

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

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, 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\$541,434 thousand and NT\$1,285,982 thousand, constituting 6% and 14% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to NT\$60,282 thousand and NT\$839,310 thousand, constituting 1% and 14% of consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to NT\$(484) thousand and NT\$(48,989) thousand, constituting 22% and 19% of consolidated total comprehensive income (loss), for the three months ended March 31, 2024 and 2023, 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Hsieh, Chiu-Hua and Lee, Fang-Yi.

KPMG

Taipei, Taiwan (Republic of China)
May 7, 2024

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 the Consolidated Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity	March 31, 2024		December 31, 2023		March 31, 2023							
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%						
Current assets:																			
1100 Cash and cash equivalents (note (6)(a))	\$ 1,334,646	15	1,372,418	15	1,624,241	18	2100 Short-term borrowings (note (6)(i))	\$ 2,410,884	27	2,272,353	25	1,938,327	21						
1150-70 Notes and accounts receivable (note (6)(b))	2,138,342	24	1,985,865	22	1,803,646	20	2110 Short-term notes and bills payable (note (6)(j))	179,756	2	99,830	1	229,779	2						
1200 Other receivables, net (note (6)(c))	14,447	-	18,857	-	16,151	-	2130 Current contract liabilities (note (6)(s))	123,334	2	138,192	2	76,910	1						
1220 Current tax assets	57,017	1	57,084	1	83,213	1	2150-70 Notes and accounts payable	791,830	9	1,185,419	13	647,329	7						
130X Inventories (note (6)(d))	2,394,278	27	2,866,983	32	2,900,378	31	2200 Other payables (note (6)(m))	541,906	6	526,696	6	614,332	7						
1410 Prepayments	364,864	4	282,682	3	452,520	5	2230 Current tax liabilities	50,925	1	41,601	-	16,496	-						
1470 Other current assets (note (6)(h))	14,429	-	13,130	-	12,217	-	2251 Current provisions for employee benefits	30,762	-	31,167	-	29,180	-						
Total current assets	6,318,023	71	6,597,019	73	6,892,366	75	2280 Current lease liabilities (note (6)(n))	100,820	1	94,133	1	194,778	2						
Non-current assets:																			
1600 Property, plant and equipment (notes (6)(e) and (8))	1,012,341	11	1,011,516	11	1,084,343	11	2320 Long-term liabilities, current portion (notes (6)(k), (l) and (8))	373,192	4	369,028	4	954,168	10						
1755 Right-of-use assets (note (6)(f))	304,253	4	294,568	3	372,250	4	2300 Other current liabilities	6,465	-	7,009	-	3,492	-						
1780 Intangible assets (note (6)(g))	603,705	7	564,583	6	443,478	5	Total current liabilities	4,649,517	52	4,828,200	53	4,769,452	51						
1840 Deferred tax assets	545,133	6	530,143	6	361,428	4	Non-Current liabilities:												
1915 Prepayments for business facilities	54	-	460	-	1,420	-	2530 Bonds payable (note (6)(l))	-	-	-	-	-	-						
1900 Other non-current assets (notes (6)(h), (o) and (8))	55,195	1	50,682	1	69,834	1	2540 Long-term borrowings (notes (6)(k) and (8))	770,993	9	795,757	9	353,616	4						
Total non-current assets	2,520,681	29	2,451,952	27	2,332,753	25	2570 Deferred tax liabilities	130,454	1	138,560	2	143,702	2						
Total assets	\$ 8,838,704	100	9,048,971	100	9,225,119	100	2580 Non-current lease liabilities (note (6)(n))	224,275	3	221,677	2	295,740	3						
							2600 Other non-current liabilities	3,979	-	3,089	-	10,010	-						
							Total non-current liabilities	1,129,701	13	1,159,083	13	803,068	9						
							Total liabilities	5,779,218	65	5,987,283	66	5,572,520	60						
Equity attributable to owners of parent (notes (6)(l) and (q)):																			
3110 Ordinary shares	1,464,627	17					3110 Ordinary shares	1,464,627	17	1,464,627	16	1,441,851	16						
3130 Bond conversion entitlement certificates	-	-					3130 Bond conversion entitlement certificates	-	-	-	-	6,831	-						
	1,464,627	17					Subtotal	1,464,627	17	1,464,627	16	1,448,682	16						
3200 Capital surplus	988,829	11					3200 Capital surplus	988,829	11	988,829	11	958,774	10						
3300 Retained earnings	586,943	7					3300 Retained earnings	586,943	7	733,305	8	1,378,089	15						
3400 Other equity interest	13,867	-					3400 Other equity interest	13,867	-	(130,293)	(1)	(138,038)	(1)						
	3,054,266	35					Total equity attributable to owners of parent	3,054,266	35	3,056,468	34	3,647,507	40						
36XX Non-controlling interests	5,220	-					36XX Non-controlling interests	5,220	-	5,220	-	5,092	-						
	3,059,486	35					Total equity	3,059,486	35	3,061,688	34	3,652,599	40						
	\$ 8,838,704	100					Total liabilities and equity	\$ 8,838,704	100	9,048,971	100	9,225,119	100						

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended March 31			
	2024		2023	
	Amount	%	Amount	%
4110 Operating revenue (note (6)(s))	\$ 2,233,908	100	1,968,085	100
5110 Operating costs (notes (6)(d), (n), (o), (t) and (12))	1,751,842	78	1,584,945	80
5900 Gross profit from operations	<u>482,066</u>	<u>22</u>	<u>383,140</u>	<u>20</u>
Operating expenses (notes (6)(b), (n), (o), (t), (7) and (12)):				
6100 Selling expenses	464,643	21	470,584	24
6200 Administrative expenses	147,147	6	146,800	7
6300 Research and development expenses	13,618	1	11,939	1
6450 Expected credit loss	15,885	1	11,919	1
6000 Total operating expenses	<u>641,293</u>	<u>29</u>	<u>641,242</u>	<u>33</u>
6900 Operating loss	<u>(159,227)</u>	<u>(7)</u>	<u>(258,102)</u>	<u>(13)</u>
Non-operating income and expenses (notes (6)(l), (n) and (u)):				
7010 Other income	5,296	-	7,030	-
7020 Other gains and losses, net	6,308	-	(3,988)	-
7100 Interest income	6,364	-	8,752	-
7050 Finance costs, net	(38,307)	(1)	(40,384)	(1)
7000 Total non-operating income and expenses	<u>(20,339)</u>	<u>(1)</u>	<u>(28,590)</u>	<u>(1)</u>
7900 Loss from continuing operations before tax	<u>(179,566)</u>	<u>(8)</u>	<u>(286,692)</u>	<u>(14)</u>
7950 Less: Income tax income (note (6)(p))	<u>(33,204)</u>	<u>(1)</u>	<u>(55,521)</u>	<u>(2)</u>
Loss	<u>(146,362)</u>	<u>(7)</u>	<u>(231,171)</u>	<u>(12)</u>
8300 Other comprehensive income:				
8360 Items that may be reclassified subsequently to profit or loss (notes (6)(p) and (q))				
8361 Exchange differences on translation of foreign operation	180,200	8	(34,981)	(2)
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	36,040	1	(6,996)	(1)
Total items that may be reclassified subsequently to profit or loss	<u>144,160</u>	<u>7</u>	<u>(27,985)</u>	<u>(1)</u>
8300 Other comprehensive (loss) income	<u>144,160</u>	<u>7</u>	<u>(27,985)</u>	<u>(1)</u>
8500 Total comprehensive loss	<u><u>\$ (2,202)</u></u>	<u><u>-</u></u>	<u><u>(259,156)</u></u>	<u><u>(13)</u></u>
(Loss) profit attributable to:				
8610 Loss attributable to owners of parent	\$ (146,362)	(7)	(231,132)	(12)
8620 Loss attributable to non-controlling interests	-	-	(39)	-
8600 Net loss	<u><u>\$ (146,362)</u></u>	<u><u>(7)</u></u>	<u><u>(231,171)</u></u>	<u><u>(12)</u></u>
Comprehensive income attributable to:				
8710 Comprehensive loss attributable to owners of parent	\$ (2,202)	-	(259,117)	(13)
8720 Comprehensive loss attributable to non-controlling interests	-	-	(39)	-
8700 Comprehensive loss	<u><u>\$ (2,202)</u></u>	<u><u>-</u></u>	<u><u>(259,156)</u></u>	<u><u>(13)</u></u>
(Losses) earnings per share (in NT dollars) (note (6)(r))				
9750 Basic (losses) earnings per share	<u><u>\$ (1.00)</u></u>		<u><u>(1.60)</u></u>	
9850 Diluted (losses) earnings per share	<u><u>\$ (1.00)</u></u>		<u><u>(1.60)</u></u>	

