

YFC-BONEAGLE ELECTRIC CO., LTD.**PARENT-COMPANY-ONLY FINANCIAL STATEMENTS**

**with Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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

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安侯建業聯合會計師事務所
KPMG

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

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the parent-company-only financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and parent-company-only notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year then end in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Audit and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note (4)(n) for significant accounting policy related to revenue recognition. For the details of revenue, please refer to note (6)(w).

Description of key audit matter:

The sale transactions of the Company are mainly under FOB shipping point terms. Transfers of risk and rewards generally occurs upon loading the goods onto the relevant carrier at the port. In addition, the company provide a part of customers discounts based on the agreement. Consequently, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

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

- Testing the related controls surrounding revenue collection and assessing whether the revenue recognition policies comply with the accounting standards.
- Examining the agreements of selected customers to determine whether the accounting treatment is consistent with the contract terms and provisions stated and executing specific audit procedures.
- Performing trend analysis on major customers and products and compare the current actual sales with the prior one to determine whether any significant variances exist.
- Testing the accuracy and appropriateness of management's calculation of sales discounts by estimating them based on the actual sales discounts in the previous years; examining subsequent sales discount to assess whether there are any significant differences.
- Assessing the adequacy of the Company disclosures in respect of revenue recognition.

2. Investments accounted for using equity method

Please refer to note (4)(h) and (6)(e) for the significant accounting policies and the details of investments subsidiaries. Please refer to note (5) for uncertainties in accounting estimates and assumptions.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

- Reviewing the financial statements and related information of all subsidiaries.
- Designing and implementing the audit procedures based on relevant regulations. For instance, testing the changes on the investments accounted for using equity method in the current year, including the recognition of the shares of profit of subsidiaries accounted for using equity method and the shares of other comprehensive income, then comparing and analyzing the changes in the actual amounts of the previous and current year whether the investments accounted for using equity method evaluation policies comply with the accounting standards.
- Assessing the adequacy of the Company's disclosures in respect of the investments accounted for using equity method.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lee, Fang-Yi and Hsieh, Chiu-Hua.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are the Standards on Auditing of the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent-company-only financial statements, the Chinese version shall prevail.

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 234,676	3	452,061	5	2100	Short-term borrowings (note (6)(j))	\$ 1,904,546	25	1,545,480	19
1150-70	Notes and accounts receivable, net (note (6)(b))	806,071	11	738,530	9	2110	Short-term notes and bills payable (note (6)(k))	99,830	1	229,737	3
1180	Accounts receivable from related parties, net (notes (6)(b) and (7))	531,118	7	401,106	5	2130	Current contract liabilities (note (6)(w))	43,464	1	56,103	1
1200	Other receivables (note (6)(c))	11,943	-	10,872	-	2150-70	Notes and accounts payable	129,308	2	115,917	1
1210	Other receivables from related parties (notes (6)(c) and (7))	221,463	3	370,623	4	2180	Accounts payable to related parties (note (7))	428,783	6	263,812	3
1220	Current tax assets	38	-	38	-	2200	Other payables (note (6)(n))	29,779	-	125,222	2
130X	Inventories (note (6)(d))	59,553	1	74,535	1	2220	Other payables to related parties (note (7))	1,103,413	15	1,131,839	14
1410	Prepayments	381,724	5	137,071	2	2230	Current tax liabilities	34,308	-	-	-
	Total current assets	<u>2,246,586</u>	<u>30</u>	<u>2,184,836</u>	<u>26</u>	2280	Current lease liabilities (note (6)(o))	2,247	-	4,107	-
Non-current assets:						2320	Long-term liabilities, current portion (notes (6)(l), (m) and (8))	153,972	2	406,990	5
1550	Investments accounted for using equity method (notes (6)(e) and (13))	4,959,398	66	5,685,689	69	2300	Other current liabilities (note (6)(p))	1,080	-	2,514	-
1600	Property, plant and equipment (notes (6)(f) and (8))	294,086	4	304,250	4		Total current liabilities	<u>3,930,730</u>	<u>52</u>	<u>3,881,721</u>	<u>48</u>
1755	Right-of-use assets (note (6)(g))	3,168	-	7,250	-	Non-Current liabilities:					
1780	Intangible assets (note (6)(h))	1,128	-	843	-	2540	Long-term borrowings (notes (6)(l) and (8))	504,009	7	394,783	5
1840	Deferred tax assets (note (6)(r))	52,544	1	41,839	1	2580	Non-current lease liabilities (note (6)(o))	984	-	3,231	-
1915	Prepayments for business facilities	-	-	1,076	-	2600	Other non-current liabilities (note (6)(p))	100	-	4,708	-
1900	Other non-current assets (notes (6)(i), (q) and (8))	11,353	-	14,399	-	2650	Credit balance of investments accounted for using equity method (notes (6)(e) and (13))	75,972	1	65,697	1
	Total non-current assets	<u>5,321,677</u>	<u>71</u>	<u>6,055,346</u>	<u>74</u>		Total non-current liabilities	<u>581,065</u>	<u>8</u>	<u>468,419</u>	<u>6</u>
							Total liabilities	<u>4,511,795</u>	<u>60</u>	<u>4,350,140</u>	<u>54</u>
						Equity attributable to owners of parent (notes (6)(m) and (s)):					
						3110	Ordinary share	1,464,627	19	1,438,682	17
						3130	Bond conversion entitlement certificates	-	-	3,169	-
							Subtotal	<u>1,464,627</u>	<u>19</u>	<u>1,441,851</u>	<u>17</u>
						3200	Capital surplus	988,829	13	949,023	12
						3300	Retained earnings	733,305	10	1,609,221	20
						3400	Other equity interest	(130,293)	-	(110,053)	(2)
							Total equity	<u>3,056,468</u>	<u>42</u>	<u>3,890,042</u>	<u>47</u>
							Total liabilities and equity	<u>\$ 7,568,263</u>	<u>100</u>	<u>8,240,182</u>	<u>100</u>
	Total assets	<u>\$ 7,568,263</u>	<u>100</u>	<u>8,240,182</u>	<u>100</u>						

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

YFC-BONEAGLE ELECTRIC CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
4100 Operating revenue (notes (6)(w) and (7))	\$ 3,992,080	100	4,773,332	100
5110 Operating costs (notes (6)(d), (q), (v), (7) and (12))	<u>3,668,972</u>	<u>92</u>	<u>4,569,429</u>	<u>96</u>
5900 Gross profit from operations	<u>323,108</u>	<u>8</u>	<u>203,903</u>	<u>4</u>
Operating expenses (notes (6)(b), (o), (q), (t), (v), (7) and (12)):				
6100 Selling expenses	63,498	2	96,310	2
6200 Administrative expenses	109,437	2	193,420	4
6300 Research and development expenses	6,470	-	7,114	-
6450 Expected credit (gain) loss	<u>(444)</u>	<u>-</u>	<u>440</u>	<u>-</u>
6000 Total operating expenses	<u>178,961</u>	<u>4</u>	<u>297,284</u>	<u>6</u>
6900 Operating income (loss)	<u>144,147</u>	<u>4</u>	<u>(93,381)</u>	<u>(2)</u>
Non-operating income and expenses (notes (6)(e), (m), (o), (x), (7) and (13)):				
7010 Other income	49,409	1	45,965	1
7020 Other gains and losses, net	21,463	1	(87,160)	(2)
7100 Interest income	4,729	-	1,194	-
7050 Finance costs, net	(75,155)	(2)	(55,974)	(1)
7070 Share of profit of subsidiaries accounted for using equity method	<u>(552,402)</u>	<u>(14)</u>	<u>976,327</u>	<u>21</u>
7000 Total non-operating income and expenses	<u>(551,956)</u>	<u>(14)</u>	<u>880,352</u>	<u>19</u>
7900 (Loss) profit from continuing operations before tax	<u>(407,809)</u>	<u>(10)</u>	<u>786,971</u>	<u>17</u>
7950 Less: Income tax expense (income) (note (6)(r))	<u>32,177</u>	<u>1</u>	<u>(16,731)</u>	<u>-</u>
(Loss) Profit	<u>(439,986)</u>	<u>(11)</u>	<u>803,702</u>	<u>17</u>
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss (note (6)(q))				
8311 Gains on remeasurements of defined benefit plans	(1,325)	-	2,969	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may not be reclassified subsequently to profit or loss	<u>(1,325)</u>	<u>-</u>	<u>2,969</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss (notes (6)(r) and (s))				
8361 Exchange differences on translation of foreign operation	(25,300)	(1)	380,416	8
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(5,060)</u>	<u>-</u>	<u>76,083</u>	<u>2</u>
Total items that may be reclassified subsequently to profit or loss	<u>(20,240)</u>	<u>(1)</u>	<u>304,333</u>	<u>6</u>
8300 Other comprehensive (loss) income	<u>(21,565)</u>	<u>(1)</u>	<u>307,302</u>	<u>6</u>
8500 Total comprehensive (loss) income	<u>\$ (461,551)</u>	<u>(12)</u>	<u>1,111,004</u>	<u>23</u>
(Losses) Earnings per share (in NT dollars) (note (6)(u))				
9750 Basic (losses) earnings per share	<u>\$ (3.03)</u>		<u>5.87</u>	
9850 Diluted (losses) earnings per share	<u>\$ (3.03)</u>		<u>5.65</u>	

See accompanying notes to parent-company-only financial statements

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

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Share capital			Retained earnings				Total other equity interest		Total equity
	Ordinary shares	Bond conversion entitlement certificates	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2022	\$ 1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036
Profit	-	-	-	-	-	-	803,702	803,702	-	803,702
Other comprehensive income	-	-	-	-	-	-	2,969	2,969	304,333	307,302
Total comprehensive income	-	-	-	-	-	-	806,671	806,671	304,333	1,111,004
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	10,262	-	(10,262)	-	-	-
Special reserve appropriated	-	-	-	-	-	75,168	(75,168)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	-	(17,000)	(17,000)	-	(17,000)
Cash capital increase	75,000	-	75,000	72,500	-	-	-	-	-	147,500
Share-based transactions	-	-	-	2,604	-	-	-	-	-	2,604
Conversion of convertible bonds	-	47,128	47,128	66,770	-	-	-	-	-	113,898
Conversion of certificates of bond conversion entitlement	43,959	(43,959)	-	-	-	-	-	-	-	-
Balance at December 31, 2022	1,438,682	3,169	1,441,851	949,023	233,580	414,386	961,255	1,609,221	(110,053)	3,890,042
Profit (loss)	-	-	-	-	-	-	(439,986)	(439,986)	-	(439,986)
Other comprehensive income	-	-	-	-	-	-	(1,325)	(1,325)	(20,240)	(21,565)
Total comprehensive income	-	-	-	-	-	-	(441,311)	(441,311)	(20,240)	(461,551)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	-	80,667	-	(80,667)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(434,605)	(434,605)	-	(434,605)
Conversion of convertible bonds	-	6,831	6,831	9,751	-	-	-	-	-	16,582
Conversion of certificates of bond conversion entitlement	10,000	(10,000)	-	-	-	-	-	-	-	-
Conversion of employee remuneration in shares	15,945	-	15,945	30,055	-	-	-	-	-	46,000
Balance at December 31, 2023	\$ 1,464,627	-	1,464,627	988,829	314,247	414,386	4,672	733,305	(130,293)	3,056,468

