	1,091,596 (USD33,722 thousand)	-

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 March 31, 2023. In addition, the Group had sold 94.5% of its shares in its subsidiary, YFC INTERNATIONAL TRADING (WUXI) CO., LTD., to a non-controlling interest, resulting in the Group to gain the proceeds of \$23,069 but having lost control over the above subsidiary. The Group will apply for adjustment in the amount of investment in Mainland China to the Investment Commission MOEA, after the proceeds from the disposal of YFC INTERNATIONAL TRADING (WUXI) CO., LTD. have been transferred back to Taiwan.

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, 2023, and it is applicable from May 4, 2023 to May 3, 2026. Therefore, there is no restriction on the Company's investment in Mainland China.

Note 6: In June 2023, the Group liquidated CHENZHOU YFC, an immaterial subsidiary, who has completed its milestones, at the amount of \$9,593 (USD 300 thousand), which had been written-off, with approval of the Investment Commission MOEA in August 2023.

Due to the deficits incurred by CHENZHOU YFC, there were no funds available to be remitted to Taiwan, and therefore, the cumulative investment amount of CHENZHOU YFC from Taiwan to mainland China was not deducted.

Note 7: DONGGUAN YFC conducted a capital reduction amounting to USD 4,000 thousand in the second half of 2023, wherein half of the portion of the above amount, which is equivalent to USD 2,000 thousand (\$64,410), had been remitted to Taiwan in September 2023. Once the remaining amount has been successfully remitted to Taiwan, the Group will apply to the Investment Commission MOEA for its accumulated investment in Mainland China to be reduced.

Note 8: Please refer to note 12(a)(iii) for details..

Note 9: 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 nine months ended September 30, 2023 .

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
GOOD WIN INVESTMENT CO., LTD		8,020,359	5.53 %

(Continued)

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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 September 30, 2023				
			Online retailing	Adjustments and elimination	Total
	Manufacturing	Wholesaling			
Revenue:					
Revenue from external customers	\$ 802,962	956,683	897,660	-	2,657,305
Inter-segment revenue	889,976	351,344	200	(1,241,520)	-
Total revenues	<u><u>\$ 1,692,938</u></u>	<u><u>1,308,027</u></u>	<u><u>897,860</u></u>	<u><u>(1,241,520)</u></u>	<u><u>2,657,305</u></u>
Reportable segment profit or loss	<u><u>\$ (125,116)</u></u>	<u><u>157,581</u></u>	<u><u>(142,008)</u></u>	<u><u>39,363</u></u>	<u><u>(70,180)</u></u>
 For the three months ended September 30, 2022					
	For the three months ended September 30, 2022				
			Online retailing	Adjustments and elimination	Total
	Manufacturing	Wholesaling			
Revenue:					
Revenue from external customers	\$ 1,180,115	946,743	1,045,453	-	3,172,311
Inter-segment revenue	1,108,084	208,813	2,850	(1,319,747)	-
Total revenues	<u><u>\$ 2,288,199</u></u>	<u><u>1,155,556</u></u>	<u><u>1,048,303</u></u>	<u><u>(1,319,747)</u></u>	<u><u>3,172,311</u></u>
Reportable segment profit or loss	<u><u>\$ 1,184,515</u></u>	<u><u>1,901,101</u></u>	<u><u>(100,971)</u></u>	<u><u>(1,234,173)</u></u>	<u><u>1,750,472</u></u>

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	For the nine months ended September 30, 2023			
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination
				Total
Revenue:				
Revenue from external customers	\$ 2,437,499	2,207,067	2,708,089	-
Inter-segment revenue	<u>2,960,664</u>	847,948	2,400	(3,811,012)
Total revenues	<u><u>\$ 5,398,163</u></u>	<u><u>3,055,015</u></u>	<u><u>2,710,489</u></u>	<u><u>(3,811,012)</u></u>
Reportable segment profit or loss	<u><u><u>\$ (240,425)</u></u></u>	<u><u><u>216,351</u></u></u>	<u><u><u>(396,357)</u></u></u>	<u><u><u>181,812</u></u></u>
				<u><u><u>(238,619)</u></u></u>
	For the nine months ended September 30, 2022			
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination
				Total
Revenue:				
Revenue from external customers	\$ 3,653,648	2,391,463	3,209,476	-
Inter-segment revenue	<u>3,445,800</u>	586,072	7,716	(4,039,588)
Total revenues	<u><u>\$ 7,099,448</u></u>	<u><u>2,977,535</u></u>	<u><u>3,217,192</u></u>	<u><u>(4,039,588)</u></u>
Reportable segment profit or loss	<u><u><u>\$ 1,311,951</u></u></u>	<u><u><u>1,911,578</u></u></u>	<u><u><u>(94,319)</u></u></u>	<u><u><u>(1,290,733)</u></u></u>
				<u><u><u>1,838,477</u></u></u>
	Reportable segment assets :			
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination
				Total
September 30, 2023	<u>\$ 12,178,761</u>	<u>4,600,950</u>	<u>3,206,878</u>	<u>(9,820,913)</u>
December 31, 2022	<u>\$ 11,282,241</u>	<u>4,583,690</u>	<u>3,310,381</u>	<u>(8,975,485)</u>
September 30, 2022	<u><u>\$ 12,819,860</u></u>	<u><u>5,193,336</u></u>	<u><u>3,880,568</u></u>	<u><u>(10,115,365)</u></u>
Reportable segment liabilities :				
September 30, 2023	<u>\$ 7,113,254</u>	<u>1,823,733</u>	<u>2,574,208</u>	<u>(4,837,699)</u>
December 31, 2022	<u>\$ 5,698,655</u>	<u>2,147,162</u>	<u>2,432,317</u>	<u>(3,972,480)</u>
September 30, 2022	<u><u>\$ 6,368,119</u></u>	<u><u>2,624,203</u></u>	<u><u>2,605,266</u></u>	<u><u>(4,297,583)</u></u>
				<u><u><u>7,300,005</u></u></u>