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Total other equity interest	
	Share capital				Retained earnings				Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests		
	Ordinary shares	Bond conversion entitlement certificates	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
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	
Loss	-	-	-	-	-	-	(231,132)	(231,132)	-	(231,132)	(39)	(231,171)	
Other comprehensive income	-	-	-	-	-	-	-	-	(27,985)	(27,985)	-	(27,985)	
Total comprehensive income	-	-	-	-	-	-	(231,132)	(231,132)	(27,985)	(259,117)	(39)	(259,156)	
Conversion of convertible bonds	-	6,831	6,831	9,751	-	-	-	-	-	16,582	-	16,582	
Conversion of certificates of bonds conversion entitlement	3,169	(3,169)	-	-	-	-	-	-	-	-	-	-	
Balance at March 31, 2023	\$ 1,441,851	6,831	1,448,682	958,774	233,580	414,386	730,123	1,378,089	(138,038)	3,647,507	5,092	3,652,599	
Balance at January 1, 2024	\$ 1,464,627	-	1,464,627	988,829	314,247	414,386	4,672	733,305	(130,293)	3,056,468	5,220	3,061,688	
Loss	-	-	-	-	-	-	(146,362)	(146,362)	-	(146,362)	-	(146,362)	
Other comprehensive income	-	-	-	-	-	-	-	-	144,160	144,160	-	144,160	
Total comprehensive income	-	-	-	-	-	-	(146,362)	(146,362)	144,160	144,160	(2,202)	(2,202)	
Balance at March 31, 2024	\$ 1,464,627	-	1,464,627	988,829	314,247	414,386	(141,690)	586,943	13,867	3,054,266	5,220	3,059,486	

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Loss before tax	\$ (179,566)	(286,692)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	54,020	56,827
Amortization expense	14,971	7,316
Expected credit loss	15,885	11,919
Interest expense	38,307	40,384
Interest income	(6,364)	(8,752)
Gain on disposal of property, plant and equipment	534	(4,369)
Unrealized foreign exchange loss	2,720	9,586
Total adjustments to reconcile profit	<u>120,073</u>	<u>112,911</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(72,598)	300,365
Other receivables	4,708	13,785
Inventories	554,168	204,563
Prepayments	(70,796)	3,150
Other current assets and right to the return goods	(819)	421
Total changes in operating assets	<u>414,663</u>	<u>522,284</u>
Notes and accounts payable	(432,169)	(208,013)
Other payables	(1,310)	(97,489)
Refund liabilities and provisions for employee benefits	(27,042)	3,680
Other current liabilities and contract liabilities	(19,465)	(8,045)
Other non-current liabilities	776	(473)
Total changes in operating liabilities	<u>(479,210)</u>	<u>(310,340)</u>
Total changes in operating assets and liabilities	<u>(64,547)</u>	<u>211,944</u>
Total adjustments	<u>55,526</u>	<u>324,855</u>
Cash inflow generated from operations	(124,040)	38,163
Interest received	6,368	8,755
Interest paid	(38,024)	(38,495)
Income taxes refund (paid)	-	(2,554)
Net cash flows (used in) from operating activities	<u>(155,696)</u>	<u>5,869</u>

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(8,135)	(49,031)
Proceeds from disposal of property, plant and equipment	19	7,556
Acquisition of intangible assets	(30,122)	(31,888)
Decrease in other financial assets and non-current assets	1,970	1,812
Increase in prepayments for business facilities	-	(93)
Net cash flows used in investing activities	(36,268)	(71,644)
Cash flows from (used in) financing activities:		
Increase in short-term loans	624,674	613,709
Decrease in short-term loans	(522,899)	(702,045)
Decrease in short-term notes and bills payable	79,926	42
Repayments of convertible bonds	-	(100)
Proceeds from long-term debt	200,000	200,000
Repayments of long-term debt	(241,993)	(468,807)
Payment of lease liabilities	(31,034)	(50,912)
Net cash flows (used in) financing activities	108,674	(408,113)
Effect of exchange rate changes on cash and cash equivalents	45,518	(2,231)
Net decrease in cash and cash equivalents	(37,772)	(476,119)
Cash and cash equivalents at beginning of period	1,372,418	2,100,360
Cash and cash equivalents at end of period	\$ 1,334,646	1,624,241

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(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 three months ended March 31, 2024 and 2023 were authorized for issue by the board of directors on May 7, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- 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”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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, 2023. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.

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

(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
			March 31, 2024	December 31, 2023	March 31, 2023	
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
"	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 2
MONOPRICE HOLDINGS	MONOPRICE INC. (MONOPRICE)	Trading business	100 %	100 %	100 %	

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
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 %	
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 three months ended March 31, 2024 and 2023 were not reviewed by a certificate public accountant.

Note 2: Since the entity has been classified as immaterial subsidiary, its financial statements, which were not reviewed by a certificate public accountant for the three months ended March 31, 2023, were reviewed in the three months ended March 31, 2024.

Note 3: Classified as immaterial subsidiaries, wherein their financial statements for the three months ended March 31, 2023 were not reviewed by a certificate public accountant. And the Group had decided in the end of 2022 to liquidate the above subsidiary in June 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.

(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.