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (407,809)	786,971
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,037	24,901
Amortization expense	1,613	1,940
Expected credit (profit) loss	(444)	440
Interest expense	75,155	55,974
Interest income	(4,729)	(1,194)
Share-based payments	-	2,604
Share of profit of subsidiaries accounted for using equity method	552,402	(976,327)
Loss from disposal of property, plan and equipment	-	7,928
Impairment loss of non-financial assets	-	104,473
Unrealized foreign exchange loss (profit)	99,088	59,097
Total adjustments to reconcile (loss) profit	738,122	(720,164)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(101,895)	281,669
Accounts receivable from related parties	(140,369)	624,568
Other receivables	(1,070)	(3,024)
Other receivable from related parties	145,571	22,407
Inventories	14,982	175,040
Prepayment and other current assets	(244,653)	(128,249)
Total changes in operating assets	(327,434)	972,411
Changes in operating liabilities:		
Notes and accounts payable	13,391	(38,321)
Accounts payable to related parties	104,458	(471,115)
Other payables	(50,670)	73,598
Other payable to related parties	21,420	2,412
Other current liabilities and contract liabilities	(14,073)	15,792
Other non-current liabilities	(4,608)	(584)
Total changes in operating liabilities	69,918	(418,218)
Total changes in operating assets and liabilities	(257,516)	554,193
Total adjustments	480,606	(165,971)
Cash inflow (outflow) generated from operations	72,797	621,000
Interest received	4,728	1,192
Interest paid	(73,156)	(54,379)
Income taxes paid	(3,514)	(9,795)
Net cash flows from operating activities	855	558,018

See accompanying notes to parent-company-only financial statements

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(12,718)
Proceeds from capital reduction of investments accounted for using equity method	129,020	-
Acquisition of property, plant and equipment	(791)	(3,431)
Proceeds from disposal of property, plant and equipment	-	9,904
Decrease (increase) in other receivables from related parties	29,844	(11,330)
Acquisition of intangible assets	(729)	(2,053)
Decrease in other financial assets and non-current assets	1,721	1,318
Increase in prepayments for business facilities	(93)	(1,507)
Net cash flow from (used in) investing activities	158,972	(19,817)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,304,606	3,744,096
Decrease in short-term loans	(1,933,155)	(4,237,389)
Decrease in short-term notes and bills payable	(129,907)	(169)
Proceeds from long-term debt	866,143	1,097,920
Repayments of long-term debt	(993,273)	(1,048,545)
Decrease in other payables to related parties	(49,846)	(5,774)
Payment of lease liabilities	(4,107)	(9,431)
Repayments of convertible bonds	(100)	-
Cash dividends paid	(434,605)	(17,000)
Proceeds from cash capital increase	-	147,500
Net cash flows used in financing activities	(374,244)	(328,792)
Effect of exchange rate changes on cash and cash equivalents	(2,968)	(224)
Net (decrease) increase in cash and cash equivalents	(217,385)	209,185
Cash and cash equivalents at beginning of period	452,061	242,876
Cash and cash equivalents at end of period	\$ 234,676	452,061

See accompanying notes to parent-company-only financial statements

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

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

**(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 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.

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 financial statements:

The parent-company-only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the board of directors on March 15, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

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

(4) Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated in note (3), the following accounting policies were applied consistently throughout the presented periods in the parent-company-only financial statements.

(a) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligations, limited as explained in note (4)(p)

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars, the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate. Translation differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprise cash on hand, check deposits, and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the criteria above and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are recognized as cash equivalents.

(f) Financial Instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) – equity investmen.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes and trade receivables are always measured at an amount equal to lifetime ECL.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 360 days past due its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
 - a breach of contract such as a default or being more than 360 days past due;
 - the Company, for economic or contractual reasons relating to the customer's financial difficulty, having granted to the customer a concession that the Company would not otherwise consider;
 - it is probable that the customer will enter bankruptcy or other financial reorganization;
- or

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

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

Other financial liabilities are classified as measured at amortized cost, and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. In the case of merchandises, cost refers to the acquired amount.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. For merchandises, net realizable value refers to estimated selling price in the ordinary course of business.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(h) Investment subsidiary

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statements are equal to those in the consolidated financial statements.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to determine whether the accounting policies are in compliance with those of the Company's from the date that control commences until the date that significant influence commences.

Unrealized profits resulting from the transactions between the Company and a subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Unrealized losses on transactions with subsidiaries are eliminated in the same way, except to the extent that the underlying asset is impaired.

Dividend from subsidiaries is recognized in investment accounted for using equity method on the date on which the Company's right to receive payment is established, which means the recovery of the dividend is probable, and the amount can be estimated reliably.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings 5~50 years
- 2) Machinery and equipment 3~20 years
- 3) Office and other equipment 5~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases of its vehicles that have a lease term of 12 months or less, as well as leases of low-value assets of its office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Other intangible assets, including customer relationships, patents and computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for current and comparative periods are as follows:

- 1) Patents: 3 years
- 2) Computer software: 1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expect to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or order agreement, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

No element of financing is deemed present as the sales of the Company's products are made with a credit term of 30 to 120 days, which is consistent with the market practice.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Company 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 Company 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 Company 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.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of the share-based payment is the date on which the Company recognizes the number of shares subscribed by its employees.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
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(s) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjusting for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise convertible bonds and employee compensation not yet resolved by the shareholders.

(t) Operating segments

Please refer to the consolidated financial statements of the Group for the years ended December 31, 2023 and 2022.

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

In preparing the parent-company only financial statements, management has made 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The company is likely to be facing economic uncertainty such as climate change and inflation, however, these events are not expected to have a significant impact on the company. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

The impairment evaluation on investments accounted for using equity method included an impairment valuation process related to non-definite intangible assets, which are goodwill and trademarks of the Group and investments accounted for using equity method of the Company, arising from the acquisition its subsidiaries.

The impairment valuation process of investments accounted for using equity method, including identifying the cash generating units, allocating the goodwill as well as trademarks to cash generating units (CGUs) and determining the recoverable amount of relevant CGUs, relies on the subjective judgment of the Company's management. For details on impairment of investments accounted for using equity method, please refer to note 6(e) and the 2023 consolidated financial statements.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 176	160
Check deposits	-	2,928
Demand deposits	<u>234,500</u>	<u>448,973</u>
Cash and cash equivalents in statement of cash flows	<u>\$ 234,676</u>	<u>452,061</u>

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

(b) Notes and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables from operating activities	\$ 10,777	13,181
Less: Loss allowance	<u>-</u>	<u>-</u>
Net	<u>10,777</u>	<u>13,181</u>
Accounts receivables	797,038	727,537
Less: Loss allowance	<u>(1,744)</u>	<u>(2,188)</u>
Net	<u>795,294</u>	<u>725,349</u>
Accounts receivables from related parties	531,118	401,106
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net	<u>531,118</u>	<u>401,106</u>
Total	<u>\$ 1,337,189</u>	<u>1,139,636</u>

The Company 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:

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 781,998	0%	-
Past due 1 to 30 days	22,193	0%	-
Past due 31 to 120 days	1,880	0%	-
Past due 121 to 180 days	-	0%	-
Past due 181 to 360 days	-	0%	-
Past due more than 360 days	1,744	100%	1,744
Total	\$ 807,815		1,744
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 632,476	0%	-
Past due 1 to 30 days	37,496	0%	-
Past due 31 to 120 days	68,104	0%	-
Past due 121 to 180 days	-	0%	-
Past due 181 to 360 days	588	22.8%	134
Past due more than 360 days	2,054	100%	2,054
Total	\$ 740,718		2,188

As of December 31, 2023 and 2022, the Company's accounts receivable from related parties amounted to \$531,118 and \$410,106, respectively. The receivables, which have no credit risk, were sales from subsidiaries; therefore, no provisions were required.

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

	2023	2022
Balance at January 1	\$ 2,188	1,748
Expect credit (gain) loss	(444)	440
Balance at December 31	\$ 1,744	2,188

As of December 31, 2023 and 2022, the notes and accounts receivable of the Company were not pledged as collateral.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(c) Other receivables

	December 31, 2023	December 31, 2022
Value-added tax returned by export trade	\$ 2,354	1,284
Other	9,589	9,588
Less: Loss allowance	<u>-</u>	<u>-</u>
Net	<u>11,943</u>	<u>10,872</u>
Other receivables from related parties	221,463	370,623
Less: Loss allowance	<u>-</u>	<u>-</u>
Net	<u>221,463</u>	<u>370,623</u>
Total	<u>\$ 233,406</u>	<u>381,495</u>

As of December 31, 2023 and 2022, the loss allowance for other receivables were measured at an amount equal to life time expected credit loss; hence, no provisions were required.

(d) Inventory

	December 31, 2023	December 31, 2022
Merchandise inventory	\$ 847	11
Finished goods	10,434	24,083
Work in progress	24,015	20,400
Raw materials	24,113	29,682
Supplies	<u>144</u>	<u>359</u>
Total	<u>\$ 59,553</u>	<u>74,535</u>

For the year ended December 31, 2023 and 2022, the net realizable value adjustment resulted in the inventory valuation losses (gain) of \$2,183 and \$(998), respectively, to be recognized as cost of goods sold.

As of December 31, 2023 and 2022, the inventory of the Company were not pledged as collateral.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(e) Investments accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date was as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries:		
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	\$ 3,035,504	3,367,164
BESTLINK NETWARE INC.	35,467	56,203
UNC INVESTMENT & DEVELOPMENT INC.	1,582,564	1,415,199
PREMIUM-LINE KSI GMBH (KSI)	(68,216)	(57,115)
MONOPRICE HOLDINGS, INC.	273,834	821,861
YUE FONG COMPANY LIMITED	(7,756)	(8,582)
YFC-EUROPOWER INTERNATIONAL CO., LTD.	<u>32,029</u>	<u>25,262</u>
Subtotal	4,883,426	5,619,992
Add: Credit balance of investments accounted for using equity method	<u>75,972</u>	<u>65,697</u>
Total	<u>\$ 4,959,398</u>	<u>5,685,689</u>

(i) Subsidiaries

In response to its operational needs, the subsidiary, DONGGUAN YFCBONEAGLE ELECTRONIC TECHNOLOGY CO., LTD. (DONGGUAN YFC), conducted a capital reduction in the second half of 2023 at the amount of \$129,020 (USD 4,000 thousand), which had been repatriated to Taiwan. For further details, please refer to the 2023 consolidated financial statements.

The recoverable amount was assessed to be lower than the carrying amount of the cash-generating unit due to the unsatisfactory operating conditions in 2022, resulting in the Company to recognize the impairment loss of \$104,473 incurred by its U.S. subsidiary, Monoprice. Please refer to the consolidated financial statements of the year ended 2023 for more information. There were no such incidents for the year ended December 31, 2023.

(ii) Collateral

As of December 31, 2023 and 2022, the investments accounted for using equity method of the Company were not pledged as collateral.

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YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(f) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Total</u>
Costs or deemed cost:					
Balance at January 1, 2023	\$ 215,058	121,257	337,508	21,922	695,745
Additions	-	144	647	-	791
Disposals	-	-	-	(6,031)	(6,031)
Balance at December 31, 2023	<u>\$ 215,058</u>	<u>121,401</u>	<u>338,155</u>	<u>15,891</u>	<u>690,505</u>
Balance at January 1, 2022	\$ 215,058	121,544	343,518	21,652	701,772
Additions	-	-	16,707	270	16,977
Disposals	-	-	(22,717)	-	(22,717)
Reclassification	-	(287)	-	-	(287)
Balance at December 31, 2022	<u>\$ 215,058</u>	<u>121,257</u>	<u>337,508</u>	<u>21,922</u>	<u>695,745</u>
Depreciation and impairment loss:					
Balance at January 1, 2023	\$ -	76,928	296,522	18,045	391,495
Depreciation for the period	-	2,912	7,056	987	10,955
Disposals	-	-	-	(6,031)	(6,031)
Balance at December 31, 2023	<u>\$ -</u>	<u>79,840</u>	<u>303,578</u>	<u>13,001</u>	<u>396,419</u>
Balance at January 1, 2022	\$ -	73,918	291,227	15,453	380,598
Depreciation for the period	-	3,010	10,180	2,592	15,782
Reclassification	-	-	(4,885)	-	(4,885)
Balance at December 31, 2022	<u>\$ -</u>	<u>76,928</u>	<u>296,522</u>	<u>18,045</u>	<u>391,495</u>
Carrying value:					
Balance at December 31, 2023	<u>\$ 215,058</u>	<u>41,561</u>	<u>34,577</u>	<u>2,890</u>	<u>294,086</u>
Balance at December 31, 2022	<u>\$ 215,058</u>	<u>44,329</u>	<u>40,986</u>	<u>3,877</u>	<u>304,250</u>
Balance at January 1, 2022	<u>\$ 215,058</u>	<u>47,626</u>	<u>52,291</u>	<u>6,199</u>	<u>321,174</u>

The Company's depreciation is calculated by the straight-line basis over the estimated useful lives, please refer to note (4)(i). Information on depreciation for the period is disclosed in note (12).

