

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019**

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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 June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, as well as the changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$983,643 thousand and \$996,751 thousand, constituting 11% and 12% of consolidated total assets as of June 30, 2020 and 2019, respectively, total liabilities amounting to \$537,935 thousand and \$586,278 thousand, constituting 8% and 10% of consolidated total liabilities as of June 30, 2020 and 2019, respectively, and total comprehensive income (loss) amounting to \$(5,437) thousand, \$2,194 thousand, \$(2,730) thousand and \$10,594 thousand, constituting (16)%, 2%, (5)% and 9% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2020 and 2019, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, as well as its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 12, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2020 and 2019

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31 and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2020		December 31, 2019		June 30, 2019		June 30, 2020		December 31, 2019		June 30, 2019			
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
Assets		Liabilities and Equity													
Current assets:		Current liabilities:													
1100	Cash and cash equivalents (note (6)(a))	\$ 1,701,931	19	1,432,714	17	1,137,626	14	2100	Short-term borrowings (note (6)(i))	\$ 2,207,420	25	1,881,475	21	1,636,628	19
1170	Notes and accounts receivable (note (6)(b) and (8))	2,109,037	24	1,994,094	23	2,124,597	25	2110	Short-term notes and bills payable (note (6)(j))	129,971	1	229,823	3	249,831	3
1200	Other receivables, net (note (6)(c))	22,115	-	17,595	-	10,069	-	2130	Current contract liabilities (note (6)(k))	49,677	1	93,679	1	54,649	1
1220	Current tax assets	23,699	-	47,482	-	39,822	-	2170	Notes and accounts payable	856,379	10	668,982	8	804,159	9
130X	Inventories (note (6)(d))	2,217,185	25	2,282,649	27	2,374,702	28	2200	Other payables (note (6)(m))	453,809	5	459,398	5	381,789	4
1410	Prepayments	294,210	4	261,422	3	250,803	3	2216	Dividends payable (note (6)(r))	105,871	1	-	-	249,109	3
1470	Other current assets (note (6)(h))	15,571	-	16,569	-	17,033	-	2230	Current tax liabilities	58,527	1	14,479	-	18,181	-
1481	Right to the return goods-current	5,710	-	5,777	-	4,390	-	2251	Current provisions for employee benefits	21,668	-	14,775	-	14,746	-
	Total current assets	6,389,458	72	6,058,302	70	5,959,042	70	2280	Current lease liabilities (note (6)(n))	83,264	1	82,800	1	72,695	1
	Non-current assets:							2365	Refund liabilities-current (note (6)(m))	56,720	1	63,940	1	45,478	1
1600	Property, plant and equipment (note (6)(e) and (8))	1,235,805	14	1,284,443	15	1,353,846	16	2320	Long-term liabilities, current portion (note (6)(k)(i) and (8))	878,549	10	1,211,071	14	1,014,180	12
1755	Right-of-use assets (note (6)(f))	438,945	5	491,456	6	434,761	5	2300	Other current liabilities (note (6)(o))	7,641	-	2,193	-	3,845	-
1780	Intangible assets (note (6)(g))	479,399	5	502,167	6	536,429	7		Total current liabilities	4,909,496	56	4,722,615	54	4,545,290	53
1840	Deferred tax assets	165,519	2	154,134	2	110,272	1		Non-Current liabilities:						
1915	Prepayments for business facilities	44,072	1	28,413	-	24,425	-	2530	Bonds payable (note (6)(l))	307,449	3	-	-	-	-
1900	Other non-current assets (note (6)(h) and (8))	126,671	1	131,705	1	58,954	1	2540	Long-term borrowings (note (6)(k) and (8))	863,386	10	1,051,501	12	1,056,436	13
	Total non-current assets	2,490,411	28	2,592,318	30	2,518,687	30	2570	Deferred tax liabilities	72,126	1	72,979	1	76,579	1
								2580	Non-current lease liabilities (note (6)(n))	366,841	4	414,033	5	356,803	4
								2600	Other non-current liabilities (note (6)(o))	6,018	-	4,454	-	5,925	-
									Total non-current liabilities	1,615,820	18	1,542,967	18	1,495,743	18
									Total liabilities	6,525,316	74	6,265,582	72	6,041,033	71
									Equity attributable to owners of parent (note (6)(f)(r)):						
								3110	Ordinary share	1,245,545	14	1,245,545	14	1,245,545	15
								3200	Capital surplus	698,714	8	677,621	8	677,621	8
								3300	Retained earnings	653,407	7	651,204	8	564,279	7
								3400	Other equity interest	(249,243)	(3)	(196,131)	(2)	(57,228)	(1)
									Total equity attributable to owners of parent	2,348,423	26	2,378,239	28	2,430,217	29
								36XX	Non-controlling interests	6,130	-	6,799	-	6,479	-
									Total equity	2,354,553	26	2,385,038	28	2,436,696	29
Total assets		\$ 8,879,869	100	8,650,620	100	8,477,729	100	Total liabilities and equity		\$ 8,879,869	100	8,650,620	100	8,477,729	100

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2020 and 2019

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

	For the three months ended				For the six months ended			
	June 30				June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operating revenue (note (6)(t))	\$ 2,854,243	100	2,971,692	100	\$ 5,076,758	100	5,386,542	100
5110 Operating costs (note (6)(d)(n)(p)(u) and (12)):	<u>2,158,155</u>	<u>76</u>	<u>2,291,980</u>	<u>77</u>	<u>3,825,166</u>	<u>75</u>	<u>4,126,652</u>	<u>77</u>
5900 Gross profit from operations	<u>696,088</u>	<u>24</u>	<u>679,712</u>	<u>23</u>	<u>1,251,592</u>	<u>25</u>	<u>1,259,890</u>	<u>23</u>
Operating expenses (note (6)(b)(n)(p)(u) and (12)):								
6100 Selling expenses	364,616	13	384,812	13	741,311	15	771,108	14
6200 Administrative expenses	146,784	5	164,680	6	300,813	6	313,540	6
6300 Research and development expenses	9,856	-	12,319	-	17,626	-	22,908	-
6450 Expected credit loss (gain)	<u>(3,039)</u>	<u>-</u>	<u>658</u>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>(1,961)</u>	<u>-</u>
6000 Total operating expenses	<u>518,217</u>	<u>18</u>	<u>562,469</u>	<u>19</u>	<u>1,059,426</u>	<u>21</u>	<u>1,105,595</u>	<u>20</u>
6900 Operating income	<u>177,871</u>	<u>6</u>	<u>117,243</u>	<u>4</u>	<u>192,166</u>	<u>4</u>	<u>154,295</u>	<u>3</u>
Non-operating income and expenses (note (6)(l)(n)(v)):								
7010 Other income	5,676	-	2,645	-	15,159	-	6,982	-
7020 Other gains and losses, net	(9,031)	-	10,673	1	1,040	-	5,725	-
7100 Interest income	2,074	-	7,160	-	4,544	-	8,682	-
7050 Finance costs, net	<u>(26,983)</u>	<u>(1)</u>	<u>(30,414)</u>	<u>(1)</u>	<u>(55,717)</u>	<u>(1)</u>	<u>(61,141)</u>	<u>(1)</u>
7000 Total non-operating income and expenses	<u>(28,264)</u>	<u>(1)</u>	<u>(9,936)</u>	<u>-</u>	<u>(34,974)</u>	<u>(1)</u>	<u>(39,752)</u>	<u>(1)</u>
7900 Profit from continuing operations before tax	149,607	5	107,307	4	157,192	3	114,543	2
7950 Less: Income tax expenses (note (6)(q))	<u>43,475</u>	<u>1</u>	<u>28,416</u>	<u>1</u>	<u>49,620</u>	<u>1</u>	<u>28,961</u>	<u>-</u>
Profit	<u>106,132</u>	<u>4</u>	<u>78,891</u>	<u>3</u>	<u>107,572</u>	<u>2</u>	<u>85,582</u>	<u>2</u>
8300 Other comprehensive income:								
8360 Items that may be reclassified subsequently to profit or loss (note (6)(q)(r)):								
8361 Exchange differences on translation of foreign operation	(89,730)	(3)	14,525	-	(66,390)	(1)	47,783	1
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(17,946)</u>	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>(13,278)</u>	<u>-</u>	<u>9,557</u>	<u>1</u>
Total items that may be reclassified subsequently to profit or loss	<u>(71,784)</u>	<u>(3)</u>	<u>11,620</u>	<u>-</u>	<u>(53,112)</u>	<u>(1)</u>	<u>38,226</u>	<u>-</u>
8300 Other comprehensive income	<u>(71,784)</u>	<u>(3)</u>	<u>11,620</u>	<u>-</u>	<u>(53,112)</u>	<u>(1)</u>	<u>38,226</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 34,348</u>	<u>1</u>	<u>90,511</u>	<u>3</u>	<u>\$ 54,460</u>	<u>1</u>	<u>123,808</u>	<u>2</u>
Profit, attributable to:								
8610 Profit, attributable to owners of parent	\$ 106,075	4	78,775	3	\$ 108,074	2	84,727	2
8620 Profit, attributable to non-controlling interests	<u>57</u>	<u>-</u>	<u>116</u>	<u>-</u>	<u>(502)</u>	<u>-</u>	<u>855</u>	<u>-</u>
8600 Net profit	<u>\$ 106,132</u>	<u>4</u>	<u>78,891</u>	<u>3</u>	<u>\$ 107,572</u>	<u>2</u>	<u>85,582</u>	<u>2</u>
Comprehensive income attributable to:								
8710 Comprehensive income, attributable to owners of parent	\$ 34,291	1	90,395	3	54,962	1	122,953	2
8720 Comprehensive income, attributable to non-controlling interests	<u>57</u>	<u>-</u>	<u>116</u>	<u>-</u>	<u>(502)</u>	<u>-</u>	<u>855</u>	<u>-</u>
8700 Comprehensive income	<u>\$ 34,348</u>	<u>1</u>	<u>90,511</u>	<u>3</u>	<u>\$ 54,460</u>	<u>1</u>	<u>123,808</u>	<u>2</u>
Earnings per share (in NT dollars) (note (6)(s))								
9750 Basic earnings per share	<u>\$ 0.85</u>		<u>0.63</u>		<u>\$ 0.87</u>		<u>0.68</u>	
9850 Diluted earnings per share	<u>\$ 0.83</u>		<u>0.60</u>		<u>\$ 0.79</u>		<u>0.67</u>	