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

(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, 2023. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. Please refer to note (6) of the 2023 annual consolidated financial statements for related information.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 3,109	2,099	2,361
Demand deposits	1,103,878	1,263,022	1,199,561
Check deposits	197,998	106,864	315,024
Time deposits	29,661	433	107,295
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 1,334,646</u>	<u>1,372,418</u>	<u>1,624,241</u>

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

(b) Notes and accounts receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operating activities	\$ 15,084	19,601	61,444
Accounts receivable - measured as amortized cost	2,266,316	2,105,620	1,807,484
Less: Loss allowance	(143,058)	(139,356)	(65,282)
Net	<u>\$ 2,138,342</u>	<u>1,985,865</u>	<u>1,803,646</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:

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,668,339	0.3%	4,295
Past due 1 to 30 days	137,152	1.0%	1,330
Past due 31 to 120 days	91,129	9.1%	8,248
Past due 121 to 180 days	123,377	17.3%	21,375
Past due 181 to 360 days	210,131	26.9%	56,538
Past due more than 360 days	<u>51,272</u>	100%	<u>51,272</u>
Total	<u>\$ 2,281,400</u>		<u>143,058</u>

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,495,137	0.5%	7,015
Past due 1 to 30 days	156,829	1.7%	2,702
Past due 31 to 120 days	290,769	8.6%	25,096
Past due 121 to 180 days	41,132	13.9%	5,727
Past due 181 to 360 days	59,352	28.3%	16,814
Past due more than 360 days	<u>82,002</u>	100%	<u>82,002</u>
Total	<u>\$ 2,125,221</u>		<u>139,356</u>

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	1,366,013	0.1%	1,038
Past due 1 to 30 days	173,223	1.4%	2,363
Past due 31 to 120 days	251,253	6.4%	16,131
Past due 121 to 180 days	26,042	23.0%	5,982
Past due 181 to 360 days	29,295	56.9%	16,666
Past due more than 360 days	<u>23,102</u>	100%	<u>23,102</u>
Total	<u>\$ 1,868,928</u>		<u>65,282</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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The movement in the allowance for notes and accounts receivable was as follows:

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 139,356	54,113
Expect credit loss	15,885	11,919
Amounts written off	(17,878)	(573)
Foreign exchange (gain) loss	5,695	(177)
Balance at March 31	<u><u>\$ 143,058</u></u>	<u><u>65,282</u></u>

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

(c) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Value-added tax returned by export trade	\$ 2,249	5,960	4,496
Other	12,198	12,897	11,655
Less: Loss allowance	-	-	-
Net	<u><u>\$ 14,447</u></u>	<u><u>18,857</u></u>	<u><u>16,151</u></u>

As of March 31, 2024 and 2023, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

(d) Inventory

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandise inventory (including goods in transit)	\$ 1,909,731	2,454,576	2,310,789
Finished goods	204,016	178,186	212,048
Work in progress	95,004	37,612	153,628
Raw materials	166,740	182,573	200,799
Supplies	18,787	14,036	23,114
Total	<u><u>\$ 2,394,278</u></u>	<u><u>2,866,983</u></u>	<u><u>2,900,378</u></u>

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

	For the three months ended March 31	
	2024	2023
Inventory valuation and obsolescence losses	44,216	27,039
Revenue from sale of scraps	(5,143)	(3,749)
Total	<u><u>\$ 39,073</u></u>	<u><u>23,290</u></u>

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

(Continued)

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

(e) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2024 and 2023 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, 2024	\$ 297,517	568,055	1,042,764	458,930	2,367,266
Additions	-	81	1,252	4,432	5,765
Reclassification	-	4,973	1,457	(11,330)	(4,900)
Disposals	-	-	(2,711)	(545)	(3,256)
Effect of changes in foreign exchange rate	2,201	18,011	27,389	16,483	64,084
Balance at March 31, 2024	<u>\$ 299,718</u>	<u>591,120</u>	<u>1,070,151</u>	<u>467,970</u>	<u>2,428,959</u>
Balance at January 1, 2023	\$ 296,000	570,491	1,007,802	525,507	2,399,800
Additions	-	-	9,519	40,160	49,679
Disposals	-	(64)	(29,852)	(7,280)	(37,196)
Effect of changes in foreign exchange rate	2,365	2,233	1,557	2,448	8,603
Balance at March 31, 2023	<u>\$ 298,365</u>	<u>572,660</u>	<u>989,026</u>	<u>560,835</u>	<u>2,420,886</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2024	\$ -	310,733	763,226	281,791	1,355,750
Depreciation for the period	-	5,473	10,576	8,214	24,263
Disposals	-	-	(2,211)	(492)	(2,703)
Effect of changes in foreign exchange rate	-	9,340	18,836	11,132	39,308
Balance at March 31, 2024	<u>\$ -</u>	<u>325,546</u>	<u>790,427</u>	<u>300,645</u>	<u>1,416,618</u>
Balance at January 1, 2023	\$ -	293,039	761,100	292,352	1,346,491
Depreciation for the period	-	5,448	10,022	8,679	24,149
Disposals	-	(64)	(26,716)	(7,229)	(34,009)
Effect of changes in foreign exchange rate	-	1,091	135	(1,314)	(88)
Balance at March 31, 2023	<u>\$ -</u>	<u>299,514</u>	<u>744,541</u>	<u>292,488</u>	<u>1,336,543</u>
Carrying value:					
Balance at January 1, 2024	<u>\$ 297,517</u>	<u>257,322</u>	<u>279,538</u>	<u>177,139</u>	<u>1,011,516</u>
Balance at March 31, 2024	<u>\$ 299,718</u>	<u>265,574</u>	<u>279,724</u>	<u>167,325</u>	<u>1,012,341</u>
Balance at January 1, 2023	<u>\$ 296,000</u>	<u>277,452</u>	<u>246,702</u>	<u>233,155</u>	<u>1,053,309</u>
Balance at March 31, 2023	<u>\$ 298,365</u>	<u>273,146</u>	<u>244,485</u>	<u>268,347</u>	<u>1,084,343</u>

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

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

(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, 2024	\$ 15,208	661,415	13,193	689,816
Additions	-	26,554	1,266	27,820
Write-off	-	-	(3,642)	(3,642)
Effect of changes in foreign exchange rate	615	25,719	53	26,387
Balance at March 31, 2024	\$ 15,823	713,688	10,870	740,381
Balance at January 1, 2023	\$ 15,468	775,097	12,353	802,918
Additions	-	20,559	-	20,559
Write-off	-	(82,047)	-	(82,047)
Effect of changes in foreign exchange rate	77	(2,956)	(3)	(2,882)
Balance at March 31, 2023	\$ 15,545	710,653	12,350	738,548
Accumulated depreciation:				
Balance at January 1, 2024	\$ 4,668	379,961	10,619	395,248
Depreciation for the period	78	28,794	885	29,757
Write-off	-	-	(3,642)	(3,642)
Effect of changes in foreign exchange rate	190	14,549	26	14,765
Balance at March 31, 2024	\$ 4,936	423,304	7,888	436,128
Balance at January 1, 2023	\$ 4,439	368,949	6,903	380,291
Depreciation for the period	77	31,733	868	32,678
Write-off	-	(46,082)	-	(46,082)
Effect of changes in foreign exchange rate	22	(608)	(3)	(589)
Balance at March 31, 2023	\$ 4,538	353,992	7,768	366,298
Carrying value:				
Balance at January 1, 2024	\$ 10,540	281,454	2,574	294,568
Balance at March 31, 2024	\$ 10,887	290,384	2,982	304,253
Balance at January 1, 2023	\$ 11,029	406,148	5,450	422,627
Balance at March 31, 2023	\$ 11,007	356,661	4,582	372,250

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.