As of December 31, 2023 and 2022, for information on the Company's property, plant, and equipment pledged as collateral, please refer to note (8).

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YFC-BONEAGLE ELECTRIC CO., LTD.
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(g) Right-of-use assets

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

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 25,615	11,919	37,534
Additions	-	-	-
Write-off	<u>(779)</u>	<u>-</u>	<u>(779)</u>
Balance at December 31, 2023	<u>\$ 24,836</u>	<u>11,919</u>	<u>36,755</u>
Balance at January 1, 2022	24,519	11,919	36,438
Additions	1,909	-	1,909
Write-off	<u>(813)</u>	<u>-</u>	<u>(813)</u>
Balance at December 31, 2022	<u>\$ 25,615</u>	<u>11,919</u>	<u>37,534</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 23,732	6,552	30,284
Depreciation for the period	610	3,472	4,082
Write-off	<u>(779)</u>	<u>-</u>	<u>(779)</u>
Balance at December 31, 2023	<u>\$ 23,563</u>	<u>10,024</u>	<u>33,587</u>
Balance at January 1, 2022	18,897	3,081	21,978
Depreciation for the period	5,648	3,471	9,119
Write-off	<u>(813)</u>	<u>-</u>	<u>(813)</u>
Balance at December 31, 2022	<u>23,732</u>	<u>6,552</u>	<u>30,284</u>
Carrying value:			
Balance at December 31, 2023	<u>\$ 1,273</u>	<u>1,895</u>	<u>3,168</u>
Balance at December 31, 2022	<u>\$ 1,883</u>	<u>5,367</u>	<u>7,250</u>
Balance at January 1, 2022	<u>\$ 5,622</u>	<u>8,838</u>	<u>14,460</u>

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
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(h) Intangible assets

The costs and amortization of intangible assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	<u>Patent</u>	<u>Computer software</u>	<u>Total</u>
Costs or deemed cost:			
Balance at January 1, 2023	\$ 2,565	28,349	30,914
External acquisition	<u>-</u>	<u>1,898</u>	<u>1,898</u>
Balance at December 31, 2023	<u>\$ 2,565</u>	<u>30,247</u>	<u>32,812</u>
Balance at January 1, 2022	\$ 2,565	26,296	28,861
External acquisition	<u>-</u>	<u>2,053</u>	<u>2,053</u>
Balance at December 31, 2022	<u>\$ 2,565</u>	<u>28,349</u>	<u>30,914</u>
Amortization:			
Balance at January 1, 2023	\$ 2,565	27,506	30,071
Amortization for the period	<u>-</u>	<u>1,613</u>	<u>1,613</u>
Balance at December 31, 2023	<u>\$ 2,565</u>	<u>29,119</u>	<u>31,684</u>
Balance at January 1, 2022	\$ 2,565	25,566	28,131
Amortization for the period	<u>-</u>	<u>1,940</u>	<u>1,940</u>
Balance at December 31, 2022	<u>\$ 2,565</u>	<u>27,506</u>	<u>30,071</u>
Carrying value:			
Balance at December 31, 2023	<u>\$ -</u>	<u>1,128</u>	<u>1,128</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>843</u>	<u>843</u>
Balance at January 1, 2022	<u>\$ -</u>	<u>730</u>	<u>730</u>

The following are the amortizations of intangible assets were included in the statement of comprehensive income. Please refer to note (12) for related information on amortization fee for the period:

	<u>2023</u>	<u>2022</u>
Operating cost – amortization	\$ 798	1,360
Operating expenses – amortization	<u>815</u>	<u>580</u>
Total	<u>\$ 1,613</u>	<u>1,940</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other non-current assets:		
Guarantee deposits paid	\$ 6,505	7,801
Net defined benefit assets	4,241	5,561
Other	607	1,037
Subtotal	<u>\$ 11,353</u>	<u>14,399</u>

(j) Short-term borrowings

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	\$ 1,904,546	1,527,164
Unsecured non-financial institution loans	-	18,316
Total	<u>\$ 1,904,546</u>	<u>1,545,480</u>
Unused short-term and long-term credit lines	<u>\$ 857,591</u>	<u>1,016,457</u>
Interest rates	<u>1.79~7.30%</u>	<u>1.80~5.84%</u>

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

(k) Short-term notes and bills payable

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

	<u>December 31, 2023</u>		
	<u>Institution</u>	<u>Interest rate</u>	<u>Amount</u>
Commercial paper payable	Taiwan Cooperative Bills Finance and Taiwan Finance	2.28%~2.37%	\$ 100,000
Less: Discount on short-term notes and bills payable			(170)
Total			<u>\$ 99,830</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

December 31, 2022			
	Institution	Interest rate	Amount
Commercial paper payable	Mega Bills Finance, Taiwan Finance, Taiwan Cooperative Bills Finance and Dah Chung Bills Finance	2.04%~2.21%	\$ 230,000
Less: Discount on short-term notes and bills payable			(263)
Total			\$ 229,737

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

(l) Long-term borrowings

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

December 31, 2023				
	Currency	Interest rates	Expiration	Amount
Unsecured bank loans	NTD	1.85%~2.43%	113~115	\$ 528,514
Secured bank loans	NTD	2.06%~2.23%	117~129	129,467
Total				657,981
Less: Current portion				(153,972)
Non-current portion				\$ 504,009

December 31, 2022				
	Currency	Interest rates	Expiration	Amount
Unsecured bank loans	NTD	1.99%~2.31%	112~115	\$ 642,987
Secured bank loans	NTD	1.94%~1.98%	117~129	142,124
Total				785,111
Less: Current portion				(390,328)
Non-current portion				\$ 394,783

(i) Collateral for long-term borrowings

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Low-interest loan from government

According to “Guidelines of Project Loans for Returning Overseas Taiwanese Businesses”, the Company 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, however, the preferential loan interest rate period extends until December 31, 2022 with an actual preferential interest rate of 0.1%. For the years ended December 31, 2022 the actual used credit facilities amounted to \$219,130, while the fair value imputed by the market interest rate of 1.4% amounted to \$214,555 with the difference of \$4,575, deemed as government grant and recognized in deferred income. Please refer to note (6)(p). There were no such transactions for the year ended December 31, 2023.

(m) Bonds payable

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

	December 31, 2023	December 31, 2022
Convertible bonds issued	\$ 400,000	400,000
Less: Unamortized discount on convertible bonds	-	(338)
Accumulated converted and redeemed amount	(400,000)	(383,000)
	-	16,662
Less: Current portion	-	(16,662)
Non-current portion	\$ -	-
Equity component – conversion options (included in “Capital surplus – stock options”)	\$ -	2,026
	2023	2022
Interest expense	\$ 20	1,630

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

Period	Type	Issuance Period	Total Amount (in thousands dollars)	Coupon Rate	Effective Rate	Conversion Price (in dollar)
Period 9	Unsecured convertible bonds payable	2020.02~2023.02	400,000	0 %	1.67 %	24.30

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
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Except for the following periods, the bondholders may opt to convert their bonds into common shares within the period between three months after issuance and the maturity date:

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

The conversion price of the 9th unsecured convertible bonds at the issuance date was \$26.8 per share. In the event of any ex-rights or ex-dividend, the conversion price shall be adjusted using the conversion pricing formula. Beginning August 18, 2021, the adjusted conversion price had decreased to \$24.6 per share due to the events of ex-rights. Beginning August 25, 2022, the adjusted conversion price had further decreased to \$24.3 per share to the events of ex-rights.

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

(iii) Issuance of bonds

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

(iv) Conversion of bonds

In 2023, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 166 bonds, with the carrying amount of \$16,582, resulting in the capital surplus to increase by \$9,751, and the ordinary shares to be converted at the amount of \$6,831.

In 2022, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 1,147 bonds, with the carrying amount of \$113,898, resulting in the capital surplus to increase by \$66,770, and the ordinary shares to be converted at the amount of \$47,128.

(v) Repurchase of bonds

There was no repurchase of bond payable for the year ended December 31, 2023 and 2022.

(vi) Redeem of due bonds

The Company's ninth domestic unsecured convertible bonds had matured on February 28, 2023, with maturity repayment amounting to \$100. On February 2023, the Company repaid its creditors due to the maturity of their bonds and termination of its trading on the Taiwan Over-The-Counter Securities Exchange.

(Continued)

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

There were no bonds payable pledged as collateral by the Company for the years ended December 31, 2023 and 2022.

(n) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 11,538	23,326
Compensation and bonus due to employees	-	52,181
Compensation due to directors	-	34,787
Other accrued expenses	18,241	14,928
Total	<u>\$ 29,779</u>	<u>125,222</u>

Other payables are expected to be settled within one year.

(o) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	<u>\$ 2,247</u>	<u>4,107</u>
Non-current	<u>\$ 984</u>	<u>3,231</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 71</u>	<u>147</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ -</u>	<u>-</u>
Expenses relating to short-term leases	<u>\$ 146</u>	<u>569</u>
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	<u>\$ -</u>	<u>-</u>

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

	2023	2022
Total cash outflow for leases	<u>\$ 4,324</u>	<u>10,147</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(i) Real estate leases

The Company leases buildings for the use of its factories. The leases of the buildings run for a period of 2-3 years. The leases contain extension and cancellation options exercisable by the Company before the end of the non-cancellable contract period. The extension options held are exercisable only by the Company and not by the lessors.

(ii) Other leases

The Company leases certain vehicles and office equipment which are short-terms item, the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(p) Deferred income

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

The Company 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 Company 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 Company will have to comply with all the conditions associated with grant.

As the preferential loan interest rate period only extended until December 31, 2022, the government grant income totaling \$2,074 was recognized from 2020 to 2021. Additionally, the amount of \$2,501 had been reclassified from deferred income to other income in 2022. There were no such transactions for the year ended December 31, 2023.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of the Company’s defined benefit obligations at present value and plan assets at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 15,157	13,922
Fair value of plan assets	(19,398)	(19,483)
Net defined benefit assets (recognized under other non current assets)	<u>\$ (4,241)</u>	<u>(5,561)</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by the local banks.

As of December 31, 2023 and 2022, the Company's Bank of Taiwan labor pension reserve account balance amounted to \$19,398 and \$19,483, respectively. For information on the utilization of the labor pension fund assets, including the yield of the fund and asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ 13,922	15,948
Current service costs and interest	254	192
Remeasurement in net defined benefit liability		
— Experience adjustments to actuarial losses (gains)	1,344	(688)
— Actuarial loss from changes in financial assumption	143	(854)
Benefits paid from plan assets	(506)	(676)
Defined benefit obligation at December 31	<u>\$ 15,157</u>	<u>13,922</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 19,483	18,478
Interest income	251	130
Remeasurement in net defined benefit liability		
— Expected return on plan assets (excluding interest income)	162	1,427
Contributions made	8	124
Benefits paid from plan assets	<u>(506)</u>	<u>(676)</u>
Fair value of plan assets at December 31	<u>\$ 19,398</u>	<u>19,483</u>

4) Movements in effect of limiting net defined benefit assets to asset ceiling

For the years 2023 and 2022, there were no change in effect of limiting net defined benefit assets to asset ceiling.

5) Pension recognized through profit or loss

The pension costs of the defined benefit plans recognized as expenses for the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current service cost	\$ 77	82
Interest on net defined benefit obligation	<u>(74)</u>	<u>(20)</u>
Total (recognized under "Administrative expense – pension")	<u>\$ 3</u>	<u>62</u>

6) Remeasurements of net defined benefit obligation recognized under other comprehensive income

The cumulative remeasurement of net defined benefit obligations recognized under other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Cumulative amount at January 1	\$ 10,935	7,966
Obligations recognized (reversed)	<u>(1,325)</u>	<u>2,969</u>
Cumulative amount at December 31	<u>\$ 9,610</u>	<u>10,935</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

7) Actuarial assumptions

The Company's principal actuarial assumptions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.20 %	1.30 %
Future salary rate increases	2.00 %	2.00 %

As of December 31, 2023 and 2022, the amount of contributions expected to be made to the defined contribution plans within one year of the report date were \$295 and \$310, respectively.