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total other equity interest	Total equity	
	Share capital	Retained earnings					Total retained earnings	Exchange differences on translation of foreign financial statements		Total equity attributable to owners of parent			Non-controlling interests
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance at January 1, 2019	\$ 1,245,545	677,621	140,470	170,064	418,127	728,661	(95,454)	2,556,373	5,581	2,561,954			
Profit	-	-	-	-	84,727	84,727	-	84,727	855	85,582			
Other comprehensive income	-	-	-	-	-	-	-	38,226	-	38,226			
Total comprehensive income	-	-	-	-	-	-	-	38,226	-	38,226			
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	35,324	-	(35,324)	-	-	-	-	-			
Cash dividends of ordinary share	-	-	-	-	(249,109)	(249,109)	-	(249,109)	-	(249,109)			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	43	43			
Balance at June 30, 2019	\$ 1,245,545	677,621	175,794	170,064	218,421	564,279	(57,228)	2,430,217	6,479	2,436,696			
Balance at January 1, 2020	\$ 1,245,545	677,621	175,794	170,064	305,346	651,204	(196,131)	2,378,239	6,799	2,385,038			
Profit (loss)	-	-	-	-	108,074	108,074	-	108,074	(502)	107,572			
Other comprehensive income	-	-	-	-	-	-	(53,112)	(53,112)	-	(53,112)			
Total comprehensive income	-	-	-	-	-	-	(53,112)	(53,112)	(502)	(54,460)			
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	17,165	-	(17,165)	-	-	-	-	-			
Special reserve appropriated	-	-	-	26,067	(26,067)	-	-	-	-	-			
Cash dividends of ordinary share	-	-	-	-	(105,871)	(105,871)	-	(105,871)	-	(105,871)			
Due to recognition of equity component of convertible bonds issued	-	21,093	-	-	-	-	-	21,093	-	21,093			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(167)	(167)			
Balance at June 30, 2020	\$ 1,245,545	698,714	192,959	196,131	264,317	653,407	(249,243)	2,348,423	6,130	2,354,553			

See accompanying notes to consolidated financial statements.

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Reviewed only, not audited in accordance with generally accepted auditing standards

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 157,192	114,543
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	95,646	101,573
Amortization expense	22,084	27,170
Expected credit gain	(324)	(1,961)
Interest expense	55,717	61,141
Interest income	(4,544)	(8,682)
Loss (gain) on disposal of property, plan and equipment	1,508	(1,090)
Unrealized foreign exchange loss (gain)	3,260	(17,745)
Gain on repurchase of convertible bonds	(8,018)	-
Total adjustments to reconcile profit	<u>165,329</u>	<u>160,406</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(165,799)	174,640
Other receivables	18,559	(4,430)
Inventories	38,529	(41,701)
Prepayments	(37,575)	(13,027)
Other current assets and right to the return goods	762	(1,133)
Total changes in operating assets	<u>(145,524)</u>	<u>114,349</u>
Notes and accounts payable	212,169	62,856
Other payables	(271)	(30,855)
Refund liabilities and provisions for employee benefits	604	4,941
Other current liabilities and contract liabilities	(38,078)	(36,065)
Other non-current liabilities	3,675	-
Total changes in operating liabilities	<u>178,099</u>	<u>877</u>
Total changes in operating assets and liabilities	<u>32,575</u>	<u>115,226</u>
Total adjustments	<u>197,904</u>	<u>275,632</u>
Cash inflow generated from operations	355,096	390,175
Interest received	4,645	8,691
Interest paid	(48,647)	(53,395)
Income taxes paid	(4,297)	(41,702)
Net cash flows from operating activities	<u>306,797</u>	<u>303,769</u>

See accompanying notes to consolidated financial statements.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(11,734)	(150,177)
Proceeds from disposal of property, plant and equipment	3,287	2,555
Acquisition of intangible assets	(5,341)	(12,555)
Increase in other financial assets and non-current assets	(205)	(2,448)
Increase in prepayments for business facilities	(20,747)	(16,710)
Net cash flows used in investing activities	<u>(34,740)</u>	<u>(179,335)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,725,930	1,313,879
Decrease in short-term loans	(1,388,566)	(1,377,880)
(Decrease) increase in short-term notes and bills payable	(99,852)	66
Proceeds from issuing bonds	401,501	-
Repurchase of convertible bonds	(331,676)	-
Proceeds from long-term debt	810,215	631,804
Repayments of long-term debt	(1,063,254)	(703,500)
Payment of lease liabilities	(38,630)	(39,776)
Decrease in other non-current liabilities	(2,083)	(1,361)
Change in non-controlling interests	(167)	43
Net cash flows from (used in) financing activities	<u>13,418</u>	<u>(176,725)</u>
Effect of exchange rate changes on cash and cash equivalents	(16,258)	11,728
Net increase (decrease) in cash and cash equivalents	269,217	(40,563)
Cash and cash equivalents at beginning of period	1,432,714	1,178,189
Cash and cash equivalents at end of period	<u><u>\$ 1,701,931</u></u>	<u><u>1,137,626</u></u>

See accompanying notes to consolidated financial statements.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months and six months ended June 30, 2020 and 2019

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

(1) Company history

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

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

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

The consolidated financial statements for the six months ended June 30, 2020 and 2019 were reported to the board of directors and issued on August 12, 2020.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes are as follows:

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(i) Amendments to IFRS 3 “Definition of a Business”

This amendment is a narrow-scope to improve the definition of a business and will likely result in more acquisitions being accounted for as asset acquisitions. The previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others., whereas the amended definition emphasizes that the output of a business is to provide goods and services to customers. In addition to amending the wording of the definition, the amendment has provided supplementary guidance. This amendment is applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 23, 2022	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2019.

(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
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	BESTLINK NETWORK, INC. (BESTLINK)	Trading business	100 %	100 %	100 %	Note1
"	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD. (B.V.I.)	Holding company set up for investments in China and USA	100 %	100 %	100 %	
"	UNC INVESTMENT & DEVELOPMENT INC. (UNC)	Real estate investment business	100 %	100 %	100 %	Note1
"	PREMIUM-LINE KSI GMBH (KSI)	Trading business	100 %	100 %	100 %	Note1
"	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 %	Note1
"	YUE FONG COMPANY LIMITED	Trading business	100 %	- %	- %	Note1, 4
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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
B.V.I.	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 %	Note1
"	PREMIUM LINE ASIA LTD. (PREMIUMLINE)	Trading business	100 %	100 %	100 %	Note1
"	YFC-BONEAGLE INTERNATIONAL, INC. (PHILIPPINES)	Trading business	100 %	100 %	100 %	Note1
"	BESZIN CORPORATION INC. (BESZIN)	Trading business	100 %	100 %	100 %	Note1
"	YFC DEVELOPMENT CORPORATION	Real estate investment business	100 %	100 %	- %	Note1, 2
"	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	- %	Note1, 3
MONOPRICE HOLDINGS	MONOPRICE INC. (MONOPRICE)	Trading business	100 %	100 %	100 %	
CAYMANS	DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD. (DONGGUAN YFC)	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	100 %	Note1
"	PRIME WIRE & CABLE, INC. (PRIME WIRE)	Retailing of cord sets and network cabling system	100 %	100 %	100 %	
"	CHENZHOUE YFC-BONEAGLE ELECTRONIC CO., LTD. (CHENZHOUE YFC)	Processing and sale of communication products and internet cables	100 %	100 %	100 %	Note1
UNIVERSAL	WUXI UNIVERSAL NETWORK CORPORATION (WUXI)	Manufacturing and sale of high-speed high-frequency LAN cables	100 %	100 %	100 %	
MAX	YFC INTERNATIONAL TRADING (WUXI) CO., LTD. (INTERNATIONAL TRADING (WUXI))	Sale of electronic calculator software and hardware, network equipment and electronic appliances	94.5 %	94.5 %	94.5 %	Note1

Note 1: Immaterial subsidiaries whose financial statements for the three months ended June 30, 2020 and 2019 were based on their own financial statements (not reviewed by any independent auditors).

Note 2: The Company remitted the investment amount of \$608 in October 2019 to BVI for the investment and establishment of its new subsidiary, YFC DEVELOPMENT CORPORATION.

Note 3: The Company remitted the investment amount of \$6,170 in October 2019 to BVI for the investment and establishment of its new subsidiary, YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION.

Note 4: The parent company remitted the investment amount of \$5,989 to the Company in February 2020 for the investment and establishment of its new subsidiary, YUE FONG COMPANY LIMITED.

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

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

(c) Government grants

The Group recognizes an unconditional government grant related to a low-interest loan from government in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(d) Income taxes

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

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

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.

(e) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2019.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note (6) of the 2019 annual consolidated financial statements for related information.