(Continued)

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

(g) Intangible assets

The costs and amortization of intangible assets of the Group for the three months ended March 31, 2024 and 2023 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, 2024	\$ 316,329	99,345	84,631	545,063	1,045,368
External acquisition	-	-	-	30,122	30,122
Effect of changes in foreign exchange rate	13,362	4,197	3,438	25,219	46,216
Balance at March 31, 2024	<u>\$ 329,691</u>	<u>103,542</u>	<u>88,069</u>	<u>600,404</u>	<u>1,121,706</u>
Balance at January 1, 2023	\$ 316,381	99,362	84,606	355,539	855,888
External acquisition	-	-	-	31,888	31,888
Effect of changes in foreign exchange rate	(2,684)	(844)	(675)	(3,208)	(7,411)
Balance at March 31, 2023	<u>\$ 313,697</u>	<u>98,518</u>	<u>83,931</u>	<u>384,219</u>	<u>880,365</u>
Accumulated amortization and impairment:					
Balance at January 1, 2024	\$ 107,333	7,144	84,631	281,677	480,785
Amortization for the period	-	-	-	14,971	14,971
Effect of changes in foreign exchange rate	4,534	302	3,438	13,971	22,245
Balance at March 31, 2024	<u>\$ 111,867</u>	<u>7,446</u>	<u>88,069</u>	<u>310,619</u>	<u>518,001</u>
Balance at January 1, 2023	\$ 107,351	7,145	84,606	234,415	433,517
Amortization for the period	-	-	-	7,316	7,316
Effect of changes in foreign exchange rate	(910)	(61)	(675)	(2,300)	(3,946)
Balance at March 31, 2023	<u>\$ 106,441</u>	<u>7,084</u>	<u>83,931</u>	<u>239,431</u>	<u>436,887</u>
Carrying value:					
Balance at January 1, 2024	<u>\$ 208,996</u>	<u>92,201</u>	<u>-</u>	<u>263,386</u>	<u>564,583</u>
Balance at March 31, 2024	<u>\$ 217,824</u>	<u>96,096</u>	<u>-</u>	<u>289,785</u>	<u>603,705</u>
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 March 31, 2023	<u>\$ 207,256</u>	<u>91,434</u>	<u>-</u>	<u>144,788</u>	<u>443,478</u>

The amortizations of intangible assets please refer to note (12). For other information, please refer to note (6)(g) of the consolidated financial statements for the year ended December 31, 2023.

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

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Other current assets:			
Temporary payments	\$ 8,215	7,168	6,305
Right to the return goods-current	<u>6,214</u>	<u>5,962</u>	<u>5,912</u>
Subtotal	<u>14,429</u>	<u>13,130</u>	<u>12,217</u>
Other non-current assets:			
Other non-current financial assets	6,554	6,190	6,012
Guarantee deposits paid	43,949	39,507	57,366
Net defined benefit assets	4,241	4,241	5,561
Other	<u>451</u>	<u>744</u>	<u>895</u>
Subtotal	<u>55,195</u>	<u>50,682</u>	<u>69,834</u>
Total	<u>\$ 69,624</u>	<u>63,812</u>	<u>82,051</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).

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(i) Short-term borrowings

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

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 2,410,884	2,272,353	1,928,531
Unsecured non-financial institution loans	-	-	9,796
Total	\$ 2,410,884	2,272,353	1,938,327
Unused short-term and long-term credit lines	\$ 2,309,705	2,134,302	2,723,665
Interest rates	<u>1.79~7.06%</u>	<u>1.79~7.39%</u>	<u>1.92~6.58%</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper payable	\$ 180,000	100,000	230,000
Less: discount on commercial paper payable	(244)	(170)	(221)
Total	\$ 179,756	99,830	229,779
Interest rates	<u>2.35~2.40%</u>	<u>2.28~2.37%</u>	<u>2.14~2.24%</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 1,017,904	1,035,318	1,148,084
Secured bank loans	126,281	129,467	138,969
Secured non-financial institution loans	-	-	20,731
Subtotal	1,144,185	1,164,785	1,307,784
Less: current portion	(373,192)	(369,028)	(954,168)
Non-current portion	\$ 770,993	795,757	353,616
Interest rates	<u>1.98~7.53%</u>	<u>1.85~7.55%</u>	<u>1.94~7.75%</u>

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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Collateral for long-term borrowings

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

(1) Bonds payable

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

	March 31, 2024	December 31, 2023	March 31, 2023
Convertible bonds issued	\$ -	400,000	400,000
Less: Unamortized discount on convertible bonds	-	-	-
Accumulated converted and redeemed amount	-	(400,000)	(400,000)
	-	-	-
Less: Current portion	-	-	-
Non-current portion	\$ -	-	-
Equity component – conversion options (included in "Capital surplus – stock options")	\$ -	-	-
	-	-	-
Interest expense	-	-	20
	For the three months ended March 31		
	2024	2023	
	—	—	

(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.

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;

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

On both March 31, 2024 and 2023, there were no instances of newly issued convertible bonds.

(iv) **Conversion of bonds**

There was no conversion of bonds for the three months ended March 31, 2024.

In 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 \$6,831.

(v) **Repurchase of bonds**

There was no repurchase of bond payable for the three months ended March 31, 2024 and 2023.

(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 three months ended March 31, 2024, and 2023.

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

(m) Other payables and refund liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses payable	\$ 56,044	53,015	72,893
Compensation and bonus due to employees	-	-	52,181
Compensation due to directors	-	-	34,787
Interest payable	6,376	6,093	6,478
Processing fee payable	5,369	5,542	6,059
Payable on machinery and equipment	283	3,072	12,136
Freight payable	93,326	83,736	71,261
VAT and sales tax payable	182,369	213,580	222,285
Other accrued expenses	198,139	161,658	136,252
Other payables	<u>\$ 541,906</u>	<u>526,696</u>	<u>614,332</u>
Refund liabilities	<u>\$ 39,643</u>	<u>62,772</u>	<u>64,661</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 100,820</u>	<u>94,133</u>	<u>194,778</u>
Non-current	<u>\$ 224,275</u>	<u>221,677</u>	<u>295,740</u>

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

For the three months ended March 31, 2024 and 2023, the Group recognized its lease liabilities amounting to \$27,820 and \$20,559, with an interest rate of 1.85~2.44% and 5.20%, respectively.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2024	2023
Interest on lease liabilities	<u>\$ 2,597</u>	<u>4,337</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,697</u>	<u>6,040</u>
Expenses relating to short-term leases	<u>\$ 1,668</u>	<u>1,861</u>
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	<u>\$ 43</u>	<u>-</u>

(Continued)

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

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

	For the three months ended	
	March 31	
	2024	2023
Total cash outflow for leases	\$ <u><u>40,039</u></u>	\$ <u><u>63,150</u></u>

(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.

(o) 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, 2023 and 2022.