The weighted average term of defined contribution plans were 9 and 9 years, respectively.

8) Sensitivity analysis

In the event of changes in actuarial assumptions, the impact on defined benefit obligations are as follows:

	<u>Impact on defined benefit obligation</u>	
	<u>Increased</u>	<u>Decreased</u>
December 31, 2023		
Discount rate (at a 0.25% change)	\$ 367	355
Future salary increase (at a 0.25% change)	363	353
December 31, 2022		
Discount rate (at 0.25% change)	347	335
Future salary increase (at 0.25% change)	344	333

The sensitivity analysis above is performed on the impact of changes in a single actuarial assumption, based on the condition that all other assumptions are held constant. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the years 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The Company's pension expenses under the defined contribution method amounted to \$4,185 and \$4,630 for the years ended December 31, 2023 and 2022, respectively. Payments were made to the Bureau of Labor Insurance.

(r) Income tax

(i) Income tax expense

The components of income tax expense (income) for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 34,685	10
Adjustments for prior periods	<u>3,137</u>	<u>-</u>
Subtotal	<u>37,822</u>	<u>10</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(5,645)</u>	<u>(16,741)</u>
Income tax expense	<u>\$ 32,177</u>	<u>(16,731)</u>

The amounts of income tax expense (income) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	<u>\$ (5,060)</u>	<u>76,083</u>

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
(Loss) income before tax	\$ (407,809)	786,971
Income tax expense at the statutory rate	(81,562)	157,394
Non-deductible expenses	8	235
Under provision in prior periods	3,137	-
Tax-exempt income from domestic investments	7,322	3,316
Changes in unrecognized temporary differences	103,159	(177,686)
Others	<u>113</u>	<u>10</u>
Income tax expense (gain)	<u>\$ 32,177</u>	<u>(16,731)</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, due to the need of increasing the funds for foreign operation, funds associated with investments in subsidiaries will not be transferred back in the foreseeable future. Thus, under IAS 12, the temporary difference associated with investments in subsidiaries was recognized as permanent difference. Details were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 504,718</u>	<u>622,521</u>

2) Recognized deferred tax assets and liabilities

Movements of deferred tax assets and liabilities for the years 2023 and 2022 were as follows:

a) Deferred tax assets

	<u>Exchange difference on transaction of foreign financial statements</u>	<u>Unrealized inventory valuation and obsolescence losses</u>	<u>Unrealized foreign exchange loss and loss carry forwards</u>	<u>Total</u>
January 1, 2023	\$ 26,306	919	14,614	41,839
Recognized in profit or loss	-	437	5,208	5,645
Recognized in other comprehensive income	5,060	-	-	5,060
December 31, 2023	<u>\$ 31,366</u>	<u>1,356</u>	<u>19,822</u>	<u>52,544</u>
January 1, 2022	\$ 102,389	1,119	4	103,512
Recognized in profit or loss	-	(200)	14,610	14,410
Recognized in other comprehensive income	(76,083)	-	-	(76,083)
December 31, 2022	<u>\$ 26,306</u>	<u>919</u>	<u>14,614</u>	<u>41,839</u>

The tax loss of \$9,543, which can be used to offset the tax income between 2023 and 2032, resulted in the Company to recognize the deferred income tax asset of \$1,909 for the year ended December 31, 2022, and the entire amount of the tax loss was utilized in 2023.

b) Deferred tax liabilities

	<u>Unrealized foreign exchange gain</u>
January 1, 2023	\$ -
Recognized in profit or loss	-
December 31, 2023	<u>\$ -</u>
January 1, 2022	\$ 2,331
Recognized in profit or loss	(2,331)
December 31, 2022	<u>\$ -</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Examination and approval

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

(s) Capital and other equities

As of December 31, 2023 and 2022, the Company's registered total authorized capital amounted to \$1,800,000 with par value of \$10 per share (in NT dollars), which includes employee share option of 3,500 thousand shares. Total issued common stock as of December 31, 2023 and 2022 were 146,463 thousand shares and 143,868 thousand shares, respectively, and all issued shares were issued and outstanding.

(i) Issuance of common stock

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

The Company increased its capital by cash through issuing 7,500 thousand shares of common stock, at the actual issuance price of NTD20 per share, amounting to \$150,000, minus the amount of \$2,500 of brokerage underwriting fee, totaling \$147,500; with the base date of cash capital increase set on August 25, 2022, based on the resolution decided during the board of directors' meeting held on April 26, 2022. The above transaction was approved by the Financial Supervisory Commission with Letter No.1110342536 on May 24, 2022. All related registration procedures had been completed in September 2022.

The employee remuneration, in shares, amounting to \$46,000, with the approval of shareholders on June 20, 2023, had been converted into approximately 1,595 thousand new shares based on the closing price of ordinary shares on March 27, 2023, which was \$28.85 per share. The related legal registration procedures were completed in October 2023.

The Company converted its bonds by issuing 4,713 thousand shares of common stocks amounting to \$47,128. The related registration procedures were completed in November 2022 (4,396 thousand shares) and February 2023 (317 thousand shares).

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Changes in the numbers of outstanding shares for the years ended December 31, 2023 and 2022, were as follows:

	Common Shares (in thousand shares)	
	2023	2022
Beginning balance at January 1	144,185	131,972
Cash capital increase	-	7,500
Conversion of convertible bonds	683	4,713
Conversion of employee remuneration in shares	1,595	-
Ending balance at December 31	<u>146,463</u>	<u>144,185</u>

(ii) Capital surplus

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

	December 31, 2023	December 31, 2022
Premium issuance	\$ 936,752	896,237
Transaction of treasury stock	19,741	19,741
Difference between consideration and carrying amount of shares	334	334
Stock options of convertible bonds issued	-	2,026
Expired employee stock options	<u>32,002</u>	<u>30,685</u>
Total	<u>\$ 988,829</u>	<u>949,023</u>

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

Stock options of convertible bonds issued recognized as premium issuance when the bonds converted, and recognized as expired stock options when the repayment of bonds is due. Expired employee stock options may only be used to offset a deficit.

In accordance with the Amended Companies Act, realized capital surplus can only be distributed as share capital or cash dividends (proportionate to the shareholders' respective interest) after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be distributed to capital shall not exceed 10% of the actual paid-in capital.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Retained earnings and dividend policy

Under the amended Company's Articles of Incorporation, upon closing of accounts, if there is profit, the Company shall first offset a deficit in the previous years and pay the income tax accordingly, then set aside a legal reserve of 10% of the profits left over as special reserve in accordance with the law, until the accumulated legal capital reserve equals paid-in capital. For any retained earnings left over, the board of directors shall propose distribution of unappropriated earnings to be approved in shareholders meeting, with the exception of distributable earnings that are lower than actual paid-in capital by 0.5%.

The payment of dividends could be done through transferring retained earnings to capital, transferring capital surplus to capital, or through cash dividend, depending on anticipated future development and growth, the Company's financial structure, and the rights and interests of shareholders. The distribution of dividends depends on the retained earnings of the year. In considering the maturing stage of the industry and the capital structure of the Company, dividends are mainly distributed through a combination of stock dividends and cash dividends wherein cash dividends may not be less than 10% of the sum of stock dividend and cash dividend. However, the actual methods and ratio of distribution may be adjusted through the shareholders meetings according to actual earnings and capital of the year.

1) Legal reserve

In accordance with the Company Act, 10% of the net income after tax should be set aside as legal reserve, until the legal reserve is equal to the authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting. The distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with FSC's regulations, the Company is required to set aside an additional special capital reserve from its current-period earnings and undistributed prior-period earnings equivalent to the net debit balances of the other components of its stockholders' equity.

For the earnings of 2022 to be distributed in 2023, the Company did not need to set aside an additional special capital reserve. For the earnings of 2021 to be distributed in 2022, the Company set aside an additional special capital reserve from its undistributed prior period earnings and current-period earnings, which include other comprehensive income that were not reclassified subsequently to profit or loss, but instead, into retained earnings.

Similarly, for any cumulative prior period net debit balances of the other components of stockholders' equity, special reserve is set aside from prior year unappropriated earnings. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

3) Earnings distribution

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

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

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

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

(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	\$ (110,053)
Exchange differences on foreign operation	(20,240)
Balance at December 31, 2023	<u>\$ (130,293)</u>
Balance at January 1, 2022	\$ (414,386)
Exchange differences on foreign operation	304,333
Balance at December 31, 2022	<u>\$ (110,053)</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(t) Share-based payment

The Company has completed a cash capital increase between July and August 2022 and has retained it for subscription by employees in accordance with the provisions of the company law. For the year ended December 2022, the share-based payment of the Company was as follows. There was no such transaction in 2023.

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

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

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

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

(ii) For the year ended December 2022, the expense of share-based payment for cash capital increase was \$2,604.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(u) Earnings per share

The calculations of basic (loss) earnings per share and diluted (loss) earnings per share for the years 2023 and 2022 were as follow:

	2023	2022
Basic (loss) earnings per share		
(Loss) profit attributable to ordinary shareholders of the Company	\$ <u>(439,986)</u>	<u>803,702</u>
Weighted-average number of ordinary shares	<u>145,246</u>	<u>136,873</u>
Basic (loss) earnings per share (in dollars)	<u>\$ (3.03)</u>	<u>5.87</u>
	2023	2022
Diluted (loss) earnings per share		
(Loss) Profit attributable to ordinary shareholders of the Company	\$ <u>(439,986)</u>	803,702
Interest of convertible bond		<u>1,630</u>
(Loss) Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)		<u>805,332</u>
Weighted-average number of ordinary shares (in thousands of shares)	\$ <u>145,246</u>	136,873
Effects of dilutive potential ordinary shares:		
Effects of employee stock bonus (in thousands of shares)		2,065
Effects of conversion of convertible bond (in thousands of shares)		<u>3,661</u>
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary)(in thousands of shares)		<u>142,599</u>
Diluted (loss) earnings per share(in dollars)	<u>\$ (3.03)</u>	<u>5.65</u>

The conversion of convertible bonds and effects of employee stock bonus were not disclosed due to its anti-dilutive effect for the year ended December 31, 2023.

(v) Remuneration to employees and directors

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

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

For the year ended December 31, 2023, no remunerations to employees and directors were accrued due to the loss incurred by the Company.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2022, the Company accrued its remuneration to employees of \$52,181; as well as its remuneration to directors amounted to \$34,787. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the remunerations to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors based on the Company's articles of association. These remunerations were expensed under operating costs or expenses for the year.

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

The actual remunerations to employees and directors in 2022 amounted to \$71,000 and \$15,000, respectively, were based on the resolution decided during the board of directors' meeting held on March 28, 2023. Except for the employee remuneration of \$46,000 in stock, all other remunerations will be paid in cash and had already been reported in the shareholders' meeting on June 20, 2023.