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

(a) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 1,067	1,040	1,761
Demand deposits	1,132,072	1,195,081	704,453
Check deposits	273,520	174,921	121,105
Time deposits	<u>295,272</u>	<u>61,672</u>	<u>310,307</u>
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 1,701,931</u></u>	<u><u>1,432,714</u></u>	<u><u>1,137,626</u></u>

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

(b) Notes and accounts receivables

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable from operating activities	\$ 26,756	32,411	7,056
Accounts receivable - measured as amortized cost	2,109,466	1,989,935	2,130,551
Less: Loss allowance	<u>(27,185)</u>	<u>(28,252)</u>	<u>(13,010)</u>
Net	<u><u>\$ 2,109,037</u></u>	<u><u>1,994,094</u></u>	<u><u>2,124,597</u></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 provision was determined as follows:

	June 30, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,789,148	0%	-
Past due 1 to 30 days	93,951	0%	-
Past due 31 to 120 days	204,865	4.1%	8,422
Past due 121 to 180 days	10,304	17.9%	1,847
Past due 181 to 360 days	35,408	40.6%	14,370
Past due more than 360 days	<u>2,546</u>	100%	<u>2,546</u>
Total	<u><u>\$ 2,136,222</u></u>		<u><u>27,185</u></u>

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

December 31, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,701,895	0%	-
Past due 1 to 30 days	90,124	0%	-
Past due 31 to 120 days	183,687	5.1%	9,329
Past due 121 to 180 days	18,409	22.6%	4,161
Past due 181 to 360 days	23,808	43.4%	10,339
Past due more than 360 days	4,423	100%	4,423
Total	<u>\$ 2,022,346</u>		<u>28,252</u>

June 30, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	1,803,996	0%	-
Past due 1 to 30 days	199,529	0%	-
Past due 31 to 120 days	111,869	5%	5,593
Past due 121 to 180 days	9,150	10%	915
Past due 181 to 360 days	9,373	30%	2,812
Past due more than 360 days	3,690	100%	3,690
Total	<u>\$ 2,137,607</u>		<u>13,010</u>

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

	For the six months ended June 30	
	2020	2019
Balance at January 1, 2020 and 2019	\$ 28,252	16,037
Expect credit loss (gain)	(324)	(1,961)
Amounts written off	(487)	(1,229)
Foreign exchange (gains) losses	(256)	163
Balance at June 30, 2020 and 2019	<u>\$ 27,185</u>	<u>13,010</u>

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

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

(c) Other receivables

	June 30, 2020	December 31, 2019	June 30, 2019
Value-added tax returned by export trade	\$ 5,934	9,491	2,743
Other	16,181	8,104	7,326
Less: Loss allowance	-	-	-
Net	<u>\$ 22,115</u>	<u>17,595</u>	<u>10,069</u>

As of June 30, 2020 and 2019, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

(d) Inventory

	June 30, 2020	December 31, 2019	June 30, 2019
Merchandise inventory	\$ 1,651,293	1,945,234	1,929,192
Finished goods	315,172	82,235	250,441
Work in progress	131,442	180,812	116,930
Raw materials	109,123	67,550	71,380
Supplies	10,155	6,818	6,759
Total	<u>\$ 2,217,185</u>	<u>2,282,649</u>	<u>2,374,702</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Inventory valuation and obsolescence losses (gains)	\$ (8,215)	14,933	1,051	8,142
Revenue from sale of scraps	(6,980)	(9,011)	(10,677)	(15,677)
Total	<u>\$ (15,195)</u>	<u>5,922</u>	<u>(9,626)</u>	<u>(7,535)</u>

For the three months ended June 30, 2019, the reversal of write-downs was recognized as gain due to the recovery of inventory of net realizable value.

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

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

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2020 and 2019 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, 2020	\$ 215,057	998,082	1,063,389	315,632	2,592,160
Additions	-	445	11,068	5,852	17,365
Reclassification	-	-	-	6,031	6,031
Disposals	-	(2,892)	(10,234)	(2,684)	(15,810)
Effect of changes in foreign exchange rate	-	(15,495)	(17,533)	(4,958)	(37,986)
Balance at June 30, 2020	<u>\$ 215,057</u>	<u>980,140</u>	<u>1,046,690</u>	<u>319,873</u>	<u>2,561,760</u>
Balance at January 1, 2019	\$ 81,608	1,029,800	1,155,277	304,041	2,570,726
Additions	132,191	1,096	8,169	5,174	146,630
Disposals	-	(1,233)	(10,848)	(1,181)	(13,262)
Effect of changes in foreign exchange rate	-	9,582	8,644	3,140	21,366
Balance at June 30, 2019	<u>\$ 213,799</u>	<u>1,039,245</u>	<u>1,161,242</u>	<u>311,174</u>	<u>2,725,460</u>
Depreciation and impairment loss:					
Balance at January 1, 2020	\$ -	295,067	797,943	214,707	1,307,717
Depreciation for the period	-	8,557	25,041	15,615	49,213
Reclassification	-	-	-	1,259	1,259
Disposals	-	(2,892)	(5,525)	(2,598)	(11,015)
Effect of changes in foreign exchange rate	-	(5,228)	(12,414)	(3,577)	(21,219)
Balance at June 30, 2020	<u>\$ -</u>	<u>295,504</u>	<u>805,045</u>	<u>225,406</u>	<u>1,325,955</u>
Balance at January 1, 2019	\$ -	288,067	834,233	196,926	1,319,226
Depreciation for the period	-	11,581	28,434	14,495	54,510
Disposals	-	(1,233)	(9,525)	(1,039)	(11,797)
Effect of changes in foreign exchange rate	-	2,103	5,601	1,971	9,675
Balance at June 30, 2019	<u>\$ -</u>	<u>300,518</u>	<u>858,743</u>	<u>212,353</u>	<u>1,371,614</u>
Carrying value:					
Balance at January 1, 2020	<u>\$ 215,057</u>	<u>703,015</u>	<u>265,446</u>	<u>100,925</u>	<u>1,284,443</u>
Balance at June 30, 2020	<u>\$ 215,057</u>	<u>684,636</u>	<u>241,645</u>	<u>94,467</u>	<u>1,235,805</u>
Balance at January 1, 2019	<u>\$ 81,608</u>	<u>741,733</u>	<u>321,044</u>	<u>107,115</u>	<u>1,251,500</u>
Balance at June 30, 2019	<u>\$ 213,799</u>	<u>738,727</u>	<u>302,499</u>	<u>98,821</u>	<u>1,353,846</u>

In order to meet customer's demand and to seek the most effective solution in dealing with the current trading situation between China and the United States, the Board of Directors approved a resolution in March 2019 to purchase a piece of land in Dayuan District, Taoyuan City, with the amount of \$132,191 based on the agreement, wherein the full payment had been made in May 2019.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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Information on depreciation for the period is disclosed in note (12). For information on the Group's property, plant, and equipment pledged as collateral, please refer to note (8).

(f) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 15,075	557,485	3,388	575,948
Additions	-	-	-	-
Write-off	-	-	(1,099)	(1,099)
Effect of changes in foreign exchange rate	(394)	(7,229)	(11)	(7,634)
Balance at June 30, 2020	<u>\$ 14,681</u>	<u>550,256</u>	<u>2,278</u>	<u>567,215</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application	15,699	433,653	4,645	453,997
Additions	-	26,222	-	26,222
Effect of changes in foreign exchange rate	150	4,707	10	4,867
Balance at June 30, 2019	<u>\$ 15,849</u>	<u>464,582</u>	<u>4,655</u>	<u>485,086</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 3,422	79,191	1,879	84,492
Depreciation for the period	149	45,585	699	46,433
Write-off	-	-	(1,099)	(1,099)
Effect of changes in foreign exchange rate	(91)	(1,456)	(9)	(1,556)
Balance at June 30, 2020	<u>\$ 3,480</u>	<u>123,320</u>	<u>1,470</u>	<u>128,270</u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application	3,250	-	-	3,250
Depreciation for the period	160	45,706	1,197	47,063
Effect of changes in foreign exchange rate	29	(17)	-	12
Balance at June 30, 2019	<u>\$ 3,439</u>	<u>45,689</u>	<u>1,197</u>	<u>50,325</u>
Carrying value:				
Balance at January 1, 2020	<u>\$ 11,653</u>	<u>478,294</u>	<u>1,509</u>	<u>491,456</u>
Balance at June 30, 2020	<u>\$ 11,201</u>	<u>426,936</u>	<u>808</u>	<u>438,945</u>
Balance at January 1, 2019	<u>\$ 12,449</u>	<u>433,653</u>	<u>4,645</u>	<u>450,747</u>
Balance at June 30, 2019	<u>\$ 12,410</u>	<u>418,893</u>	<u>3,458</u>	<u>434,761</u>

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

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

(g) Intangible assets

The costs and amortization of intangible assets of the Group for the six months ended June 30, 2020 and 2019 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, 2020	\$ 308,850	96,997	82,701	210,210	698,758
External acquisition	-	-	-	5,341	5,341
Effect of changes in foreign exchange rate	(3,615)	(1,134)	(933)	(3,481)	(9,163)
Balance at June 30, 2020	<u>\$ 305,235</u>	<u>95,863</u>	<u>81,768</u>	<u>212,070</u>	<u>694,936</u>
Balance at January 1, 2019	\$ 316,437	99,379	84,691	196,493	697,000
External acquisition	-	-	-	8,094	8,094
Acquisition-internally developed	-	-	-	4,461	4,461
Effect of changes in foreign exchange rate	3,557	1,118	914	2,743	8,332
Balance at June 30, 2019	<u>\$ 319,994</u>	<u>100,497</u>	<u>85,605</u>	<u>211,791</u>	<u>717,887</u>
Amortization:					
Balance at January 1, 2020	\$ -	6,163	62,365	128,063	196,591
Amortization for the period	-	233	4,275	17,576	22,084
Effect of changes in foreign exchange rate	-	(75)	(743)	(2,320)	(3,138)
Balance at June 30, 2020	<u>\$ -</u>	<u>6,321</u>	<u>65,897</u>	<u>143,319</u>	<u>215,537</u>
Balance at January 1, 2019	\$ -	5,838	55,034	91,128	152,000
Amortization for the period	-	240	4,395	22,535	27,170
Effect of changes in foreign exchange rate	-	66	597	1,625	2,288
Balance at June 30, 2019	<u>\$ -</u>	<u>6,144</u>	<u>60,026</u>	<u>115,288</u>	<u>181,458</u>
Carrying value:					
Balance at January 1, 2020	<u>\$ 308,850</u>	<u>90,834</u>	<u>20,336</u>	<u>82,147</u>	<u>502,167</u>
Balance at June 30, 2020	<u>\$ 305,235</u>	<u>89,542</u>	<u>15,871</u>	<u>68,751</u>	<u>479,399</u>
Balance at January 1, 2019	<u>\$ 316,437</u>	<u>93,541</u>	<u>29,657</u>	<u>105,365</u>	<u>545,000</u>
Balance at June 30, 2019	<u>\$ 319,994</u>	<u>94,353</u>	<u>25,579</u>	<u>96,503</u>	<u>536,429</u>

The amortizations of intangible assets please refer to note (12). For other information, please refer to note (6)(h) of the consolidated financial statements for the year ended December 31, 2019.