	For the three months	
	ended March 31	
	2024	2023
Operating costs	-	-
Selling expenses	-	-
Administrative expenses	6	1
Research and development expenses	-	-
Total	<u><u>6</u></u>	<u><u>1</u></u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(ii) Defined contribution plans

The Company's pension expenses under the defined contribution method amounted to \$1,041 and \$1,068 for the three months ended March 31, 2024 and 2023, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to \$6,081 and \$6,254 for the three months ended March 31, 2024 and 2023, respectively.

Pension expenses recognized by the Group were as follows:

	For the three months ended March 31	
	2024	2023
Operating costs	1,581	1,557
Selling expenses	4,072	4,426
Administrative expenses	929	881
Research and development expenses	540	458
Total	<u><u>7,122</u></u>	<u><u>7,322</u></u>

(p) 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 three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31	
	2024	2023
Current tax expense (income)		
Current period	\$ 9,420	8,050
Adjustments for prior periods	-	-
Subtotal	<u><u>9,420</u></u>	<u><u>8,050</u></u>
Deferred tax (income) expense		
Origination and reversal of temporary differences	<u>(42,624)</u>	<u>(63,571)</u>
Subtotal	<u>(42,624)</u>	<u>(63,571)</u>
Income tax (income) expense	<u><u>\$ (33,204)</u></u>	<u><u>(55,521)</u></u>

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 three months ended March 31, 2024 and 2023 were as follows:

For the three months ended March 31		
2024	2023	

Items that may be reclassified subsequently to profit or loss:

Foreign currency translation differences of foreign operations	<u>\$ 36,040</u>	<u>(6,996)</u>
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(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.

(q) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For related information, please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2023.

(i) Issuance of common stock

There were no issuance of shares from conversions of convertible debt for the three months ended March 31, 2024.

The Group converted its bonds by issuing 683 thousand shares of common stocks amounting to \$6,831. The related registration procedures had already been completed in April, 2023.

Changes in the numbers of outstanding shares for the three months ended March 31, 2024 and 2023, were as follows:

	Common Shares (in thousand shares)	
	For the three months ended March 31	
	2024	2023
Beginning balance at January 1	146,463	144,185
Conversion of convertible bonds	-	683
Ending balance at March 31	146,463	144,868

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(ii) Capital surplus

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

	March 31, 2024	December 31, 2023	March 31, 2023
Premium of issuance	\$ 936,752	936,752	906,697
Transaction of treasury stock	19,741	19,741	19,741
Difference between consideration and carrying amount of shares	334	334	334
Expired employee stock options	32,002	32,002	32,002
Total	\$ 988,829	988,829	958,774

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.

(iii) Earnings distribution

In the board of directors' meeting held on March 15, 2024, the resolution for the distribution of earnings from the year 2023 has been approved. Based on the resolution, distributable earnings are calculated as net loss after tax of \$439,986 for the year 2023, plus, actuarial loss of \$1,325 and used the beginning balance of unappropriated earnings of \$445,983 to mack up the deficit, then, reversed the special reserve of \$117,170, which amounted to \$121,842. The cash dividends, yet to be approved by the shareholders, amounted to \$117,170, with a par value of \$0.8 per share.

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 finished to distribution in August 2023 amounted to \$434,605, with a par value of \$3 per share.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2024	\$ (130,293)
Exchange differences on foreign operation	<u>144,160</u>
Balance at March 31, 2024	<u><u>\$ 13,867</u></u>
Balance at January 1, 2023	\$ (110,053)
Exchange differences on foreign operation	<u>(27,985)</u>
Balance at March 31, 2023	<u><u>\$ (138,038)</u></u>

(r) Earnings per share

For the three months ended March 31, 2024 and 2023, the Company's earnings per share were calculated as follows:

	For the three months ended March 31	
	2024	2023
Basic losses per share		
Loss attributable to ordinary shareholders of the Company	\$ (146,362)	(231,132)
Weighted-average number of ordinary shares (in thousands of shares)	<u>146,463</u>	<u>144,772</u>
Basic losses per share (in dollars)	<u><u>\$ (1.00)</u></u>	<u><u>(1.60)</u></u>
Diluted losses per share		
Loss attributable to ordinary shareholders of the Company	\$ (146,362)	(231,132)
Weighted-average number of ordinary shares (in thousand of share)	<u>146,463</u>	<u>144,772</u>
Diluted losses per share (in dollars)	<u><u>\$ (1.00)</u></u>	<u><u>(1.60)</u></u>

For the three months ended March 31, 2024 and 2023, the Group had no outstanding convertible bonds and no employee remunerations were accrued due to its losses, resulting in its earnings per share to have no dilutive impact during the periods.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(s) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31	
	2024	2023
Goods sold	\$ 2,230,948	1,965,935
Rental income	2,960	2,150
Total	\$ 2,233,908	1,968,085

(ii) Disaggregation of revenue

	For the three months ended March 31, 2024			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 575,217	451,385	820,856	1,847,458
China	32,685	-	-	32,685
Taiwan	28,552	-	-	28,552
Canada	18,791	65,920	-	84,711
United Kingdom	12,903	-	-	12,903
Others	168,098	56,541	-	224,639
Total	\$ 836,246	573,846	820,856	2,230,948
Main products/services lines				
CABLE	\$ 252,044	41,127	369,942	663,113
POWER CORD	539,427	517,051	-	1,056,478
Consumer electronics	-	-	450,914	450,914
Others	44,775	15,668	-	60,443
Total	\$ 836,246	573,846	820,856	2,230,948
Timing of revenue recognition:				
Product transferred at a point in time	\$ 836,246	573,846	820,856	2,230,948
Sales channels				
Directly to customers	\$ 836,246	573,846	820,856	2,230,948

(Continued)

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

	For the three months ended March 31, 2023			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 253,432	363,444	942,675	1,559,551
China	82,546	-	-	82,546
Taiwan	51,892	-	-	51,892
Canada	11,165	54,907	-	66,072
United Kingdom	11,303	-	-	11,303
Others	<u>147,741</u>	<u>46,830</u>	<u>-</u>	<u>194,571</u>
Total	<u><u>\$ 558,079</u></u>	<u><u>465,181</u></u>	<u><u>942,675</u></u>	<u><u>1,965,935</u></u>
Main products/services lines				
CABLE	\$ 256,894	31,401	429,635	717,930
POWER CORD	265,020	417,736	-	682,756
Consumer electronics	-	-	513,040	513,040
Others	<u>36,165</u>	<u>16,044</u>	<u>-</u>	<u>52,209</u>
Total	<u><u>\$ 558,079</u></u>	<u><u>465,181</u></u>	<u><u>942,675</u></u>	<u><u>1,965,935</u></u>
Timing of revenue recognition:				
Product transferred at a point in time	<u><u>\$ 558,079</u></u>	<u><u>465,181</u></u>	<u><u>942,675</u></u>	<u><u>1,965,935</u></u>
Sales channels				
Directly to customers	<u><u>\$ 558,079</u></u>	<u><u>465,181</u></u>	<u><u>942,675</u></u>	<u><u>1,965,935</u></u>

(iii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities—advance sales receipts	<u><u>\$ 123,334</u></u>	<u><u>138,192</u></u>	<u><u>76,910</u></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 three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$65,514 and \$51,035, 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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(t) 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 three months ended March 31, 2024 and 2023, no remunerations to employees and directors were accrued due to the loss incurred by the Group.