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

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

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

(w) Revenue from contracts with customers

(i) Details of revenue

	<u>2023</u>	<u>2022</u>
Goods sold	<u>\$ 3,992,080</u>	<u>4,773,332</u>

The Company provides its customers discounts based on the contracts and order agreements amounting to \$104,533 and \$173,552 for the year ended December 31, 2023 and 2022, respectively.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets		
United States	\$ 2,838,196	3,754,404
China	81,641	15,799
Philippines	80,566	53,908
Taiwan	564,117	467,355
Austria	904	83,986
United Kingdom	52,156	93,031
Canada	25,321	14,725
Others	349,179	290,124
Total	<u>\$ 3,992,080</u>	<u>4,773,332</u>
Main products/services lines		
CABLE	\$ 1,286,869	1,297,931
POWER CORD	2,552,531	3,364,403
CONNECTOR	144,292	104,199
Others	8,388	6,799
Total	<u>\$ 3,992,080</u>	<u>4,773,332</u>
Directly to customers	<u>\$ 3,992,080</u>	<u>4,773,332</u>

(iii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities — advance sales receipts	<u>\$ 43,464</u>	<u>56,103</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 years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$54,186 and \$11,219, 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.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(x) Other non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	\$ 4,729	1,194

(ii) Other income

	2023	2022
Management and service income	45,000	39,350
Government grants	\$ -	2,501
Other income	4,409	4,114
Total	\$ 49,409	45,965

(iii) Other gains and losses

	2023	2022
Loss on disposal of property, plant, and equipment	\$ -	(7,928)
Foreign exchange gain (loss)	21,469	27,390
Impairment loss on non-financial assets	-	(104,473)
Other non-operating expenses	(6)	(2,149)
Other gains and losses, net	\$ 21,463	(87,160)

(iv) Financial costs

	2023	2022
Interest expense		
Bank loans	\$ 71,347	51,523
Interest on lease liabilities	71	147
Short-term notes and bills payable	3,717	2,674
Bonds payable	20	1,630
Total	\$ 75,155	55,974

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

2) Concentration of credit risk

Customers of the Company are mainly concentrated in internet cables and power code products. In order to lower the credit risk of accounts receivable, the Company continuously examines the financial situation of customers and periodically assess the recoverability of accounts receivable, recognizing allowances for bad debt when necessary. The losses on doubtful debts were within the expectations of management. As of December 31, 2023 and 2022, ten clients contributed to 91% and 76%, respectively, of the accounts receivable, hence, the Company has a significant concentration on credit risk.

(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.

	<u>Carrying value</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,904,546	1,915,811	1,915,811	-	-	-
Short-term notes and bills payable	99,830	100,000	100,000	-	-	-
Notes and accounts payable (includes related parties)	558,091	558,091	558,091	-	-	-
Other payables (includes related parties)	1,133,192	1,133,192	1,133,192	-	-	-
Lease liabilities - current and noncurrent	3,231	3,282	2,274	336	672	-
Long-term borrowings (including due within one year)	657,981	671,053	435,208	69,653	96,794	69,398
Total	<u>\$ 4,356,871</u>	<u>4,381,429</u>	<u>4,144,576</u>	<u>69,989</u>	<u>97,466</u>	<u>69,398</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,545,480	1,551,365	1,551,365	-	-	-
Short-term notes and bills payable	229,737	230,000	230,000	-	-	-
Notes and accounts payable (includes related parties)	379,279	379,729	379,729	-	-	-
Other payables (includes related parties)	1,257,061	1,257,061	1,257,061	-	-	-
Bonds payable (including due with one year)	16,662	16,700	16,700	-	-	-
Lease liabilities - current and non-current	7,338	7,460	4,178	2,274	1,008	-
Long-term borrowings (includes current portion)	785,111	803,076	494,427	71,957	153,356	83,336
Total	<u>\$ 4,220,668</u>	<u>4,245,391</u>	<u>3,933,460</u>	<u>74,231</u>	<u>154,364</u>	<u>83,336</u>

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

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Market risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial assets:</u>						
<u>Monetary items</u>						
USD	\$ 41,120	30.655	1,260,534	63,609	30.660	1,950,252
EUR	780	33.780	26,348	747	32.520	24,292
<u>Non-monetary items</u>						
USD	160,736	30.655	4,927,369	184,619	30.660	5,660,427
<u>Financial liabilities:</u>						
<u>Monetary items</u>						
USD	66,718	30.655	2,045,240	49,837	30.660	1,528,002

2) Sensitivity analysis

The Company'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 years ended December 31, 2023 and 2022, assuming the TWD appreciated by 1%, were increase (decrease) of \$7,584 and \$(4,465), respectively. The analysis is performed on the same basis for the prior year.

3) Exchange gains and losses of monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange (loss) gains (including both realized and unrealized) amounted to \$21,469 and \$27,390, respectively.

(iv) 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 Company all have related contractual agreements, and the Company calculates interest based on the notice of interest payment provided by the bank. When reporting to management, the interest rate is expressed at a rate of change of 1% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

If the interest rate had increased by 1% at the reporting date, all things held constant, the net profit before tax would have decreased by \$25,625 and \$23,306 for the years ended December 31, 2023 and 2022, respectively, which mainly results from bank loans with variable interest rates.

(v) Fair value of financial instruments

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.

(z) Financial risk management

(i) Overview

By using financial instruments, the Company is exposed to the following:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information on the exposure to risks, the Company's objectives, policies, and process for managing the aforementioned risks are listed below.

(ii) Risk management framework

The Board of directors is responsible for establishing and supervising the risk management framework of the Company. The Board authorizes each department to manage different controls, with the operations and finance department mainly in charged of managing risks with regards to sales and finances and controlling the overall risk management policy of the Company. The department periodically submits reports to the director and chief executive officer regarding the performance of the framework and reports to the board when necessary.

The risk management policies are built on identifying and analyzing risks that the Company faces. The Company determines and establishes certain risk limits and controls and monitors to see whether risk limits are being followed. Risk management policy and systems are periodically reviewed to reflect changes in market conditions and the consequent changes in the Company's operations. Through advocating and through the usage of management policies and operation procedures, the Company intends to develop a disciplined and constructive control environment with engaging employees who understands their own roles and responsibilities.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Company when its customer fails to meet its contractual obligations. The maximum exposure to credit risk is mainly from items below:

1) Accounts receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Company's finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's credit limits are offered. The review of creditworthiness involves inspecting credit information provided by the customer and customers' prior years and current years payment records, or appointing institutions to perform credit checks. Credit limits are established for each customer and are reviewed periodically. The Company's receivables include various categories of customers, located in different geographical area. The Company manages its customers' credit risk exposure with based on their financial condition, and will purchase credit and guarantee insurance when necessary.

The Company set the loss allowance account to reflect the estimated losses for accounts receivable. The loss allowance account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The loss allowance account is based on historical collection record of similar financial assets.

2) Investments

The credit risk exposure in bank deposits and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Endorsements and guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to wholly-owned subsidiaries. For the endorsements provided to subsidiaries as of December 31, 2023, please refer to note (7)(c)(vi).

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YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to periodically examine whether current funds are sufficient to cover operations. In the case that funds are insufficient, the Company shall arrange for financings from banks in advance in order to have enough funds on hand to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing in the estimation of costs of its products and services in order to monitor the cash flow needs and ideal return on cash investments. In general, the Company ensures that there is sufficient funds to cover expected operating expenditures for 60 days, including fulfilments of financial obligation, but excluding the potential effects of extreme circumstances that cannot be reasonably expected, such as natural disasters. In addition, unused credit lines as of December 31, 2023 and 2022 were \$857,591 and \$1,016,457, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (TWD), the Euro, and US Dollars (USD). The currencies used in these transactions are denominated in TWD, USD, and CNY.

Interest on loans are calculated based on the principal. In general, the currency of loans are the same as the currency of the cash flow from operations, which are primarily in New Taiwan Dollars. Certain loans are denominated in US dollars, but because the Company did not use forward exchange contracts or other derivative instruments, hedge accounting is not applied.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

2) Cash flow risk related to interest rate change

Short and long-term borrowings of the Company are considered as debts with variable rates. Thus, the interest rate change in the market will also affect the change in the weighted average interest rate of the short-term and long-term borrowings, as well as the future cash flow.

(aa) Capital management

The policy of the Board is aimed towards managing capital to safeguard the capacity to continue to operate and to maximize the returns to shareholders through maintaining an optimal capital structure. Capital includes the share capital of the Company, capital surplus, and retained earnings. The Board controls return on capital while simultaneously overseeing the level of dividends on common stock.

The Company controls capital based on debt-to-equity ratio, which is calculated by dividing the net debt by shareholder's equity. Net debt equals to total liabilities of balance sheet minus cash and cash equivalent. Shareholder's equity equals to net debt plus all components of equity, including ordinary shares, capital surplus, retained earnings, and other equity interest.

	<u>December</u> <u>31, 2023</u>	<u>December</u> <u>31, 2022</u>
Total liabilities	\$ 4,511,795	4,350,140
Less : cash and cash equivalents	<u>(234,676)</u>	<u>(452,061)</u>
Net liabilities	4,277,119	3,898,079
Total equity	<u>3,056,468</u>	<u>3,890,042</u>
Adjust capital	<u>\$ 7,333,587</u>	<u>7,788,121</u>
Debt-to-equity ratio	<u>58 %</u>	<u>50 %</u>

In 2023, due to the ongoing stage of inventory destocking in the overall international economic environment, the company experienced temporary operational losses. The Company will continue to adjust its operational strategy and enhance working capital management. Additionally, the Company will replenish working capital and optimize its financial structure through future operational profits.

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

- (i) Please refer to note (6)(g) and (o) sets out information about the right-of-use asset had got from lease.
- (ii) Please refer to note (6)(m) and (s) for information on the conversion of convertible bonds to ordinary shares.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

	January 1, 2023	Cash inflow	Cash Outflow	Non-cash changes			December 31, 2023
				Foreign exchange movement	Net increase in Right-of- use assets	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 1,545,480	2,304,606	(1,933,155)	(12,385)	-	-	1,904,546
Short-term notes and bills payable	229,737	-	(129,907)	-	-	-	99,830
Other payable (including related parties)	1,107,439	-	(49,846)	-	-	-	1,057,593
Bonds payable (includes current portion)	16,662	-	(100)	-	-	(16,562)	-
Lease liabilities	7,338	-	(4,107)	-	-	-	3,231
Long-term borrowings (includes current portion)	785,111	866,143	(993,273)	-	-	-	657,981
Total liabilities from financing activities	<u>\$ 3,691,767</u>	<u>3,170,749</u>	<u>(3,110,388)</u>	<u>(12,385)</u>	<u>-</u>	<u>(16,562)</u>	<u>3,723,181</u>

	January 1, 2022	Cash inflow	Cash Outflow	Non-cash changes			December 31, 2022
				Foreign exchange movement	Net increase in Right-of- use assets	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,046,874	3,744,096	(4,237,389)	(8,101)	-	-	1,545,480
Short-term notes and bills payable	229,906	-	(169)	-	-	-	229,737
Other payable (including related parties)	1,113,213	-	(5,774)	-	-	-	1,107,439
Bonds payable (includes current portion)	128,930	-	-	-	-	(112,268)	16,662
Lease liabilities	14,860	-	(9,431)	-	1,909	-	7,338
Long-term borrowings (includes current portion)	735,736	1,097,920	(1,048,545)	-	-	-	785,111
Total liabilities from financing activities	<u>\$ 4,269,519</u>	<u>4,842,016</u>	<u>(5,301,308)</u>	<u>(8,101)</u>	<u>1,909</u>	<u>(112,268)</u>	<u>3,691,767</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

The following are entities that had transactions with the Group during the period covered in the parent company only financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
BESTLINK NETWARE INC.	Subsidiary of the Company
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	Subsidiary of the Company
UNC INVESTMENT & DEVELOPMENT INC.	Subsidiary of the Company
YUE FONG COMPANY LIMITED	Subsidiary of the Company
YFC-EUROPOWER INTERNATIONAL CO., LTD	Subsidiary of the Company
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	Subsidiary of the Company
EUROPOWER INTERNATIONAL LIMITED	Subsidiary of the Company

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
UNIVERSAL NETWORK CORPORATION	Subsidiary of the Company
MAX SYNERGY LIMITED	Subsidiary of the Company
PREMIUM LINE ASIA LTD	Subsidiary of the Company
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD	Subsidiary of the Company
PRIME WIRE & CABLE, INC.	Subsidiary of the Company
CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD.	Subsidiary of the Company
WUXI UNIVERSAL NETWORK CORPORATION	Subsidiary of the Company
PREMIUM-LINE KSI GMBH	Subsidiary of the Company
MONOPRICE HOLDINGS INC.	Subsidiary of the Company
PREMIUM-LINE SYSTEMS GMBH	Subsidiary of the Company
YFC-BONEAGLE INTERNATIONAL INC.(PHILIPPINES)	Subsidiary of the Company
MONOPRICE, INC.	Subsidiary of the Company
BESZIN CORPORATION INC.	Subsidiary of the Company
YFC DEVELOPMENT CORPORATION	Subsidiary of the Company
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Subsidiary of the Company
All directors and general managers, etc.	Key management personnel

(c) Significant related-party transaction

(i) Sales to related parties

Significant sales transactions between the Company and its related parties were as follows:

	<u>2023</u>	<u>2022</u>
MONOPRICE, INC.	\$ -	16,258
PREMIUM LINE ASIA LTD	106,026	105,547
YFC-BONEAGLE INTERNATIONAL INC. (PHILIPPINES)	80,337	53,538
PRIME WIRE & CABLE, INC.	321,520	612,982
WUXI UNIVERSAL NETWORK CORPORATION	1,890	3,567
YFC-EUROPOWER INTERNATIONAL CO., LTD	<u>245,570</u>	<u>176,197</u>
Total	<u>\$ 755,343</u>	<u>968,089</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
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The prices of manufactured products sold to subsidiaries are the same as those of the general customers, with payment term of OA 60-120 days, depending on the customer's collection status.