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Other current assets:			
Other current financial assets	\$ 9,482	9,661	10,756
Temporary payments	<u>6,089</u>	<u>6,908</u>	<u>6,277</u>
Subtotal	<u>15,571</u>	<u>16,569</u>	<u>17,033</u>
Other non-current assets:			
Other non-current financial assets	5,713	5,709	6,236
Guarantee deposits paid	29,059	29,483	32,669
Net defined benefit assets	1,322	1,324	1,852
Prepaid for land purchases	88,381	88,381	17,253
Other	<u>2,196</u>	<u>6,808</u>	<u>944</u>
Subtotal	<u>126,671</u>	<u>131,705</u>	<u>58,954</u>
Total	<u><u>\$ 142,242</u></u>	<u><u>148,274</u></u>	<u><u>75,987</u></u>

(i) Other current financial assets

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

(ii) Temporary payments

Temporary payments are mainly payments made on behalf of others.

(iii) Other non-current financial assets

Other non-current financial assets are time deposits with more than one year or time deposits pledged as collaterals for long-term borrowings.

(iv) Guarantee deposits paid

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

(v) Prepaid for land purchases

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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piece of land had been postponed as of the reporting date due to the COVID 19 outbreak in the Philippines, but is expected to be completed in the second half of 2020.

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

(i) Short-term borrowings

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

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank loans	\$ 2,207,420	1,881,475	1,636,628
Secured bank loans	-	-	-
Total	<u>\$ 2,207,420</u>	<u>1,881,475</u>	<u>1,636,628</u>
Unused short-term and long-term credit lines	<u>\$ 2,003,396</u>	<u>2,268,083</u>	<u>2,110,955</u>
Interest rates	<u>0.72~3.27%</u>	<u>0.91~3.55%</u>	<u>0.91~4.08%</u>

For the six months ended June 30, 2020 and 2019, the Group increased its short-term borrowings by \$1,725,930 and \$1,313,879, respectively, wherein the amounts of \$1,388,566 and \$1,377,880, respectively, had been repaid.

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

(j) Short-term notes and bills payable

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

	June 30, 2020	December 31, 2019	June 30, 2019
Commercial paper payable	\$ 130,000	230,000	250,000
Less: discount on commercial paper payable	(29)	(177)	(169)
Total	<u>\$ 129,971</u>	<u>229,823</u>	<u>249,831</u>
Interest rates	<u>1.16~1.17%</u>	<u>1.14~1.17%</u>	<u>1.14~1.17%</u>

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(k) Long-term borrowings

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

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank loans	\$ 627,700	934,298	704,574
Secured bank loans	680,135	634,952	679,805
Subtotal	1,307,835	1,569,250	1,384,379
Less: current portion	(444,449)	(517,749)	(327,943)
Non-current portion	<u>\$ 863,386</u>	<u>1,051,501</u>	<u>1,056,436</u>
Interest rates	<u>1.18~4.40%</u>	<u>1.17~4.40%</u>	<u>1.12~5.25%</u>

(i) Issues and repayments of long-term borrowings

For the six months ended June 30, 2020 and 2019, the Group increased its long-term borrowings by \$810,215 and \$631,804, respectively, wherein the amounts of \$1,063,254 and \$703,500, respectively, had been repaid.

(ii) Collateral for long-term borrowings

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

(iii) Low-interest loan from government

According to "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses", the Group has been awarded a low-interest loan from Bank of Taiwan at the beginning of 2020 with the maximum credit amounting to \$484,000, including the amounts of \$284,000 and \$200,000 for the purpose of its business operation, as well as acquisition of its machinery and equipment, respectively. The project will continue for 7 years with an actual preferential interest rate of 0.1%. For the six months ended June 30, 2020, the actual used credit facilities amounted to \$76,210, while the fair value imputed by the market interest rate of 1.4% amounted to \$71,291, with the difference of \$4,919, deemed as government grant and recognized as deferred income. Please refer to note (6)(o).

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Notes to Consolidated Financial Statements

(l) Bonds payable

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

	June 30, 2020	December 31, 2019	June 30, 2019
Convertible bonds issued	\$ 755,400	704,200	704,200
Less: Unamortized discount on convertible bonds	<u>(13,851)</u>	<u>(10,878)</u>	<u>(17,963)</u>
	741,549	693,322	686,237
Less: Current portion	<u>(434,100)</u>	<u>(693,322)</u>	<u>(686,237)</u>
Non-current portion	<u><u>\$ 307,449</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Equity component – conversion options (included in “Capital surplus – stock options”) \$	<u><u>62,128</u></u>	<u><u>41,035</u></u>	<u><u>41,035</u></u>
	For the three months ended June 30	For the six months ended June 30	
	2020	2019	2020
Interest expense (effective rate of 1.67%~2.06%)	<u><u>\$ 3,308</u></u>	<u><u>3,515</u></u>	<u><u>\$ 7,513</u></u>
	2019	2020	2019
	<u><u>7,012</u></u>	<u><u>7,012</u></u>	<u><u>7,012</u></u>

(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 8	Unsecured convertible bonds payable	2017.06~2020.06	700,000	0 %	2.06 %	55.50
Period 9	Unsecured convertible bonds payable	2020.02~2023.02	400,000	0 %	1.67 %	26.80

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

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 amounted to \$404,000.

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;

(Continued)

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

The conversion price of the 9th unsecured convertible bonds at the issuance date was \$26.8 per share. In the event of any ex-rights or ex-dividend, the conversion price shall be adjusted using the conversion pricing formula.

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

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

There were no issuance bond payables for the six months ended June 30, 2019.

(iv) Conversion of bonds

There were no conversion of bond payable for the six months ended June 30, 2020 and 2019.

(v) Repurchase of bonds

During the six months ended June 30, 2020, the Company bought back 2,659 and 787 shares of the 8th and 9th convertible bonds at the amounts of \$265,526 thousand and \$66,150 thousand and the carrying values of \$264,815 and \$74,879, respectively, resulting in net gain of \$8,018 thousand, which was recognized as other gains and losses; please refer to note (6)(v).

There were no repurchase of bond payable for the six months ended June 30, 2019.

(vi) Redeem of due bonds

The Company's eighth domestic unsecured convertible bonds had matured on June 19, 2020, with maturity repayment amounting to \$434,000 thousand. On July 6, 2020, the Company repaid its creditors due to the maturity of their bonds and termination of its trading on the Taiwan Over-The-Counter Securities Exchange.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(vii) Collateral

There were no bonds payable pledged as collateral by the Company for the six months ended June 30, 2020 and 2019.

(m) Other payables and refund liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Salaries and bonuses payable	\$ 53,840	79,560	62,334
Compensation and bonus due to employees	21,022	12,484	29,443
Compensation due to directors and supervisors	13,214	8,323	18,166
Interest payable	4,475	4,918	5,384
Processing fee payable	32,396	18,284	23,772
Payable on machinery and equipment	2,795	1,901	3,006
Service fee payable	2,344	4,176	4,475
Freight payable	102,688	106,084	71,247
Rent payable	3,217	3,232	4,100
Utilities expense payable	1,552	1,355	2,232
VAT and sales tax payable	95,686	92,158	48,744
Other accrued expenses	<u>120,580</u>	<u>126,923</u>	<u>108,886</u>
Other payables	<u>\$ 453,809</u>	<u>459,398</u>	<u>381,789</u>
Refund liabilities	<u>\$ 56,720</u>	<u>63,940</u>	<u>45,478</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:

	June 30, 2020	December 31, 2019	June 30, 2019
Current	<u>\$ 83,264</u>	<u>82,800</u>	<u>72,695</u>
Non-current	<u>\$ 366,841</u>	<u>414,033</u>	<u>356,803</u>

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

There were no new issuances of lease liabilities for the six months ended June 30, 2020.

The Group recognized its lease liability amounting to \$26,222 thousand, with an interest rate of 1.15%~1.20% for the six months ended June 30, 2019.

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

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest on lease liabilities	\$ <u>5,152</u>	<u>5,053</u>	<u>10,597</u>	<u>10,242</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>435</u>	<u>460</u>	<u>1,012</u>	<u>766</u>
Expenses relating to short-term leases	\$ <u>561</u>	<u>624</u>	<u>1,209</u>	<u>641</u>
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	\$ <u>45</u>	<u>182</u>	<u>98</u>	<u>317</u>

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

	For the six months ended June 30	
	2020	2019
Total cash outflow for leases	\$ <u>51,546</u>	<u>51,742</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 7 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 typically run for a period of 1 year, and the office equipment for 1 to 3 years, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(o) Deferred income

	June 30, 2020	December 31, 2019	June 30, 2019
Deferred income-government grants	\$ <u>4,683</u>	<u>-</u>	<u>-</u>
Current (recognized in other current liabilities)	\$ <u>1,008</u>	<u>-</u>	<u>-</u>
Non-current (recognized in other non-current liabilities)	<u>3,675</u>	<u>-</u>	<u>-</u>
Total	\$ <u>4,683</u>	<u>-</u>	<u>-</u>

(Continued)

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

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

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

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

(p) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

	For the three months ended		For the six months ended	
	June 30		June 30	
	2020	2019	2020	2019
Operating costs	\$ -	-	-	-
Selling expenses	-	-	-	-
Administrative expenses	18	12	35	24
Research and development expenses	-	-	-	-
Total	<u>\$ 18</u>	<u>12</u>	<u>35</u>	<u>24</u>

(ii) Defined contribution plans

The Company’s pension expenses under the defined contribution method amounted to \$1,922 and \$1,478 for the six months ended June 30, 2020 and 2019, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to \$10,734 and \$18,016 for the six months ended June 30, 2020 and 2019, respectively.