(u) Other non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2024	2023
Interest income from bank deposits	\$ <u>6,364</u>	\$ <u>8,752</u>

(ii) Other income

	For the three months ended March 31	
	2024	2023
Government grants	\$ 336	20
Other income	4,960	7,010
Total	\$ 5,296	\$ 7,030

(iii) Other gains and losses

	For the three months ended March 31	
	2024	2023
(Loss) gain on disposal of property, plant, and equipment	\$ (534)	4,369
Foreign exchange gain (loss)	7,760	(7,968)
Other non-operating expenses	(918)	(389)
Other gains and losses, net	\$ 6,308	\$ (3,988)

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Notes to the Consolidated Financial Statements

(iv) Financial costs

	For the three months ended March 31	
	2024	2023
Interest expense		
Interest on bank and non-financial institution loans	\$ (35,211)	(35,025)
Interest on lease liabilities	(2,597)	(4,337)
Short-term notes and bills payable	(499)	(1,002)
Bonds payable	- <hr/>	(20)
Total	<hr/> \$ (38,307)	<hr/> (40,384)

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(x) of the consolidated financial statements for the year ended December 31, 2023.

(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

Customers of the Group are mainly concentrated in off-line retail of internet cables and power code products. In order to lower the credit risk of accounts receivable, the Group continuously examines the financial situation of customers and periodically assess the recoverability of accounts receivable, recognizing allowances for bad debt when necessary. The losses on doubtful debts were within the expectations of management. As of March 31, 2024, December 31, 2023 and March 31, 2023 five clients contributed to 53%, 57% and 64%, respectively, of the accounts receivable, hence, the Group has a significant concentration on credit risk.

3) Credit risk from 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
March 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,410,884	2,436,332	2,436,332	-	-	-
Short-term notes and bills payable	179,756	180,000	180,000	-	-	-
Notes and accounts payable	791,830	791,830	791,830	-	-	-
Other payables	541,906	541,906	541,906	-	-	-
Lease liabilities - current and noncurrent	325,095	349,455	110,688	84,691	143,768	10,308
Long-term borrowings (includes current portion)	<u>1,144,185</u>	<u>1,186,247</u>	<u>967,338</u>	<u>70,043</u>	<u>81,115</u>	<u>67,751</u>
Total	<u><u>\$ 5,393,656</u></u>	<u><u>5,485,770</u></u>	<u><u>5,028,094</u></u>	<u><u>154,734</u></u>	<u><u>224,883</u></u>	<u><u>78,059</u></u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,272,353	2,294,610	2,294,610	-	-	-
Short-term notes and bills payable	99,830	100,000	100,000	-	-	-
Notes and accounts payable	1,185,419	1,185,419	1,185,419	-	-	-
Other payables	526,696	526,696	526,696	-	-	-
Lease liabilities - current and noncurrent	315,810	341,673	104,166	73,620	152,396	11,491
Long-term borrowings (includes current portion)	<u>1,164,785</u>	<u>1,211,450</u>	<u>975,054</u>	<u>70,163</u>	<u>96,835</u>	<u>69,398</u>
Total	<u><u>\$ 5,564,893</u></u>	<u><u>5,659,848</u></u>	<u><u>5,185,945</u></u>	<u><u>143,783</u></u>	<u><u>249,231</u></u>	<u><u>80,889</u></u>
March 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,938,327	1,952,839	1,952,839	-	-	-
Short-term notes and bills payable	229,779	230,000	230,000	-	-	-
Notes and accounts payable	647,329	647,329	647,329	-	-	-
Other payables	614,332	614,332	614,332	-	-	-
Lease liabilities - current and noncurrent	490,518	528,686	210,178	107,487	175,794	35,227
Long-term borrowings (includes current portion)	<u>1,307,784</u>	<u>1,338,518</u>	<u>1,053,273</u>	<u>66,929</u>	<u>139,444</u>	<u>78,872</u>
Total	<u><u>\$ 5,228,069</u></u>	<u><u>5,311,704</u></u>	<u><u>4,707,951</u></u>	<u><u>174,416</u></u>	<u><u>315,238</u></u>	<u><u>114,099</u></u>

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

(Continued)

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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)								
	March 31, 2024			December 31, 2023			March 31, 2023		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
Financial assets:									
<u>Monetary items</u>									
USD	\$ 37,126	31.95	1,186,176	22,800	30.66	698,934	34,501	30.40	1,048,830
HKD	83	4.06	337	1,112	3.92	4,363	396	3.87	1,534
CNY	495	4.50	2,229	1,243	4.33	5,380	1,522	4.42	6,733
EUR	603	34.26	20,659	780	33.78	26,348	865	32.95	28,502
CAD	851	24.93	21,213	1,071	23.92	25,615	352	21.47	7,557
Financial liabilities:									
<u>Monetary items</u>									
USD	30,279	31.95	967,414	29,325	30.66	898,958	18,624	30.40	566,170

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 three months ended March 31, 2024 and 2023, assuming the TWD appreciated by 1%, were decrease of \$2,632 and \$5,270, 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 three months ended March 31, 2024 and 2023, the foreign exchange (loss) gain (including both realized and unrealized) amounted to \$7,760 and \$(7,968), 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.

(Continued)

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 \$8,888 and \$8,115 for the three months ended March 31, 2024 and 2023, 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.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and polices as disclosed in note (6)(y) of the consolidated financial statements for the year ended December 31, 2023.

(x) 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, 2023. 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, 2023. Please refer to note (6)(z) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(y) 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 (q) for information on the conversion of convertible bonds to ordinary shares.

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

	January 1, 2024	Cash inflow	Cash Outflow	Non-cash changes			March 31, 2023
				Foreign exchange movement	Increase in Right-of-use assets	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,272,353	624,674	(522,899)	36,756	-	-	2,410,884
Short-term notes and bills payable	99,830	79,926	-	-	-	-	179,756
Lease liabilities	315,810	-	(31,034)	12,499	27,820	-	325,095
Long-term borrowings (includes current portion)	1,164,785	200,000	(241,993)	21,393	-	-	1,144,185
Total liabilities from financing activities	<u>\$ 3,852,778</u>	<u>904,600</u>	<u>(795,926)</u>	<u>70,648</u>	<u>27,820</u>	<u>-</u>	<u>4,059,920</u>

(Continued)

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

	January 1, 2023	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		March 31, 2024
					Increase (decrease) in right-of-use assets and disposal of lease liability	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,023,640	613,709	(702,045)	3,023	-	-	1,938,327
Short-term notes and bills payable	229,737	42	-	-	-	-	229,779
Bonds payable (includes current portion)	16,662	-	(100)	-	-	(16,562)	-
Lease liabilities	562,360	-	(50,912)	(3,682)	(17,248)	-	490,518
Long-term borrowings (includes current portion)	1,584,122	200,000	(468,807)	(7,531)	-	-	1,307,784
Total liabilities from financing activities	<u>\$ 4,416,521</u>	<u>813,751</u>	<u>(1,221,864)</u>	<u>(8,190)</u>	<u>(17,248)</u>	<u>(16,562)</u>	<u>3,966,408</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

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 4,977	6,248
Post-employment benefits	92	152
Total	<u>\$ 5,069</u>	<u>6,400</u>

For the three months ended March 31, 2024, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$903, and the balance of lease liabilities amounted to \$2,936 (including current and non-current).