As of December 31, 2023, the increase of \$2,094 in the unrealized profit to subsidiaries incurred by the Company was recognized as shares of profit from subsidiaries accounted for using equity method.

As of December 31, 2022, the decrease of \$378 in the unrealized profit to subsidiaries incurred by the Company was recognized as shares of profit from subsidiaries accounted for using equity method.

(ii) Purchases from related parties

Significant purchases transactions between the Company and related parties were as follows:

	<u>2023</u>	<u>2022</u>
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	\$ -	301,772
WUXI UNIVERSAL NETWORK CORPORATION	1,258,290	1,898,633
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS,CORPORATION	<u>1,242,996</u>	<u>613,012</u>
Total	<u>\$ 2,501,286</u>	<u>2,813,417</u>

Purchase price from related parties was based on a percentage of gross profit, with the payment term of OA 90 days, depending on the customer's collection status.

The Company purchased finished goods from its related parties, including sales of raw materials amounting to \$668 and \$41,411 for the year ended December 31, 2023 and 2022, respectively. Also, the sales of raw materials were written off in preparing the financial statements.

(iii) Receivable from related parties

The receivables were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
PREMIUM LINE ASIA LTD	\$ 20,812	26,240
YFC-BONEAGLE INTERNATIONAL INC. (PHILIPPINES)	92,025	49,266
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS,CORPORATION	701	73,463
PRIME WIRE & CABLE, INC.	192,076	100,968
WUXI UNIVERSAL NETWORK CORPORATION	4,681	11,288
YFC-EUROPOWER INTERNATIONAL CO., LTD	<u>220,823</u>	<u>139,881</u>
Total	<u>\$ 531,118</u>	<u>401,106</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

The other receivables were as follows:

	December 31, 2023	December 31, 2022
PREMIUM LINE ASIA LTD	\$ 2,218	511
YFC-EUROPOWER INTERNATIONAL CO., LTD	117,794	268,858
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS,CORPORATION	<u>289</u>	<u>76</u>
Total	<u>\$ 120,301</u>	<u>269,445</u>

Other receivables were prepaid expenses and goods made on behalf of the subsidiaries by the Company.

(iv) Payable to related parties

The accounts payables were as follows:

	December 31, 2023	December 31, 2022
WUXI UNIVERSAL NETWORK CORPORATION	\$ 343,298	249,274
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	-	14,538
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS,CORPORATION	<u>85,485</u>	<u>-</u>
Total	<u>\$ 428,783</u>	<u>263,812</u>

The other payables were as follows:

	December 31, 2023	December 31, 2022
EUROPOWER INTERNATIONAL LIMITED	\$ <u>45,820</u>	<u>24,400</u>
Total	<u>\$ 45,820</u>	<u>24,400</u>

Other payables were the collected sales on behalf of the subsidiaries by the Company.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(v) Loans

- 1) Loans provided by the Company to related parties were as follows:

	December 31, 2023	December 31, 2022
YUE FONG COMPANY LIIMITED	\$ 15,328	15,330
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS, CORPORATION	85,834	85,848
Total	\$ 101,162	101,178

Loans, without collateral, provided by the Company to its related parties bear interest rates the same as those provided by the banks to the Company. Due to having no credit risk, no provision were required. About the interest charge of the loan please refer to (vii) Other.

- 2) Loans provided by related parties to the Company were as follows :

	December 31, 2023	December 31, 2022
EUROPOWER INTERNATIONAL LIMITED	\$ 705,060	705,180
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD	-	49,669
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	352,533	352,590
Total	\$ 1,057,593	1,107,439

Loans to the Company were unsecured, thus, no interest is required.

(vi) Endorsements and guarantees

- 1) The amounts of endorsements and guarantees provided by the Group to its related parties for their loans were as follows:

	2023		
	Maximum endorsement amount approved by the Board of Directors	Ending balance	Collateral
YFC-EUROPOWER INTERNATIONAL CO., LTD	\$ 100,000	100,000	Promissory note of parent company
WUXI UNIVERSAL NETWORK CORPORATION	893,293	798,627	Promissory note of parent company
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD	155,450	-	Promissory note of parent company
Total	\$ 1,148,743	898,627	

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

	2022		
	Maximum endorsement amount approved by the Board of Directors	Ending balance	Collateral
YFC-EUROPOWER INTERNATIONAL CO., LTD	\$ 100,000	100,000	Promissory note of parent company
WUXI UNIVERSAL NETWORK CORPORATION	1,086,530	799,488	Promissory note of parent company
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD	160,825	153,300	Promissory note of parent company
Total	\$ 1,347,355	1,052,788	

(vii) Other

Recognized item	Name of related party	2023	2022
Other income	YFC-EUROPOWER INTERNATIONAL CO., LTD	\$ 45,000	39,350
Interest income	YUE FONG COMPANY LIMITED	155	90
Total		\$ 45,155	39,440

In 2023 and 2022, the Company provided human resources support for the management and accounting services of its subsidiary, YFC-EUROPOWER INTERNATIONAL CO., LTD., resulting in the Company to recognize the management and service income as non-operating income and expenses.

The Company's loan to YUE FONG COMPANY LIMITED carried an interest rate of 1% in 2021; while the loan granted to YFC-BONEAGLE ELECTRONIC TECHNOLOGY was without an interest.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 30,878	46,663
Post-employment benefits	544	596
Total	\$ 31,422	47,259

For the years ended December 31, 2023, the Company rented 2 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$3,517 and the balance of lease liabilities amounted to \$1,929 (including current and non-current).

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2022, the Company rented 2 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$3,359 and the balance of lease liabilities amounted to \$5,428 (including current and non-current).

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land, plant, and buildings	Long-term borrowings	\$ 247,366	249,841
Guarantee deposits paid	Customs security deposits	338	331
Total		<u>\$ 247,704</u>	<u>250,172</u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

- (i) The Company entered into separate agreements with its suppliers for the purchase of copper. If the Company makes payments in advance, the Company may claim a discount based on the agreements, starting from the payment date until the shipment date. In the event the Company did not comply with provisions and terms in the contract, the Company 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	2024.01~2024.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,800 per ton of conversion cost	710~950 tons of copper wire	Late payment surcharge at 10% annual rate
F	2024.01~2024.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$7,800 per ton of conversion cost	340~1,020 tons of copper wire	1.Late payment surcharge at 10% annual rate 2.Supplier can demand back parts of the unpaid purchased wires upon overdue

- (ii) The Company's unrecognized contractual commitments : None.

- (iii) Unused letters of credit: None.

(10) Losses Due to Major Disasters:None.

(11) Subsequent Events:None.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(12) Other:

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

by Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	28,943	50,491	79,434	52,263	115,555	167,818
Labor and health insurance	4,100	6,316	10,416	5,097	5,899	10,996
Pension	1,222	2,966	4,188	1,685	3,007	4,692
Remuneration of directors	-	1,600	1,600	-	36,274	36,274
Other employee benefits	1,911	2,064	3,975	2,764	1,782	4,546
Depreciation	9,217	5,820	15,037	19,197	5,704	24,901
Amortization	798	815	1,613	1,360	580	1,940

The numbers of employees and additional information of employee benefit of the Company for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Number of employees	<u>137</u>	<u>168</u>
Number of directors who were not employees	<u>9</u>	<u>7</u>
The average employee benefit	<u>\$ 766</u>	<u>1,168</u>
The average salaries and wages	<u>\$ 621</u>	<u>1,042</u>
The adjustment of the average salaries and wages	<u>(40.40)%</u>	<u>42.16 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy, including directors, managers, and employees, is as follows:

The remuneration of internal directors depends on the Company's operational performance and the extent of individual director involved in corporate management activities according to the weight distribution for reasonable remuneration.

The Company's independent directors are not included in the surplus distribution of directors; instead, the Company awards them with an annual fixed remuneration based on their administrative task and responsibility.

The Company's manager and employee salaries include monthly salaries, performance bonus based on each individuals operational performance, and employee remuneration. The awards to managers and employees depends on their corresponding job title, contribution to the Company, as well as their performance.

The Company's surplus distribution as remuneration to directors and employees is discussed and approved by the Remuneration Committee and submitted to the Board of Directors for resolution.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:**(a) Information on significant transactions:**

The following is the information on significant transactions for the years ended December 31, 2023 required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(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	YUE FONG COMPANY LIMITED	Other receivables	Yes	30,400 (USD1,000 thousand)	15,328 (USD500 thousand)	15,328	-	2	-	Business operation	-	-	-	764,117	1,222,587
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Other receivables	Yes	171,920 (USD5,600 thousand)	85,834 (USD2,800 thousand)	85,834	-	1	1,242,996	Business operation	-	-	-	1,242,996	1,242,996
1	PRIME WIRE & CABLES INC.	BESTLINK NETWARE INC.	Other receivables	Yes	45,900 (USD1,500 thousand)	- (USD - thousand)	-	2.30-3.25%	2	-	Business operation	-	-	-	988,960	988,960
2	EUROPOWER INTERNATIONAL LIMITED	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	19,929 (USD650 thousand)	- (USD - thousand)	-	-	2	-	Business operation	-	-	-	789,122	789,122
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	797,940 (USD26,000 thousand)	705,065 (USD23,000 thousand)	705,065	-	2	-	Business operation	-	-	-	789,122	789,122
3	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	The Company	Other receivables	Yes	155,450 (USD5,000 thousand)	- (USD - thousand)	-	-	2	-	Business operation	-	-	-	1,185,425	1,185,425
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	97,125 (USD3,000 thousand)	91,965 (USD3,000 thousand)	87,663	-	2	-	Business operation	-	-	-	3,097,133	3,097,133
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	Other receivables	Yes	469,438 (USD14,500 thousand)	444,498 (USD14,500 thousand)	352,533	-	2	-	Business operation	-	-	-	3,097,133	3,097,133
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	Other receivables	Yes	58,667 (USD1,700 thousand)	57,426 (USD1,700 thousand)	56,630	-	2	-	Business operation	-	-	-	3,097,133	3,097,133
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	139,213 (USD4,300 thousand)	131,817 (USD4,300 thousand)	130,526	-	2	-	Business operation	-	-	-	3,097,133	3,097,133
5	UNC INVESTMENT & DEVELOPMENT, INC.	PRIME WIRE & CABLE, INC.	Other receivables	Yes	521,900 (USD17,000 thousand)	275,895 (USD17,000 thousand)	232,978	3%	2	-	Business operation	-	-	-	1,582,564	1,582,564
5	UNC INVESTMENT & DEVELOPMENT, INC.	MONOPRICE, INC.	Other receivables	Yes	906,500 (USD28,000 thousand)	858,340 (USD28,000 thousand)	858,340	3%	2	-	Business operation	-	-	-	1,582,564	1,582,564

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.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.