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Pension expenses recognized by the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Operating costs	\$ 432	2,959	2,306	6,239
Selling expenses	3,662	4,537	9,038	10,248
Administrative expenses	409	954	978	1,836
Research and development expenses	112	566	334	1,171
Total	<u>\$ 4,615</u>	<u>9,016</u>	<u>12,656</u>	<u>19,494</u>

(q) Income tax

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

(i) Income tax expense

The components of income tax expense (income) for the six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Current tax expense				
Current period	\$ 42,927	27,392	48,342	27,903
Adjustments for prior periods	553	421	568	298
Subtotal	<u>43,480</u>	<u>27,813</u>	<u>48,910</u>	<u>28,201</u>
Deferred tax expense				
Origination and reversal of temporary differences	(5)	603	710	760
Subtotal	<u>(5)</u>	<u>603</u>	<u>710</u>	<u>760</u>
Income tax expense	<u>\$ 43,475</u>	<u>28,416</u>	<u>49,620</u>	<u>28,961</u>

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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 six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	\$ <u>(17,946)</u>	<u>2,905</u>	<u>(13,278)</u>	<u>9,557</u>

(ii) Examination and approval

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

The Group's overseas subsidiaries' income tax returns for all years through 2019 have been declared to, but have yet to be examined by, the local tax authorities.

(r) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2020 and 2019. For related information, please refer to note (6)(t) of the consolidated financial statements for the year ended December 31, 2019.

(i) Issuance of common stock

For the six months ended June 30, 2020 and 2019 there were no issuances of shares from conversions of convertible debt.

For the six months ended June 30, 2020 and 2019, the outstanding shares were 124,554 thousand of share for both years.

(ii) Capital surplus

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

	June 30, 2020	December 31, 2019	June 30, 2019
Premium issuance of common shares for cash	\$ 432,122	432,122	432,122
Premium issuance of convertible bond	198,890	198,890	198,890
Difference between consideration and carrying amount of shares	334	334	334
Conversion of convertible bonds	62,128	41,035	41,035
Expired employee stock options	<u>5,240</u>	<u>5,240</u>	<u>5,240</u>
Total	<u>\$ 698,714</u>	<u>677,621</u>	<u>677,621</u>

(Continued)

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(iii) Earnings distribution

In the shareholders meeting held on June 18, 2020, the resolution for the distribution of earnings from the year 2019 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$172,272 for the year 2019, plus, actuarial loss of \$(620) and the beginning balance of unappropriated earnings of \$133,694, less, the required legal reserve of \$17,165 and special reserve of \$26,067, which amounted to \$262,114. The cash dividends that will be distributed to the shareholders in September, 2020 amounted to \$105,871, with a par value of \$0.85 per share.

In the shareholders meeting held on June 18, 2019, the resolution for the distribution of earnings from the year 2018 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$353,241 for the year 2018, plus, actuarial gain of \$1,347 and the beginning balance of unappropriated earnings of \$63,539, less, the required legal reserve of \$35,324, which amounted to \$382,803. The cash dividends that were distributed to the shareholders in August, 2019 amounted to \$249,109, with a par value of \$2.00 per share.

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

(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2020	\$ (196,131)
Exchange differences on foreign operation	(53,112)
Balance at June 30, 2020	<u>\$ (249,243)</u>
Balance at January 1, 2019	\$ (95,454)
Exchange differences on foreign operation	38,226
Balance at June 30, 2019	<u>\$ (57,228)</u>

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(s) Earnings per share

For the six months ended June 30, 2020 and 2019, the Company's earnings per share were calculated as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>106,075</u>	<u>78,775</u>	<u>108,074</u>	<u>84,727</u>
Weighted-average number of ordinary shares	<u>124,554</u>	<u>124,554</u>	<u>124,554</u>	<u>124,554</u>
Basic earnings per share (in dollars)	<u>\$ 0.85</u>	<u>0.63</u>	<u>0.87</u>	<u>0.68</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ 106,075	78,775	108,074	84,727
Effects of dilutive potential ordinary shares:				
Interest of convertible bond	<u>3,308</u>	<u>3,515</u>	<u>7,513</u>	<u>7,012</u>
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	<u>\$ 109,383</u>	<u>82,290</u>	<u>115,587</u>	<u>91,739</u>
Weighted-average number of ordinary shares (in thousands of shares)	124,554	124,554	124,554	124,554
Effects of dilutive potential ordinary shares:				
Effects of employee stock bonus (in thousands of share)	419	105	441	110
Effects of conversion of convertible bond (in thousands of share)	<u>6,881</u>	<u>11,765</u>	<u>20,434</u>	<u>11,765</u>
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>131,854</u>	<u>136,424</u>	<u>145,429</u>	<u>136,429</u>
Diluted earnings per share (in dollars)	<u>\$ 0.83</u>	<u>0.60</u>	<u>0.79</u>	<u>0.67</u>

(t) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Goods sold	\$ 2,851,720	2,967,819	5,071,677	5,381,026
Rental income	<u>2,523</u>	<u>3,873</u>	<u>5,081</u>	<u>5,516</u>
Total	<u>\$ 2,854,243</u>	<u>2,971,692</u>	<u>5,076,758</u>	<u>5,386,542</u>

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(ii) Disaggregation of revenue

For the three months ended June 30, 2020				
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 846,693	381,583	1,254,176	2,482,452
China	59,826	11,511	-	71,337
Taiwan	86,707	-	-	86,707
Canada	4,003	21,512	-	25,515
United Kingdom	20,391	-	-	20,391
Others	136,647	28,671	-	165,318
Total	<u>\$ 1,154,267</u>	<u>443,277</u>	<u>1,254,176</u>	<u>2,851,720</u>
Main products/services lines				
CABLE	\$ 207,115	2,329	499,527	708,971
POWER CORD	882,103	425,784	-	1,307,887
Consumer electronics	-	-	754,649	754,649
Others	65,049	15,164	-	80,213
Total	<u>\$ 1,154,267</u>	<u>443,277</u>	<u>1,254,176</u>	<u>2,851,720</u>
Timing of revenue recognition:				
Product transferred at a point in time	<u>\$ 1,154,267</u>	<u>443,277</u>	<u>1,254,176</u>	<u>2,851,720</u>
Sales channels				
Directly to customers	<u>\$ 1,154,267</u>	<u>443,277</u>	<u>1,254,176</u>	<u>2,851,720</u>
For the three months ended June 30, 2019				
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 61,788	1,183,174	1,298,627	2,543,589
China	155,101	20,759	-	175,860
Taiwan	82,033	-	-	82,033
Canada	12,177	34,189	-	46,366
United Kingdom	21,841	-	-	21,841
Others	65,741	32,389	-	98,130
Total	<u>\$ 398,681</u>	<u>1,270,511</u>	<u>1,298,627</u>	<u>2,967,819</u>
Main products/services lines				
CABLE	\$ 256,792	92,299	499,619	848,710
POWER CORD	75,207	1,173,087	-	1,248,294
Consumer electronics	-	-	799,008	799,008
Others	66,682	5,125	-	71,807
Total	<u>\$ 398,681</u>	<u>1,270,511</u>	<u>1,298,627</u>	<u>2,967,819</u>

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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For the three months ended June 30, 2019				
	Manufactruing	Wholesaling	Online retailing	Total
Timing of revenue recognition:				
Product transferred at a point in time	\$ <u>398,681</u>	<u>1,270,511</u>	<u>1,298,627</u>	<u>2,967,819</u>
Sales channels				
Directly to customers	\$ <u>398,681</u>	<u>1,270,511</u>	<u>1,298,627</u>	<u>2,967,819</u>
For the six months ended June 30, 2020				
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 1,135,767	716,405	2,495,208	4,347,380
China	179,333	28,606	-	207,939
Taiwan	139,543	-	-	139,543
Canada	15,728	37,817	-	53,545
United Kingdom	32,605	-	-	32,605
Others	231,392	59,273	-	290,665
Total	\$ <u>1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Main products/services lines				
CABLE	\$ 563,776	47,387	951,163	1,562,326
POWER CORD	1,061,382	764,351	-	1,825,733
Consumer electronics	-	-	1,544,045	1,544,045
Others	109,210	30,363	-	139,573
Total	\$ <u>1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Timing of revenue recognition:				
Product transferred at a point in time	\$ <u>1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
Sales channels				
Directly to customers	\$ <u>1,734,368</u>	<u>842,101</u>	<u>2,495,208</u>	<u>5,071,677</u>
For the six months ended June 30, 2019				
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 148,612	1,765,265	2,547,958	4,461,835
China	286,603	57,051	-	343,654
Taiwan	137,603	-	-	137,603
Canada	27,061	101,566	-	128,627
United Kingdom	53,296	-	-	53,296
Others	178,020	77,991	-	256,011
Total	\$ <u>831,195</u>	<u>2,001,873</u>	<u>2,547,958</u>	<u>5,381,026</u>

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For the six months ended June 30, 2019				
	Manufactruing	Wholesaling	Online retailing	Total
Main products/services lines				
CABLE	\$ 600,474	121,928	1,067,594	1,789,996
POWER CORD	101,253	1,869,986	-	1,971,239
Consumer electronics	-	-	1,480,364	1,480,364
Others	129,468	9,959	-	139,427
Total	<u>\$ 831,195</u>	<u>2,001,873</u>	<u>2,547,958</u>	<u>5,381,026</u>
Timing of revenue recognition:				
Product transferred at a point in time	<u>\$ 831,195</u>	<u>2,001,873</u>	<u>2,547,958</u>	<u>5,381,026</u>
Sales channels				
Directly to customers	<u>\$ 831,195</u>	<u>2,001,873</u>	<u>2,547,958</u>	<u>5,381,026</u>

(iii) Contract balances

	June 30, 2020	December 31, 2019	June 30, 2019
Contract liabilities — advance sales receipts	<u>\$ 49,677</u>	<u>93,679</u>	<u>54,649</u>

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

The amount of revenue recognized for the six months ended June 30, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$80,704 and \$69,239, 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.