For the three months ended March 31, 2023, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$977, and the balance of lease liabilities amounted to \$4,577 (including current and non-current).

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	March 31, 2024	December 31, 2023	March 31, 2023
Land ,plant and buildings	Long-term borrowings	\$ 246,848	247,366	249,174
Other financial asset — non-current	Long-term borrowings	6,554	6,190	6,012
Guarantee deposits paid	Long-term borrowings and Customs security deposits	343	338	15,337
Total		<u><u>\$ 253,745</u></u>	<u><u>253,894</u></u>	<u><u>270,523</u></u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

Supplier	Contract Period	Pricing Terms	Product	Breach Clause
A	2024.01~2024.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,800 per ton of conversion cost	710~950 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	2024.01~2024.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,800 per ton of conversion cost	340~1,020 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

(Continued)

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of equipments and software	<u><u>\$ 92,400</u></u>	<u><u>79,032</u></u>	<u><u>13,257</u></u>

(iii) Unused letters of credit: None.

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

(b) Significant contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

by Function by Nature	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	61,403	170,041	231,444	59,424	175,533	234,957
Labor and health insurance (Note 1)	1,749	24,660	26,409	1,988	22,669	24,657
Pension (Note 2)	1,582	5,546	7,128	1,896	5,427	7,323
Remuneration of directors	-	400	400	-	400	400
Other employee benefits	1,596	3,238	4,834	867	3,861	4,728
Depreciation	9,625	44,395	54,020	18,044	38,783	56,827
Amortization	223	14,748	14,971	377	6,939	7,316

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.

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the three months ended March 31, 2024 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	31,950 (USD1,000 thousand)	31,950 (USD1,000 thousand)	15,975	-	2	-	Business operation	-	-	-	763,567	1,221,706
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Other receivables	Yes	89,460 (USD2,800 thousand)	89,460 (USD2,800 thousand)	89,460	-	1	410,993	Business operation	-	-	-	1,242,996	1,242,996
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	734,850 (USD23,000 thousand)	734,850 (USD23,000 thousand)	734,850	-	2	-	Business operation	-	-	-	818,687	818,687
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	95,850 (USD3,000 thousand)	95,850 (USD3,000 thousand)	91,367	-	2	-	Business operation	-	-	-	3,141,163	3,141,163
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	Other receivables	Yes	463,275 (USD14,500 thousand)	463,275 (USD14,500 thousand)	367,425	-	2	-	Business operation	-	-	-	3,141,163	3,141,163
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	Other receivables	Yes	58,242 (EUR1,700 thousand)	58,242 (EUR1,700 thousand)	57,435	-	2	-	Business operation	-	-	-	3,141,163	3,141,163
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	137,385 (USD4,300 thousand)	137,385 (USD4,300 thousand)	136,040	-	2	-	Business operation	-	-	-	3,141,163	3,141,163
5	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE INC.	Other receivables	Yes	287,550 (USD9,000 thousand)	287,550 (USD9,000 thousand)	167,738	3%	2	-	Business operation	-	-	-	1,658,418	1,658,418
5	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	Other receivables	Yes	894,600 (USD28,000 thousand)	894,600 (USD28,000 thousand)	894,600	3%	2	-	Business operation	-	-	-	1,658,418	1,658,418

Note 1: The numbers are filled in as follows:

1. 0 represents the Company

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

Note 2: Purposes of financing are labelled as follows:

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

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

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

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

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the 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 subsidiary	Endorsements/ guarantees to third parties on behalf of parent company
		Name	Relationship with the Company (Note 2)										
0	The Company	WUXI UNIVERSAL NETWORK CORPORATION	1, 2	3,054,266	828,738	828,738	249,910	-	27.13 %	6,108,532	Y	N	Y
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1, 2	3,054,266	100,000	100,000	-	-	3.27 %	6,108,532	Y	N	N
1	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE, INC.	1, 4	1,658,418	383,400	383,400	303,525	-	12.55 %	3,316,836	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 March 31, 2024 (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.	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 March 31, 2024.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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- (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	222,449 (USD7,079 thousand)	24.05 %	OA 90 days	-	-	(334,236) (USD10,461 thousand)	(46.07)%	
The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Parent company to subsidiary	Purchases	410,927 (USD13,088 thousand)	44.43 %	OA 90 days	-	-	(312,368) (USD9,777 thousand)	(43.05)%	
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchases	115,377 (USD3,654 thousand)	38.11 %	OA 90 days	-	-	(13,278) (USD416 thousand)	(48.08)%	
MONOPRICE, INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchases	154,816 (USD4,942 thousand)	39.55 %	OA 60 days	-	-	(431,718) (USD13,512 thousand)	(88.71)%	

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 31.5733.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 31.95.

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	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Parent company to subsidiary	Accounts receivable: 266,997	0.80	-	-	10,575	-
The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Parent company to subsidiary	Other receivable: 122,202	-	-	-	38,340	-
WUXI UNIVERSAL NETWORK CORPORATION	The Company	Subsidiary to parent company	Accounts receivable: 334,236	2.63	-	-	52,990	-
WUXI UNIVERSAL NETWORK CORPORATION	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 271,124	0.47	-	-	43,170	-
YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	Subsidiary to subsidiary	Accounts receivable: 431,718	1.52	-	-	87,871	-
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	Subsidiary to parent company	Accounts receivable: 312,368	8.26	-	-	39,664	-

Note 1: The information above shows subsequent collection of accounts receivable – related party as of May 3, 2024.

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 31.5733.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 31.95.

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

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended March 31, 2024 (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	115,377	A percentage of gross profit	5%
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD	1	Sales	48,544	A percentage of gross profit	2%
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD	1	Accounts Receivable	266,997	OA 90 days	3%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Accounts Receivable	88,010	OA 90 days	1%
0	The Company	YUE FONG COMPANYLIMITED	1	Other Receivables	15,975	Based on collection status	-%
0	The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	1	Other Receivables	89,460	Based on collection status	1%
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD	1	Other Receivables	122,202	The Company payment for goods on behalf of the subsidiary	1%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	734,850	Based on collection status	8%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	59,855	A percentage of gross profit	3%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivables	86,809	OA 90 days	1%
2	DONGGUAN YFC	WUXI UNIVERSAL NETWORK CORPORATION	3	Other Receivables	36,026	Payment on behalf of the goods	-%
3	WUXI UNIVERSAL	The Company	2	Sales	222,449	A percentage of gross profit	10%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivables	334,236	OA 90 days	4%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	39,384	A percentage of gross profit	2%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivable	271,124	OA 90 days	3%
3	WUXI UNIVERSAL	PREMIUM-LINE KSI GMBH	3	Accounts Receivables	25,924	OA 90 days	-%
4	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE,INC.	3	Other Receivables	167,738	Based on collection status	2%
4	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Other Receivables	894,600	Based on collection status	10%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Sales	410,927	A percentage of gross profit	18%