Notes to the Parent-Company-Only Financial Statements

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.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor (Note 1)	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	WUXI UNIVERSAL	1, 2	3,056,468	893,293	798,627	209,688	-	26.13 %	6,112,936	Y	N	Y
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1, 2	3,056,468	100,000	100,000	-	-	3.27 %	6,112,936	Y	N	N
0	The Company	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	1, 2	3,056,468	155,450	-	-	-	- %	6,112,936	Y	N	N
1	UNC INVESTMENT & DEVELOPMENT, INC	MONOPRICE, INC.	1, 4	1,582,564	388,500	367,860	291,223	-	12.04 %	3,165,128	N	N	N

Note 1: The numbers are filled in as follows:

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

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

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

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

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
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 Company 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 December 31, 2023.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details (Note 4)			Transactions with terms different from others		Notes/Accounts receivable (payable) (Note 4)		Note	
			Purchase/Sale	Amount (Note 1)	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance (Note 2)		Percentage of total notes/accounts receivable (payable)
The Company	WUXI UNIVERSAL	Parent company to subsidiary	Purchases	1,258,290 (USD41,053 thousand)	35.11 %	OA 90 days	-	-	(343,298) (USD11,199 thousand)	(61.51)%	
The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Parent company to subsidiary	Purchases	1,242,996 (USD40,554 thousand)	34.68 %	OA 90 days	-	-	(85,485) (USD2,779 thousand)	(15.27)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY	DONGGUAN YFC	Subsidiary to subsidiary	Purchases	274,237 (USD8,824 thousand)	20.42 %	OA 90 days	-	-	(152,649) (USD4,980 thousand)	(20.50)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY	WUXI UNIVERSAL	Subsidiary to subsidiary	Purchases	425,406 (USD13,689 thousand)	31.68 %	OA 90 days	-	-	(397,015) (USD12,951 thousand)	(53.32)%	
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchase	321,520 (USD10,359 thousand)	19.68 %	OA 90 days	-	-	(192,076) (USD6,266 thousand)	(100.00)%	
BESTLINK NETWARE INC.	YFC-EUROPOWER INTERNATIONAL CO.,LTD	Subsidiary to subsidiary	Purchase	135,239 (USD4,327 thousand)	95.40 %	OA 90 days	-	-	(83,265) (USD2,715 thousand)	(100.00)%	
YFC-EUROPOWER INTERNATIONAL CO., LTD	The Company	Subsidiary to parent company	Purchase	245,570 (USD7,871 thousand)	25.09 %	OA 90 days	-	-	(220,823) (USD7,203 thousand)	(77.24)%	
MONOPRICE, INC.	YFC-EUROPOWER INTERNATIONAL CO., LTD	Subsidiary to subsidiary	Purchase	931,850 (USD29,899 thousand)	53.98 %	OA 60 days	-	-	(383,422) (USD12,504 thousand)	(68.45)%	

Note 1: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 31.0775.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 30.655.

Note 3: In preparing the consolidated financial report, the transactions listed above have been eliminated. Related-party transactions on sales and receivables are disclosed in note (13)(a)(x) of the consolidated financial report.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	YFC-EUROPOWER INTERNATIONAL CO.,LTD	Parent company to subsidiary	Accounts receivable: 220,823	1.36	-	-	9,688	-
The Company	PRIME WIRE & CABLE,INC.	Parent company to subsidiary	Accounts receivable: 192,076	2.21	-	-	123,587	-
DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 152,649	2.53	-	-	68,177	-
WUXI UNIVERSAL	The Company	Subsidiary to parent company	Accounts receivable: 343,298	4.25	-	-	132,420	-
WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 397,015	1.62	-	-	-	-
YFC-EUROPOWER INTERNATIONAL CO., LTD	MONOPRICE INC.	Subsidiary to subsidiary	Accounts receivable: 383,422	2.30	-	-	63,347	-

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

Note 2: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 31.0775.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 30.655.

(ix) Trading in derivative instruments:None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Investment income (loss)	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,665,613 (USD50,876 thousand)	1,794,633 (USD54,876 thousand)	53,906	100.00 %	3,035,504	(172,342)	(174,356)	The difference between the subsidiary's profit and loss, and the Company's recognized profit and loss was due to the increasing in downstream unrealized gain amounting to \$2,904 and the decreasing in sidestream unrealized gain of \$80.
"	BESTLINK NETWORK INC.	USA	Trading business	31,393 (USD1,000 thousand)	31,393 (USD1,000 thousand)	1,000	100.00 %	35,467	(20,594)	(20,594)	
"	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50 thousand)	1,496 (USD50 thousand)	50	100.00 %	1,582,564	169,907	169,907	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600 thousand)	28,193 (EUR600 thousand)	-	100.00 %	(68,216)	(8,770)	(8,770)	
"	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	100	100.00 %	273,834	(555,442)	(555,442)	
"	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,077 (EUR30 thousand)	1,077 (EUR30 thousand)	-	100.00 %	-	-	-	
"	YUE FONG COMPANY LIMITED	Vietnam	Trading business	5,989 (USD200 thousand)	5,989 (USD200 thousand)	-	100.00 %	(7,756)	242	242	
"	YFC-EUROPOWER INTERNATIONAL CO., LTD	Taiwan	Trading business	500	500	50	100.00 %	32,029	36,611	36,611	

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Investment income (loss)	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	Caymans	Holding company set up for investments in China and USA	622,988 (USD18,807 thousand)	752,008 (USD22,807 thousand)	22,807	100.00 %	1,185,425	(61,965)	(61,965)	
"	EUROPOWER INTERNATIONAL LIMITED	B.V.I	Trading business	161,778 (USD4,890 thousand)	161,778 (USD4,890 thousand)	4,890	100.00 %	789,122	(11,744)	(11,744)	
"	UNIVERSAL NETWORK CORPORATION	Samoa	Holding company set up for investments in China	646,459 (USD20,000 thousand)	646,459 (USD20,000 thousand)	20,000	100.00 %	611,351	(34,966)	(34,966)	
YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720 thousand)	23,392 (USD720 thousand)	720	80.00 %	20,881	445	356	
"	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50 thousand)	1,472 (USD50 thousand)	50	100.00 %	609	33	33	
"	YFC-BONEAGLE INTERNATIONAL, INC	Philippines	Trading business	18,558 (USD653 thousand)	18,558 (USD653 thousand)	653	100.00 %	(1,745)	(985)	(985)	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20 thousand)	608 (USD20 thousand)	75	100.00 %	555	-	-	
"	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Philippines	Manufacturing and sales of power cable, wires, network equipment and cable	6,170 (USD200 thousand)	6,170 (USD200 thousand)	200	100.00 %	(144,302)	(63,064)	(63,064)	
"	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100 thousand)	3,085 (USD100 thousand)	1,000	100.00 %	14,431	152	152	
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	PRIME WIRE & CABLE, INC.	USA	Sale of electronic calculator software and hardware, network equipment and electronic appliances	511,700 (USD15,500 thousand)	511,700 (USD15,500 thousand)	15,500	100.00 %	988,960	(59,439)	(59,439)	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	500	100.00 %	273,834	(555,442)	(555,442)	

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of December 31, 2023	Accumulated remittance of earnings in current period
					Outflow	Inflow						
DONGGUAN YFC	Manufacturing and sale of power cables, wires, and outlets	112,978 (USD3,387 thousand)	(2)	240,494 (USD7,007 thousand)	-	129,020 (USD4,000 thousand)	111,474 (USD3,007 thousand)	1,455	100.00%	1,455 (1)	173,686	-
WUXI UNIVERSAL	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000 thousand)	(2)	646,459 (USD20,000 thousand)	-	-	646,459 (USD20,000 thousand)	(33,381)	100.00%	(33,381) (1)	609,816	-
CHENZHOU YFC	Processing and sale of communication products and internet cables	- (USD - thousand)	(2)	9,593 (USD300 thousand)	-	-	9,593 (USD300 thousand)	-	-%	- (1)	- (Note 6)	-
INTERNATIONAL TRADING (WUXI)	Sale of electronic calculator software and hardware, network equipment and electronic appliances	- (USD - thousand)	(2)	23,381 (USD753 thousand)	-	21,420 (USD675 thousand)	- (USD - thousand)	-	-	- (1)	- (Note 3)	-
T-MARK	Wholesaling business	900,877 (HKD234,228 thousand)	(2)	167,022 (HKD42,000 thousand)	-	-	167,022 (HKD42,000 thousand)	-	15.81%	- (2)	- (Note 8)	-

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD.
Notes to the Parent-Company-Only Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3 and 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3, 4 and 6)	Upper Limit on Investment (Note 5)
934,389 (USD28,968 thousand)	941,156 (USD29,047 thousand)	-

Note 1: The method of investments are as follows:

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

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

- (1) recognized based on the Company's financial statements, as audited 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 Group had sold 94.5% of its shares in its subsidiary, YFC INTERNATIONAL TRADING (WUXI) CO., LTD., to a non-controlling interest, resulting in the Group to gain the proceeds of 21,420 (USD 675 thousand), which was repatriated to Taiwan, while having lost control over the above subsidiary. Moreover, the Group's accumulated investment in Mainland China was reduced, with the approval of the Investment Commission MOEA.

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

Note 5: Limitation on investment in Mainland China is calculated as 60% of the net worth of the Company. The Group has acquired the relevant investment approval documents issued by Industrial Development Bureau, Ministry of Economic Affairs on May 8, 2023, and it is applicable from May 4, 2023 to May 3, 2026. Therefore, there is no restriction on the Company's investment in Mainland China.

Note 6: In June 2023, the Group liquidated CHENZHOU YFC, an immaterial subsidiary, who has completed its milestones, at the amount of \$9,593 (USD 300 thousand), which had been written-off, with approval of the Investment Commission MOEA in August 2023. Due to the deficits incurred by CHENZHOU YFC, there were no funds available to be remitted to Taiwan, and therefore, the cumulative investment amount of CHENZHOU YFC from Taiwan to mainland China was not deducted.

Note 7: DONGGUAN YFC conducted a capital reduction amounting to \$129,020 (USD 4,000 thousand), which had been repatriated to Taiwan in the second half of 2023. Moreover, the Group's accumulated investment in Mainland China was reduced, with the approval of the Investment Commission MOEA.

Note 8: Please refer to note 13(a)(iii) for details.

(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 Company and the investee companies in Mainland China during the years ended December 31, 2023 .

(d) Major shareholders

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

(14) Segment information:

Please refer the consolidated financial statements for the year ended December 31, 2023.

YFC-BONEAGLE ELECTRIC CO., LTD.**Statement of Cash and Cash Equivalents****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>176</u>
Cash in bank	Demand deposits	<u>234,500</u>
	Subtotal	<u>234,500</u>
Total		<u>\$ 234,676</u>

Foreign currency accounts were converted based on the average exchange rates of Bank of Taiwan on December 31, 2023.

USD:NTD=1:30.6550

EUR:NTD=1:33.7800

CNY:NTD=1:4.3282

HKD:NTD=1:3.9236

YFC-BONEAGLE ELECTRIC CO., LTD.