(u) Remuneration to employees, directors, and supervisor

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

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

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

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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For the six months ended June 30, 2019, the Company accrued remuneration to employees of \$5,630 and remuneration to directors amounted to \$2,354. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the remunerations to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors based on the previous Company's articles of association. These remunerations were expensed under operating costs or expenses for the year.

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

The cash remunerations to employees and directors for the year 2019 amounting to \$12,483 and \$8,322, respectively, were based on the resolution decided during the Board meeting held on May 8, 2020, and had already been reported in the shareholders' meeting on June 18, 2020.

The cash remunerations to employees, as well as directors and supervisors, for the year 2018 amounting to \$23,813 and \$15,800, respectively, were based on the resolution decided during the Board meeting held on March 28, 2019, and had already been reported in the shareholders' meeting on June 18, 2019.

As mentioned above, the differences between the actual amounts and the estimated amounts of the remuneration to employees, directors and supervisors for the years ended 2019 and 2018 had been adjusted accordingly.

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

(v) Other non-operating income and expenses

(i) Interest income

The details of interest income of the Group for the six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2020	2019	2020	2019
Interest income from bank deposits	\$ <u>2,074</u>	<u>7,160</u>	<u>4,544</u>	<u>8,682</u>

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(ii) Other income

The details of other income of the Group for the six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Government grants	1,002	-	8,716	1,832
Other income	4,674	2,645	6,443	5,150
Total	<u>\$ 5,676</u>	<u>2,645</u>	<u>15,159</u>	<u>6,982</u>

(iii) Other gains and losses

The details of other gains and losses of the Group for the six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Gain (loss) on disposal of property, plant, and equipment \$	(154)	1,145	(1,508)	1,090
Foreign exchange gain (loss)	(6,088)	11,352	(2,580)	7,327
Gain on repurchase of convertible bonds	(52)	-	8,018	-
Other non-operating expenses	(2,737)	(1,824)	(2,890)	(2,692)
Other gains and losses, net	<u>\$ (9,031)</u>	<u>10,673</u>	<u>1,040</u>	<u>5,725</u>

(iv) Financial costs

The details of financial costs of the Group for the six months ended June 30, 2020 and 2019 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest expense				
Bank loans	\$ (18,240)	(21,396)	(36,895)	(42,992)
Interest on lease liabilities	(5,152)	(5,053)	(10,597)	(10,242)
Short-term notes and bills payable	(283)	(450)	(712)	(895)
Bonds payable	(3,308)	(3,515)	(7,513)	(7,012)
Total	<u>\$ (26,983)</u>	<u>(30,414)</u>	<u>(55,717)</u>	<u>(61,141)</u>

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(y) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of June 30, 2020, December 31 and June 30, 2019, the Group reviewed the concentrations of credit risk arising from the major Customer A, and it was below 37%, 30%, and 36% of the total notes and accounts receivable, respectively. The other top four clients contributed no more than 16%, 23% and 17%, respectively, of the gross notes and accounts receivable.

3) Receivables

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

(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
June 30, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,207,420	2,214,683	2,214,683	-	-	-
Short-term notes and bills payable	129,971	130,000	130,000	-	-	-
Notes and accounts payable	856,379	856,379	856,379	-	-	-
Other payables	453,809	453,809	453,809	-	-	-
Dividends payable	105,871	105,871	105,871	-	-	-
Bonds payable (includes current portion)	741,549	755,400	434,100	-	321,300	-
Lease liabilities - current and noncurrent	450,105	507,557	101,629	101,656	247,791	56,481
Long-term borrowings (includes current portion)	<u>1,307,835</u>	<u>1,432,196</u>	<u>475,546</u>	<u>204,982</u>	<u>247,805</u>	<u>503,863</u>
Total	<u>\$ 6,252,939</u>	<u>6,455,895</u>	<u>4,772,017</u>	<u>306,638</u>	<u>816,896</u>	<u>560,344</u>

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	Carrying value	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,881,475	1,890,152	1,890,152	-	-	-
Short-term notes and bills payable	229,823	230,000	230,000	-	-	-
Notes and accounts payable	668,982	668,982	668,982	-	-	-
Other payables	459,398	459,398	459,398	-	-	-
Bonds payable (includes current portion)	693,322	700,000	700,000	-	-	-
Lease liabilities - current and noncurrent	496,833	565,641	102,737	103,143	280,103	79,658
Long-term borrowings (includes current portion)	<u>1,569,250</u>	<u>1,685,221</u>	<u>835,276</u>	<u>207,041</u>	<u>244,324</u>	<u>398,580</u>
Total	<u><u>\$ 5,999,083</u></u>	<u><u>6,199,394</u></u>	<u><u>4,886,545</u></u>	<u><u>310,184</u></u>	<u><u>524,427</u></u>	<u><u>478,238</u></u>
June 30, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,636,628	1,646,784	1,646,784	-	-	-
Short-term notes and bills payable	249,831	250,000	250,000	-	-	-
Notes and accounts payable	804,159	804,159	804,159	-	-	-
Other payables	381,789	381,789	381,789	-	-	-
Dividends payable	249,109	249,109	249,109	-	-	-
Bonds payable (includes current portion)	686,237	700,000	700,000	-	-	-
Lease liabilities - current and noncurrent	429,498	494,425	91,031	89,052	223,485	90,857
Long-term borrowings (includes current portion)	<u>1,384,379</u>	<u>1,516,647</u>	<u>603,065</u>	<u>309,456</u>	<u>188,190</u>	<u>415,936</u>
Total	<u><u>\$ 5,821,630</u></u>	<u><u>6,042,913</u></u>	<u><u>4,725,937</u></u>	<u><u>398,508</u></u>	<u><u>411,675</u></u>	<u><u>506,793</u></u>

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

(iii) Market risk

1) Exposure to foreign currency risk

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

	June 30, 2020			December 31, 2019			June 30, 2019			
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	
Financial assets:										
Monetary items										
USD	\$	50,920	29.58	1,506,214	34,549	29.93	1,034,052	17,158	31.01	532,070
HKD		6,171	3.82	23,552	5,978	3.84	22,976	7,555	3.97	30,005
CNY		2,935	4.18	12,263	4,009	4.29	17,200	4,124	4.51	18,602
EUR		1,057	33.07	34,955	1,836	33.39	61,304	705	35.18	24,802
CAD		601	20.89	12,555	1,069	23.35	24,963	544	24.19	13,159

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Notes to Consolidated Financial Statements

	June 30, 2020			December 31, 2019			June 30, 2019		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial liabilities:</u>									
<u>Monetary items</u>									
USD	23,132	29.58	684,245	15,747	29.93	471,308	14,642	31.01	454,048

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gain and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, and loans and borrowings, which are denominated in foreign currency. The overall effects to the net profit before tax for the six months ended June 30, 2020 and 2019, assuming the TWD appreciated by 1%, were decreases of \$9,053 and \$1,646, respectively. The analysis is performed on the same basis for the prior year.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2020 and 2019, the foreign exchange gains (loss) (including both realized and unrealized) amounted to \$(6,088), \$11,352, \$(2,580) and \$7,327, 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 0.25% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

If the interest rate had increased by 0.25% at the reporting date, all things held constant, the net profit before tax would have decreased by \$4,394 and \$3,776 for the six months ended June 30, 2020 and 2019, respectively, which mainly results from bank loans with variable interest rates.

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(iv) Fair value of financial instruments

1) Types of financial instruments and fair value

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

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(z) of the consolidated financial statements for the year ended December 31, 2019.

(y) Capital management

The management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. 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, 2019. Please refer to note (6)(aa) of the consolidated financial statements for the year ended December 31, 2019 for further details.

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

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

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

	January 1, 2020	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		June 30, 2020
					Gain on repurchase of convertible bonds	Other	
Short-term borrowings	\$ 1,881,475	1,725,930	(1,388,566)	(11,419)	-	-	2,207,420
Short-term notes and bills payable	229,823	-	(99,852)	-	-	-	129,971
Bonds payable (includes current portion)	693,322	401,501	(331,676)	-	(8,018)	(13,580)	741,549
Lease liabilities	496,833	-	(38,630)	(8,098)	-	-	450,105
Long-term borrowings (includes current portion)	1,569,250	810,215	(1,063,254)	(8,376)	-	-	1,307,835
Total liabilities from financing activities	<u>\$ 4,870,703</u>	<u>2,937,646</u>	<u>(2,921,978)</u>	<u>(27,893)</u>	<u>(8,018)</u>	<u>(13,580)</u>	<u>4,836,880</u>

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	January 1, 2019	Cash inflow	Cash Outflow	Non-cash changes			June 30, 2019
				Foreign exchange movement	Increase in Right-of-use assets	Amortization of interest expense	
Short-term borrowings	\$ 1,708,979	1,313,879	(1,377,880)	(8,350)	-	-	1,636,628
Short-term notes and bills payable	249,765	66	-	-	-	-	249,831
Bonds payable (includes current portion)	679,225	-	-	-	-	7,012	686,237
Lease liabilities	438,298	-	(39,776)	4,754	26,222	-	429,498
Long-term borrowings (includes current portion)	1,445,673	631,804	(703,500)	10,402	-	-	1,384,379
Total liabilities from financing activities	<u>\$ 4,521,940</u>	<u>1,945,749</u>	<u>(2,121,156)</u>	<u>6,806</u>	<u>26,222</u>	<u>7,012</u>	<u>4,386,573</u>

(7) Related-party transactions:

- (a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

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

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 7,403	5,819	13,045	11,657
Post-employment benefits	105	85	190	170
Total	<u>\$ 7,508</u>	<u>5,904</u>	<u>13,235</u>	<u>11,827</u>

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

For the six months ended June 30, 2019, the Group rented 4 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$1,125 and the amount of rent expense recognized was \$34.