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

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended March 31, 2024 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Accounts Receivable	312,368	OA 90 days	4%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	WUXI UNIVERSAL	2	Accounts Receivable	30,578	OA 90 days	-%
6	YFC-EUROPOWER INTERNALLTONAL CO., LTD	MONOPRICE INC.	3	Sales	154,816	A percentage of gross profit	7%
6	YFC-EUROPOWER INTERNALLTONAL CO., LTD	MONOPRICE INC.	3	Accounts Receivable	431,718	OA 60 days	5%
6	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Sales	27,469	A percentage of gross profit	1%
6	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Accounts Receivable	74,365	OA 90 days	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	2	Other Receivable	367,425	Based on collection status	4%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	3	Other Receivable	91,367	Based on collection status	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	136,040	Based on collection status	2%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	3	Other Receivable	57,435	Based on collection status	1%

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 three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (loss)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,665,613 (USD50,876 thousand)	1,665,613 (USD50,876 thousand)	53,906	100.00 %	3,098,855	(58,572)	(39,251)	The difference between the subsidiary's profit and loss, and the Company's recognized profit and loss was due to the decreasing in downstream unrealized gain amounting to \$6,367 and the decreasing in sidestream unrealized gain amounting to \$12,954.
"	BESTLINK NETWARE INC.	USA	Trading business	31,393 (USD1,000 thousand)	31,393 (USD1,000 thousand)	1,000	100.00 %	42,444	5,414	5,414	
"	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50 thousand)	1,496 (USD50 thousand)	50	100.00 %	1,658,418	8,894	8,894	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600 thousand)	28,193 (EUR600 thousand)	-	100.00 %	(69,931)	(740)	(740)	
"	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	100	100.00 %	194,921	(89,414)	(89,414)	

(Continued)

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (loss)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	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 %	(9,840)	(1,631)	(1,631)	
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Taiwan	Trading business	500	500	50	100.00 %	46,865	14,836	14,836	
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	622,988 (USD18,807 thousand)	622,988 (USD18,807 thousand)	22,807	100.00 %	1,172,179	(61,304)	(61,304)	
"	EUROPOWER INTERNATIONAL LIMITED	B.V.I	Trading business	161,778 (USD4,890 thousand)	161,778 (USD4,890 thousand)	4,890	100.00 %	818,687	(3,726)	(3,726)	
"	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 %	601,597	(33,975)	(33,975)	
"	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720 thousand)	23,392 (USD720 thousand)	720	80.00 %	20,881	-	-	
"	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50 thousand)	1,472 (USD50 thousand)	50	100.00 %	634	25	25	
"	YFC-BONEAGLE INTERNATIONAL, INC.	Philippines	Trading business	18,558 (USD653 thousand)	18,558 (USD653 thousand)	653	100.00 %	(6,095)	(4,251)	(4,251)	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20 thousand)	608 (USD20 thousand)	75	100.00 %	569	-	-	
"	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 %	(118,360)	29,433	29,433	
"	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100 thousand)	3,085 (USD100 thousand)	1,000	100.00 %	14,980	43	43	
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 %	967,781	(62,215)	(62,215)	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	500	100.00 %	194,921	(89,414)	(89,414)	

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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of March 31, 2024	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)	111,474 (USD7,007 thousand)	-	-	111,474 (USD3,007 thousand)	(43)	100.00%	(43)	180,665	-
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)	(34,010)	100.00%	(34,010)	600,028	-
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)	-	-%	-	(1)	(Note 5)
T-MARK	Wholesaling business	900,877 (HKD234,228 thousand)	(2)	167,022 (HKD42,000 thousand)	-	-	167,022 (HKD42,000 thousand)	-	15.81%	-	(2)	(Note 6)

(Continued)

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 5)	Upper Limit on Investment (Note 4)
934,389 (USD28,968 thousand)	941,156 (USD29,047 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 authorized does not include the reinvestment of earnings of the subsidiary DONGGUAN YFC, which amounted to USD379 thousand.

Note 4: 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 5: 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 6: Please refer to note (13)(a)(ii) for details..

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

(iii) Significant transactions:

Please refer to "Information on significant transaction" for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China during the three months ended March 31, 2024 .

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
GOOD WIN INVESTMENT CO., LTD		8,020,359	5.47 %

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

(a) General information

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

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

The operating segment information and reconciliation were as follows:

	For the three months ended March 31, 2024				Total
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination	
Revenue:					
Revenue from external customers	\$ 838,392	574,660	820,856	-	2,233,908
Inter-segment revenue	923,004	198,807	-	(1,121,811)	-
Total revenues	<u>\$ 1,761,396</u>	<u>773,467</u>	<u>820,856</u>	<u>(1,121,811)</u>	<u>2,233,908</u>
Reportable segment profit or loss	<u><u>\$ (154,698)</u></u>	<u><u>(52,052)</u></u>	<u><u>(110,206)</u></u>	<u><u>137,390</u></u>	<u><u>(179,566)</u></u>
 For the three months ended March 31, 2023					
	For the three months ended March 31, 2023				Total
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination	
Revenue:					
Revenue from external customers	\$ 560,199	465,211	942,675	-	1,968,085
Inter-segment revenue	778,037	282,362	1,396	(1,061,795)	-
Total revenues	<u>\$ 1,338,236</u>	<u>747,573</u>	<u>944,071</u>	<u>(1,061,795)</u>	<u>1,968,085</u>
Reportable segment profit or loss	<u><u>\$ (284,906)</u></u>	<u><u>(74,226)</u></u>	<u><u>(144,595)</u></u>	<u><u>217,035</u></u>	<u><u>(286,692)</u></u>
 Reportable segment assets :					
	Reportable segment assets :				Total
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination	
March 31, 2024	<u>\$ 11,410,469</u>	<u>4,027,049</u>	<u>2,760,307</u>	<u>(9,395,121)</u>	<u>8,802,704</u>
December 31, 2023	<u>\$ 10,571,187</u>	<u>4,157,101</u>	<u>2,838,265</u>	<u>(8,517,582)</u>	<u>9,048,971</u>
March 31, 2023	<u>\$ 10,235,340</u>	<u>4,903,861</u>	<u>3,113,915</u>	<u>(9,027,997)</u>	<u>9,225,119</u>
 Reportable segment liabilities :					
	Reportable segment liabilities :				Total
	Manufacturing	Wholesaling	Online retailing	Adjustments and elimination	
March 31, 2024	<u>\$ 6,874,612</u>	<u>1,424,241</u>	<u>2,522,943</u>	<u>(5,042,578)</u>	<u>5,779,218</u>
December 31, 2023	<u>\$ 6,085,842</u>	<u>1,616,327</u>	<u>2,528,965</u>	<u>(4,243,851)</u>	<u>5,987,283</u>
March 31, 2023	<u>\$ 5,748,265</u>	<u>1,752,446</u>	<u>2,349,392</u>	<u>(4,277,583)</u>	<u>5,572,520</u>