**Statement of Notes and Accounts
Receivables(including related parties)**

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
LOWE'S COMPANIES, INC.	Sales	\$ 623,125
YFC-EUROPOWER INTERNATIONAL CO., LTD	"	220,823
YFC-BONEAGLE INTERNATIONAL INC.(PHILIPPINES)	"	92,025
PRIME WIRE & CABLE, INC.	"	192,076
Others (individual accounts with less than 5% of the total amount)	"	<u>210,884</u>
Subtotal		1,338,933
Less: Loss allowance		<u>(1,744)</u>
Total		<u><u>\$ 1,337,189</u></u>

Statement of Inventories

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable Value</u>
Merchandise inventory	\$ 847	908
Finished goods	10,439	11,889
Work in progress	25,311	25,555
Raw materials	29,488	29,568
Supplies	<u>248</u>	<u>253</u>
	66,333	<u><u>\$ 68,173</u></u>
Less: Allowance for inventory impairment	<u>(6,780)</u>	
Total	<u><u>\$ 59,553</u></u>	

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of changes in Investments Accounted For Using The Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease(note 1)		Reclassification	Increase (Decrease) in investment (loss) profit of recognized under equity method	Adjustment for foreign currency translation	Ending Balance			Ending Balance(note 2)		Provided guarantee or pledge
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount				Shares or units	Shareholding ratio	Amount	Unit price (note 3)	Fair value or net value of equity	
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	53,906	\$ 3,367,164	-	-	-	(129,020)	-	(174,356)	(28,284)	53,906	100 %	3,035,504	56.31	3,035,504	None
BESTLINK NETWARE INTERNATIONAL CORPORATION	1,000	56,203	-	-	-	-	-	(20,594)	(142)	1,000	100 %	35,467	35.47	35,467	None
UNC INVESTMENT & DEVELOPMENT	50	1,415,199	-	-	-	-	-	169,907	(2,542)	50	100 %	1,582,564	31,651.28	1,582,564	None
PREMIUM-LINE KSI GMBH	-	(57,115)	-	-	-	-	-	(8,770)	(2,331)	-	100 %	(68,216)	-	(68,216)	None
MONOPRICE HOLDINGS, INC.	100	821,861	-	-	-	-	-	(555,442)	7,415	100	100 %	273,834	2,738.34	273,834	None
PREMIUM-LINE SYSTEMS GMBH	-	-	-	-	-	-	-	-	-	-	100 %	-	-	-	None
YUE FONG COMPANY LIMITED	-	(8,582)	-	-	-	-	-	242	584	-	100 %	(7,756)	-	(7,756)	None
YFC-EUROPOWER INTERNATIONAL CO., LTD	50	25,262	-	-	-	(29,844)	-	36,611	-	50	100 %	32,029	640.58	32,029	None
Subtotal		5,619,992		-		(158,864)	-	(552,402)	(25,300)			4,883,426		4,883,426	
Credit balance of investments accounted for using equity method		65,697		-		-	10,275	-	-			75,972			
Total		\$ 5,685,689		-		(158,864)	10,275	(552,402)	(25,300)			4,959,398			

Note 1: DONGGUAN YFC conducted a capital reduction amounting to \$129,020 (USD 4,000 thousand), which had been repatriated to Taiwan in the second half of 2023. Moreover, YFC-EUROPOWER INTERNATIONAL CO., LTD. appropriated its earnings to the Company.

Note 2: The fair value cannot to be estimated because the investment accounted for using the equity method was invested in an unlisted(counter) company not traded in the public market.

Note 3: PREMIUM LINE KSI GMBH, PREMIUM LINE SYSTEMS GMBH and YUE FONG COMPANY LIMITED did not disclose their net value per share due to their place of registration having restrictions on the issuance of stocks.

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Short-Term Notes and Bills Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Institution</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Amount</u>			<u>Collateral</u>
				<u>Issuing amount</u>	<u>Unamortized discount</u>	<u>Carrying amount</u>	
Commercial Paper	Taiwan Cooperative Bills Finance	2023.12.05~2024.02.02	Note	\$ 50,000	77	49,923	None
Commercial Paper	Taiwan Bills Finance	2023.12.01~2024.01.30	Note	50,000	93	49,907	None
				<u>\$ 100,000</u>	<u>170</u>	<u>99,830</u>	

Note 1: The borrowing rate ranged from 2.28%~2.37%.

Statement of Notes and Accounts Payables(including related parties)

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>
WUXI UNIVERSAL NETWORK CORPORATION	Purchase	\$ 343,298
YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	//	85,485
Others (individual accounts with less than 5% of the total amount)		129,308
Total		<u>\$ 558,091</u>

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Short-Term Borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Financing amount</u>	<u>Collateral</u>
Land Bank of Taiwan	Unsecured	\$ 70,000	2023.12.08~2024.03.08	Note	70,000	None
Shin Kong Commercial Bank Co., Ltd.	Unsecured	70,000	2023.12.29~2024.02.29	Note	270,000	None
First Commercial Bank	Unsecured	100,000	2023.12.21~2024.03.21	Note	100,000	None
Taishin International Bank Co., Ltd.	Unsecured	80,000	2023.11.30~2024.03.25	Note	80,000	None
Hua Nan Commercial Bank	Unsecured	145,000	2023.08.02~2024.08.02	Note	250,000	None
Bank SinoPac Co., Ltd.	Unsecured	120,000	2023.11.22~2024.02.21	Note	120,000	None
Bank of Taiwan	Unsecured	100,000	2023.07.11~2024.01.05	Note	100,000	None
O-Bank	Unsecured	469,546	2023.09.18~2024.03.29	Note	874,000	None
COTA Commercial Bank	Unsecured	20,000	2023.05.25~2024.05.25	Note	40,000	None
KGI Commercial Bank Co., Ltd.	Unsecured	300,000	2023.11.20~2024.03.12	Note	300,000	None
Mega International Commercial Bank Co., Ltd.	Unsecured	30,000	2023.12.22~2024.01.22	Note	60,000	None
Chinatrust Commercial Bank	Unsecured	50,000	2023.11.06~2024.02.06	Note	100,000	None
The Export-Import Bank of the Republic of China	Unsecured	150,000	2023.06.19~2024.06.19	Note	150,000	None
Agricultural Bank of Taiwan	Unsecured	100,000	2023.12.20~2024.06.20	Note	100,000	None
Taipei Fubon Commercial Bank	Unsecured	50,000	2023.12.27~2024.02.27	Note	100,000	None
Taichung Commercial Bank	Loan of non-financial institution	50,000	2023.11.17~2024.02.17	Note	50,000	None
Total		<u>\$ 1,904,546</u>			<u>2,764,000</u>	

Note: The borrowing rate ranging from 1.79% to 7.30%, and the total unused credit line of financing provided by the bank, amounted to \$857,591, including long term borrowings and commercial paper payables.

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Long-Term Borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Ending balance	Contract period	Interest rate	Collateral
Taiwan Business Bank	Unsecured	\$ 6,667	2019.04.11~2024.04.11, Monthly interest payment and repayment in 60 installments	Note	None
Bank of Taiwan	"	8,025	2019.12.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	11,925	2020.03.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	8,820	2020.04.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	14,355	2020.05.29~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	6,308	2020.06.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	6,473	2020.07.31~2026.12.30, Quarterly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	25,012	2019.12.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	3,300	2021.09.14~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	4,890	2021.09.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	7,777	2021.11.01~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	26,558	2021.11.26~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	2,745	2021.12.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	22,695	2021.08.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	7,725	2021.12.30~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
Bank of Taiwan	"	7,027	2022.11.30~2026.12.30, Quarterly interest payment and repayment in 10 installments	"	"
Bank of Taiwan	"	712	2022.11.29~2026.12.30, Monthly interest payment and repayment in 48 installments after grace period	"	"
The Shanghai Commercial & Savings Bank	Unsecured	100,000	2022.03.29~2025.03.29, Quarterly interest payment and repayment in 10 installments	"	"
Hua Nan Commercial Bank	"	57,500	2023.08.02~2025.08.02, Monthly interest payment and repayment at any time	"	"
Taiwan Shin Kong Commercial Bank Co., Ltd	"	200,000	2023.06.21~2026.06.21, Monthly interest payment and repayment at any time	"	"
SubTotal		\$ 528,514			
Unsecured loan subtotal		<u>528,514</u>			
Taiwan Shin Kong Commercial Bank Co., Ltd.	Mortgage	35,161	2013.10.02~2028.09.02, Monthly interest payment and repayment in 180 installments	2.23 %	Land and building
Bank of Taiwan	"	94,306	2020.02.25~2040.02.25, Monthly interest payment and repayment in 240 installments	2.06 %	Land
Secured loan subtotal		<u>129,467</u>			
Total		<u>657,981</u>			
Less: Current portion		<u>(153,972)</u>			
Non-current portion		\$ 504,009			

Note: The borrowing rate ranged from 1.85% to 2.43%.

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Lease Liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Building	For factory use	3~6 years	1.20~1.50 %	\$ 692
Vehicles	For business use	2~3 years	1.25%	2,539
				3,231
Less: Current portion				(2,247)
Non-current lease liabilities				<u>\$ 984</u>

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Operating Revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
LAN		
–LAN CABLE	94,679,113m	\$ 687,512
–PATCH CORD	19,543,799pcs	423,522
POWER CORD	18,543,177pcs	2,832,847
CONNECTOR	5,179,253pcs	144,159
Others (individual accounts with less than 5% of the total amount)	Note	8,573
Total		<u>4,096,613</u>
Less: sales returns and allowances		<u>(104,533)</u>
Net operating revenue		<u>\$ 3,992,080</u>

Note: Other items did not show any details due to their different units of quantity.

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of sales from manufacturing		
Raw materials, beginning of year	\$ 33,176	
Raw materials purchased	409,363	
Raw materials, end of year	(29,488)	
Less : Collect the raw materials	(4,224)	
Raw materials consumed		408,827
Supplies, beginning of year	374	
Supplies purchased	16,933	
Supplies, end of year	(248)	
Less : Collect the supplies	(15)	
Accessories consumed		17,044
Direct Labor		18,039
Manufacturing overhead		53,620
Manufacturing cost		497,530
Add: Work in process, beginning of year		21,350
Work in process purchased		385
Less: Work in process, end of year		(25,311)
Collect the work in process		(6,080)
Cost of finished goods		487,874
Add: Finished goods, beginning of year		24,173
Finished goods purchased		61,621
Other		11,827
Less: Finished goods, end of year		(10,439)
Collect the finished goods and gain on physical inventory count		(2,173)
Cost of sales from manufacturing		572,883
Cost of sales from purchasing		
Merchandise inventory, beginning of year	58	
Merchandise inventory purchased	3,094,751	
Collect the purchasing goods and gain on physical inventory count	(56)	
Merchandise inventory, end of year	(847)	
Cost of sales from purchasing		3,093,906
Inventory valuation and obsolete loss (gain)		2,183
Total operating costs		\$ 3,668,972

YFC-BONEAGLE ELECTRIC CO., LTD.
Statement of Manufacturing Overhead
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Salary and Wages	\$ 14,047
Depreciation	9,217
Amortization	798
Insurance	2,376
Repair and maintenance expense	2,802
Utilities	9,712
Import/Export (Customs) Expense	933
Taxes	162
Freight charge	1,173
Processing expenses	2,579
Pension expense	841
Food stipend	540
Consumable supplies	4,236
Certification fees	103
Other Expenses	<u>4,101</u>
Total	<u><u>\$ 53,620</u></u>

YFC-BONEAGLE ELECTRIC CO., LTD.

Statement of Operating Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expense	Administrative Expenses	Research and Development Expenses	Total
Salary and Wages	\$ 13,372	35,313	1,806	50,491
Remuneration of directors	-	1,600	-	1,600
Certification fees	238	19,708	76	20,022
Traveling Expenses	3,856	2,058	34	5,948
Insurance	2,690	6,886	273	9,849
Freight charge	1,817	403	45	2,265
Postage and Phone/Fax Expense	179	1,017	9	1,205
Amortization	80	735	-	815
Advertisements	2,102	1,387	-	3,489
Depreciation	381	5,282	157	5,820
Research and Development Expenses	-	-	3,591	3,591
Pension expense	935	1,943	88	2,966
Entertainments	900	741	-	1,641
Professional service fees	-	10,207	4	10,211
Service charge fees	1,947	2,017	-	3,964
Commission expense	23,776	-	-	23,776
Other Expenses	<u>11,225</u>	<u>20,140</u>	<u>387</u>	<u>31,752</u>
Subtotal	<u>\$ 63,498</u>	<u>109,437</u>	<u>6,470</u>	179,405
Expect credit loss				(444)
Total				<u>\$ 178,961</u>

Please refer to Note (7) for “Statement of Other Receivables from Related Parties”.

Please refer to Note (6)(f) for “Statement of Changes in Property, Plant and Equipment”.

Please refer to Note (6)(g) for “Statement of Changes in Right-of-use Assets”.

Please refer to Note (6)(h) for “Statement of Change in Intangible Assets”.

Please refer to Note (6)(i) for “Statement of Other Non-current Assets”.

Please refer to Note (6)(n) for “Statement of Other payables”.

Please refer to Note (7) for “Statement of Other Payables from Related Parties”.

Please refer to Note (6)(r) for “Statement of Changes in Deferred tax assets and liabilities”.