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts receivable	Long-term borrowings	\$ 88,740	134,685	155,050
Property, plant, and equipment	Long-term borrowings	706,581	579,748	596,308
Other financial asset — non-current	Long-term borrowings	5,713	5,709	5,875
Guarantee deposits paid	Customs security deposits	328	1,365	4,535
Total		<u>\$ 801,362</u>	<u>721,507</u>	<u>761,768</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:

<u>Supplier</u>	<u>Contract Period</u>	<u>Pricing Terms</u>	<u>Product</u>	<u>Breach Clause</u>
A	2020.01~2020.12	Average price (in USD) listed in LME of the previous month, plus, US\$113, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$6,300 per ton of conversion cost	960~2,160 tons of copper wire	Late payment surcharge at 10% annual rate
B	2020.01~2020.12	Average price listed in Shanghai Futures Exchange (aka SHFE) agreed by both parties, considering any premiums or discounts, plus, an additional amount of CNY\$100 per ton of conversion cost, depending on the product specification	240~2,160 tons of copper wire	5% of the total amount
D	2020.04~2021.03	Spot price listed in LME agreed by both parties, considering any premiums or discounts, plus, an additional amount of US\$230 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	2020.01~2020.12	Average price (in USD) listed in LME of the previous month, plus, US\$113, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$6,300 per ton of conversion cost	600~1,200 tons of copper wire	Supplier can demand back parts of the unpaid purchased wires upon overdue

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<u>Supplier</u>	<u>Contract Period</u>	<u>Pricing Terms</u>	<u>Product</u>	<u>Breach Clause</u>
L	2020.04~2021.03	Spot price listed in LME agreed by both parties, considering any premiums or discounts, plus, an additional amount of US\$228 per ton of conversion cost	720~1,920 tons of copper rods	30% of the amount overdue

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Acquisition of lands	\$ -	-	63,375
Acquisition of equipments	27,919	42,551	5,378
Total	<u>\$ 27,919</u>	<u>42,551</u>	<u>68,753</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 Nature	For the three months ended, June 30, 2020			For the three months ended, June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	71,047	173,596	244,643	72,583	191,570	264,153
Labor and health insurance (Note 1)	1,585	25,134	26,719	1,895	24,377	26,272
Pension (Note 2)	432	4,201	4,633	2,959	6,069	9,028
Remuneration of directors	-	5,470	5,470	-	2,354	2,354
Other employee benefits	1,722	2,419	4,141	1,353	3,524	4,877
Depreciation	11,606	35,023	46,629	12,843	37,948	50,791
Amortization	857	10,247	11,104	92	13,571	13,663

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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by Function by Nature	For the six months ended June 30, 2020			For the six months ended June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	123,604	356,996	480,600	133,724	372,312	506,036
Labor and health insurance (Note 1)	3,427	54,000	57,427	3,884	52,485	56,369
Pension (Note 2)	2,306	10,385	12,691	6,239	13,279	19,518
Remuneration of directors	-	5,692	5,692	-	2,354	2,354
Other employee benefits	3,081	6,216	9,297	2,403	6,845	9,248
Depreciation	23,078	72,568	95,646	27,466	74,107	101,573
Amortization	1,001	21,083	22,084	196	26,974	27,170

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.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the six months ended June 30, 2020 required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

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	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	WUXI UNIVERSAL	Other receivables	Yes	85,980 (RMB20,000)	83,320 (RMB20,000)	83,320	1 15%	1	737,934	Business operation	-	-	-	783,311	939,369
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	33,084 (USD, 1,118)	33,084 (USD1,118)	18,294	-	2	-	Business operation	-	-	-	587,106	939,369
0	The Company	PREMIUM-LINE KSI GMBH	Other receivables	Yes	40,068 (EUR1,200)	21,496 (EUR650)	-	-	2	-	Business operation	-	-	-	587,106	939,369
0	The Company	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	86,362 (USD2,860)	84,589 (USD2,860)	-	-	2	-	Business operation	-	-	-	587,106	939,369
1	PRIME WIRE & CABLES INC	BESTLINK NETWORK INC	Other receivables	Yes	15,100 (USD500)	14,790 (USD500)	8,874	4.25%	2	-	Business operation	-	-	-	830,227	830,227
2	EUROPOWER INTERNATIONAL LIMITED	MONOPRICE, INC	Other receivables	Yes	302,000 (USD1,000)	-	-	3%	2	-	Business operation	-	-	-	1,480,457	1,480,457
2	EUROPOWER INTERNATIONAL LIMITED	PREMIUM-LINE KSI GMBH	Other receivables	Yes	50,089 (USD1,511)	49,984 (USD1,511)	49,984	-	2	-	Business operation	-	-	-	1,480,457	1,480,457
2	EUROPOWER INTERNATIONAL LIMITED	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	113,489 (USD3,758)	111,159 (USD3,758)	111,159	1 15%	2	-	Business operation	-	-	-	1,480,457	1,480,457
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	887,400 (USD30,000)	887,400 (USD30,000)	798,660	-	2	-	Business operation	-	-	-	1,480,457	1,480,457

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.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor (Note 1)	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	EUROPOWER INTERNATIONAL LIMITED	1, 2	2,348,423	120,800	-	-	-	- %	4,696,846	Y	N	N
0	The Company	WUXI UNIVERSAL	1, 2	2,348,423	1,176,963	976,760	472,737	-	41.59 %	4,696,846	Y	N	Y
1	EUROPOWER INTERNATIONAL LIMITED	MONOPRICE, INC.	1, 3	1,480,457	604,000	591,600	192,270	-	25.19 %	2,960,914	N	N	N
2	PRIME WIRE & CABLE, INC	UNC INVESTMENT & DEVELOPMENT, INC	1, 3	830,227	462,475	452,981	427,532	-	19.29 %	1,660,454	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.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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

Note 3: The amount of endorsements or guarantees to an individual company may not exceed 20% of the Company's net worth based on the most current financial statements, and the amount for overseas affiliated companies may not exceed the Company's net worth. The total amount of endorsements or guarantees provided by the Company and its subsidiaries may not exceed 200% of the Company's current net worth, and the amount of endorsements or guarantees to an individual company may not exceed 20% of the Company's current net worth. In the event the total amount exceeds more than 50% of the Company's net worth, an explanation shall be made in the shareholders' meeting. The amount of endorsements or guarantees provided by subsidiaries to overseas affiliates may not exceed the net worth of the subsidiary. Where endorsements or guarantees are provided to a company due to its business relationship with the Company, the amount may not exceed total transactions in the past year, wherein the transaction amount is the higher of the amount of purchase or sales. Current net worth is based on the most recent audited financial statements.

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

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

(iii) Securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):

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

Note 1: In 2015, the Group determined that the investee was showing indications of impairments and recognized the full amount of impairment loss. In 2016, the investee ceased its business operation, and have yet to be liquidated as of June 30, 2020.

- (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	DONGGUAN YFC	Parent company to subsidiary	Purchases	293,622 (USD9,811)	17.19 %	OA 90 days	-	-	(104,660) (USD3,538)	(14.79)%	
The Company	WUXI UNIVERSAL	Parent company to subsidiary	Purchases	737,934 (USD24,396)	43.19 %	OA 90 days	-	-	(453,261) (USD15,323)	(64.04)%	
PRIME WIRE & CABLE, INC.	The Company	Parent company to subsidiary	Purchase	181,812 (USD5,996)	28.57 %	OA 90 days	-	-	(109,829) (USD3,698)	(61.36)%	
BESTLINK NETWORK INC.	The Company	Parent company to subsidiary	Purchase	127,289 (USD4,223)	85.11 %	OA 90 days	-	-	(164,751) (USD5,570)	(99.96)%	

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 29.9592.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 29.58.

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).

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	PRIME WIRE & CABLE, INC.	Parent company to subsidiary	Accounts receivable: 109,359	3.44	-	-	44,839	-
The Company	BESTLINK NETWARE INC.	Parent company to subsidiary	Accounts receivable: 164,751	2.00	-	-	22,528	-
WUXI UNIVERSAL	The Company	Parent company to subsidiary	Accounts receivable: 453,261	3.72	-	-	29,635	-
DONGGUAN YFC	The Company	Parent company to subsidiary	Accounts receivable: 104,660	6.34	-	-	57,413	-

Note 1: The information above shows subsequent collection of accounts receivable – related party as of August 7, 2020.

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 29.9592.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 29.58.

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

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended June 30, 2020 (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	181,812	A percentage of gross profit	4%
0	The Company	PRIME WIRE & CABLE, INC.	1	Accounts Receivable	109,359	OA 90 days	1%
0	The Company	MONOPRICE INC.	1	Sales	67,491	A percentage of gross profit	1%
0	The Company	MONOPRICE INC.	1	Accounts Receivable	61,312	OA 60 days	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL INC.	1	Sales	19,025	A percentage of gross profit	-%
0	The Company	YFC-BONEAGLE INTERNATIONAL INC.	1	Accounts Receivable	31,527	OA 90 days	-%
0	The Company	BESTLINK NETWARE INC.	1	Sales	127,289	A percentage of gross profit	3%
0	The Company	BESTLINK NETWARE INC.	1	Accounts Receivable	164,751	OA 90 days	2%
0	The Company	WUXI UNIVERSAL	1	Other Receivables	83,320	Based on collection status	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL INC.	1	Other Receivables	18,294	Based on collection status	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	798,660	Based on collection status	9%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	23,529	The Company collection on sales goods on behalf of the subsidiary	-%

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended June 30, 2020 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	EUROPOWER INTERNATIONAL LIMITED	PREMIUM-LINE KSI GMBH	3	Other Receivables	49,984	Based on collection status	1%
1	EUROPOWER INTERNATIONAL LIMITED	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	111,159	Based on collection status	1%
2	DONGGUAN YFC	The Company	2	Sales	293,622	A percentage of gross profit	6%
2	DONGGUAN YFC	The Company	2	Accounts Receivable	104,660	OA 90 days	1%
2	DONGGUAN YFC	The Company	2	Other Receivable	13,610	Prepayment on Machinery and equipment on behalf of the parent	-%
3	WUXI UNIVERSAL	The Company	2	Sales	737,934	A percentage of gross profit	15%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivable	453,261	OA 90 days	5%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Sales	28,935	A percentage of gross profit	1%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Accounts Receivable	15,501	OA 90 days	-%
5	BESZIN CORPORATION INC.	YFC-BONEAGLE INTERNATIONAL INC.	3	Accounts Receivable	12,638	OA 90 days	-%
6	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE, INC.	3	Rental income	12,736	Monthly payment	-%

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 six months ended June 30, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2020			Net income (losses) of investee	Investment income (loss)	Note
				June 30, 2020	December 31, 2019	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 China and USA	1,781,915 (USD54,423)	1,781,915 (USD54,423)	53,906	100.00 %	3,240,582	(32,040)	(24,215)	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 \$1,807 from subsidiaries in the US and the Philippines and the decreasing in sidestream unrealized gain of \$6,018.
"	BESTLINK NETWORK INC.	USA	Trading business	31,393 (USD1,000)	31,393 (USD1,000)	1,000	100.00 %	14,872	7,816	7,816	

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2020			Net income (losses) of investee	Investment income (loss)	Note
				June 30, 2020	December 31, 2019	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50)	1,496 (USD50)	50	100.00 %	38,797	8,218	8,218	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600)	28,193 (EUR600)	-	100.00 %	(33,180)	(2,125)	(2,125)	
"	MONOPRICE HOLDINGS, INC.	USA	Holding company set up for investments in USA	1,031,853 (USD32,507)	1,031,853 (USD32,507)	100	100.00 %	1,194,328	40,331	40,331	
"	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,077 (EUR30)	1,077 (EUR30)	-	100.00 %	165	(164)	(164)	
"	YUE FONG COMPANY LIMITED	Vietnam	Trading business	5,989 (USD200)	-	-	100.00 %	5,989	-	-	Note 2
"	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	Cayman Islands	Holding company set up for investments in China and USA	752,008 (USD22,807)	752,008 (USD22,807)	22,807	100.00 %	1,172,224	(32,416)	(32,416)	
"	EUROPOWER INTERNATIONAL LIMITED	B V I	Trading business	161,778 (USD4,890)	161,778 (USD4,890)	4,890	100.00 %	1,480,457	(30,281)	(30,281)	
"	UNIVERSAL NETWORK CORPORATION	Samoa	Holding company set up for investments in China	646,459 (USD20,000)	646,459 (USD20,000)	20,000	100.00 %	589,635	43,639	43,639	
"	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720)	23,392 (USD720)	720	80.00 %	18,989	(1,943)	(1,554)	
"	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50)	1,472 (USD50)	50	100.00 %	554	(6)	(6)	
"	YFC-BONEAGLE INTERNATIONAL, INC.	Philippines	Trading business	5,840 (USD200)	5,840 (USD200)	220	100.00 %	(18,805)	(11,438)	(11,438)	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20)	608 (USD20)	75	100.00 %	608	-	-	Note 1
"	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS CORPORATION	Philippines	Manufacturing and sales of power cable, wires, network equipment and cable	6,170 (USD200)	6,170 (USD200)	200	100.00 %	6,170	-	-	Note 1
"	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100)	3,085 (USD100)	1,000	100.00 %	13,648	17	17	
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	PRIME WIRE & CABLE, INC.	USA	Sale of electronic calculator software and hardware, network equipment and electronic appliances	511,700 (USD15,500)	511,700 (USD15,500)	15,500	100.00 %	830,227	(14,701)	(14,701)	
MONOPRICE HOLDINGS, INC.	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507)	1,031,853 (USD32,507)	500	100.00 %	1,194,328	40,331	40,331	

Note 1: BVI received the full investment amount from Company in October 2019 and established its new subsidiary. (YFC DEVELOPMENT CORPORATION, YFC BONEAGLE ELECTRONIC THCHNOLOGY PHILS. CORPORATION)

Note 2: The Company directly established its new subsidiary, YUE FONG COMPANY LIMITED, in February 2020, with the investment amount having been paid in full.

Note 3: 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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2020 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of June 30, 2020	Accumulated remittance of earnings in current period
					Outflow	Inflow						
DONGGUAN YFC	Manufacturing and sale of power cables, wires, and outlets	241,998 (USD7,387)	(2)	240,494 (USD7,007)	-	-	240,494 (USD7,007)	(15,664)	100.00%	(15,664) (1)	311,287	-
WUXI UNIVERSAL	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000)	(2)	646,459 (USD20,000)	-	-	646,459 (USD20,000)	43,205	100.00%	43,205 (1)	585,971	-
CHENZHOU YFC	Processing and sale of communication products and internet cables	9,593 (USD300)	(2)	9,593 (USD300)	-	-	9,593 (USD300)	(1,722)	100.00%	(1,722) (1)	(71)	-
INTERNATIONAL TRADING (WUXI)	Sale of electronic calculator software and hardware, network equipment and electronic appliances	31,032 (USD1,000)	(2)	23,381 (USD753)	-	-	23,381 (USD753)	(2,056)	75.60%	(1,554) (1)	23,735	-
T-MARK	Wholesaling business	900,877 (HKD234,228)	(2)	167,022 (HKD42,000)	-	-	167,022 (HKD42,000)	-	15.81%	- (2)	(Note 6)	-

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2020 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 4)	Upper Limit on Investment (Note 5)
1,084,829 (USD33,643)	1,101,189 (USD34,022)	-

Note 1: The method of investments are as follows:

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

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

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

Note 3: The amount shown is the actual accumulated investment in Mainland China as of June 30, 2020.

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

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

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

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

(iii) Significant transactions:

Please refer to "Information on significant transaction" for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China during the six months ended June 30, 2020.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
GOOD WIN INVESTMENT CO., LTD		6,635,361	5.32 %

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(14) Segment information:

(a) General information

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

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

The operating segment information and reconciliation were as follows:

For the three months ended June 30, 2020					
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 1,154,267	445,800	1,254,176	-	2,854,243
Inter-segment revenue	<u>972,526</u>	<u>22,239</u>	<u>3,176</u>	<u>(997,941)</u>	<u>-</u>
Total revenues	<u>\$ 2,126,793</u>	<u>468,039</u>	<u>1,257,352</u>	<u>(997,941)</u>	<u>2,854,243</u>
Reportable segment profit or loss	<u>\$ 148,619</u>	<u>13,153</u>	<u>29,704</u>	<u>(41,869)</u>	<u>149,607</u>
For the three months ended June 30, 2019					
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 398,681	1,274,384	1,298,627	-	2,971,692
Inter-segment revenue	<u>926,065</u>	<u>156,133</u>	<u>-</u>	<u>(1,082,198)</u>	<u>-</u>
Total revenues	<u>\$ 1,324,746</u>	<u>1,430,517</u>	<u>1,298,627</u>	<u>(1,082,198)</u>	<u>2,971,692</u>
Reportable segment profit or loss	<u>\$ 137,713</u>	<u>44,956</u>	<u>8,639</u>	<u>(84,001)</u>	<u>107,307</u>
For the six months ended June 30, 2020					
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 1,734,368	847,182	2,495,208	-	5,076,758
Inter-segment revenue	<u>1,451,677</u>	<u>47,796</u>	<u>5,055</u>	<u>(1,504,528)</u>	<u>-</u>
Total revenues	<u>\$ 3,186,045</u>	<u>894,978</u>	<u>2,500,263</u>	<u>(1,504,528)</u>	<u>5,076,758</u>
Reportable segment profit or loss	<u>\$ 138,073</u>	<u>(27,574)</u>	<u>68,625</u>	<u>(21,932)</u>	<u>157,192</u>

(Continued)

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For the six months ended June 30, 2019					
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 831,195	2,007,389	2,547,958	-	5,386,542
Inter-segment revenue	<u>1,563,311</u>	<u>344,213</u>	<u>-</u>	<u>(1,907,524)</u>	<u>-</u>
Total revenues	<u>\$ 2,394,506</u>	<u>2,351,602</u>	<u>2,547,958</u>	<u>(1,907,524)</u>	<u>5,386,542</u>
Reportable segment profit or loss	<u>\$ 152,420</u>	<u>17,617</u>	<u>31,513</u>	<u>(87,007)</u>	<u>114,543</u>
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Reportable segment assets :					
June 30, 2020	<u>\$ 10,657,369</u>	<u>1,967,048</u>	<u>2,761,166</u>	<u>(6,505,714)</u>	<u>8,879,869</u>
December 31, 2019	<u>\$ 8,391,566</u>	<u>3,683,108</u>	<u>2,942,391</u>	<u>(6,366,445)</u>	<u>8,650,620</u>
June 30, 2019	<u>\$ 7,627,393</u>	<u>4,256,183</u>	<u>2,861,141</u>	<u>(6,266,988)</u>	<u>8,477,729</u>
Reportable segment liabilities :					
June 30, 2020	<u>\$ 5,931,301</u>	<u>1,110,525</u>	<u>1,551,966</u>	<u>(2,068,476)</u>	<u>6,525,316</u>
December 31, 2019	<u>\$ 5,118,124</u>	<u>1,265,221</u>	<u>1,766,983</u>	<u>(1,884,746)</u>	<u>6,265,582</u>
June 30, 2019	<u>\$ 4,236,093</u>	<u>1,819,378</u>	<u>1,684,594</u>	<u>(1,699,032)</u>	<u>6,041,033</u>