Stock Code:6220

YFC-BONEAGLE ELECTRIC CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Representation Letter

The entities that are required to be included in the combined financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, YFC-BONEAGLE ELECTRIC CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: YFC-BONEAGLE ELECTRIC CO., LTD.
Chairman: Andrew Yeh
Date: March 28, 2023

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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)(v).

   Description of key audit matter:

   The sale transactions of the Group 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. The Group’s online retail company transfer their control over the goods upon delivery of the goods to customers due to the nature of the industry. In addition, the Group’s private-label online retail company and wholesale companies provide customers discounts based on the agreements, and allow customers to return items within a specific period of time in accordance with the policy, resulting high sales discounts and returns amounts. 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 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 and returns by estimating them based on the actual sales discounts and returns in the previous years; examining subsequent sale returns to assess whether there are any significant differences.
   - Assessing the adequacy of the Group’s disclosures in respect of revenue recognition.

2. Impairment assessment of inventory

   Please refer to note (4)(h) for significant accounting policies of inventory valuation. For the inventory disclosures, please refer to note (6)(d). For uncertainties in accounting estimates and assumptions, please refer to note (5).

   Description of key audit matter:

   Inventories of the Group are measured at the lower of cost and net realizable value. Inventory valuation loss is recognized for inventories exceeding specific stock ages or identified as obsolete stocks. Since copper is vulnerable to the impact of rapid price changes in the international market, there is a risk that the carrying value of inventories may exceed its net realizable value. In addition, the sales of online retail and wholesale subsidiaries are strongly influenced by preferences of customers, resulting in short product life-cycles and challenging inventory management. Therefore, the valuation of inventory 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 the production cycle and ensuring consistent application of accounting policies to the cost of inventories.
- Obtaining complete aging analysis of inventories and analyzing changes therein; assessing the appropriateness of provisions.
- Evaluating the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, and agreeing to information obtained from physical inventory.
- Understanding the assumptions used by management in determining net realizable value and evaluating its reasonableness.
- Assessing the adequacy of the Group’s disclosures in respect of inventory.

3. Impairment assessment of goodwill and trademark

Please refer to note (4)(l), note (6)(h), and note (5), for significant accounting policy for the valuation of impairment of non-financial assets of intangible assets, disclosures of intangible assets, and material judgments of accounting policies, respectively.

Description of key audit matter:

In 2016, the Group acquired MONOPRICE, a US brand e-commerce company, wherein the intangible assets, such as goodwill and trademark of an indefinite age, had been recognized by the Group due to the operation of the e-commerce platform that was affected by factors such as changes in the market environment and competition among the ecommerce platform, in which the goodwill and trademark generated by the acquisition mentioned above had a significant impact on the consolidated financial statements. Therefore, the assessment of impairment for goodwill and trademark is one of our key audit matters.

How the matter was addressed in our audit:

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

- Understanding and evaluating (i) the management's identification and adoption of cash-generating units for goodwill and trademark , as well as (ii) the internal and external information for impairments
- Obtaining and evaluating the reasonableness of the parameters and assumptions for the recoverable amount of cash-generating units for MONOPRICE calculated by the management, as well as performing sensitivity analysis.
- Evaluating the achievement of past forecasts based on actual operating results to verify the accuracy of management's forecasts.
- Assessing the adequacy of the Group’s disclosures in impairment of goodwill and trademark.

Other Matter

YFC-BONEAGLE ELECTRIC CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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 Fang-Yi Lee and Chiu-Hua Hsieh.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2023

Notes to Readers

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

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

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,100,360	21	702,518	7
1150-70	Notes and accounts receivable (note 6(b))	2,132,348	21	2,662,901	25
1200	Other receivables, net (note 6(c))	29,918	-	21,714	-
1220	Current tax assets	81,639	1	78,882	1
130X	Inventories (note 6(d))	3,120,018	32	4,052,841	39
1410	Prepayments	452,446	4	341,886	3
1470	Other current assets (note 6(i))	12,657	-	11,764	-
	Total current assets	7,929,386	79	7,872,506	75
	Non-current assets:				
1600	Property, plant and equipment (notes 6(f) and 8)	1,053,309	10	1,366,954	13
1755	Right-of-use assets (note 6(g))	422,627	4	477,956	5
1780	Intangible assets (note 6(h))	422,371	4	428,216	4
1840	Deferred tax assets (note 6(r))	199,848	2	213,406	2
1915	Prepayments for business facilities	1,409	-	16,223	-
1900	Other non-current assets (notes 6(i), (q) and 8)	71,652	1	66,942	1
	Total non-current assets	2,171,216	21	2,569,697	25
	Total assets	$ 10,100,602	100	10,442,203	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 2,023,640	20	2,917,638	28
2110	Short-term notes and bills payable (note 6(k))	229,737	2	229,906	2
2130	Current contract liabilities (note 6(v))	84,422	1	96,291	1
2150-70	Notes and accounts payable	829,852	8	928,462	9
2200	Other payables (note 6(n))	708,542	7	554,721	6
2230	Current tax liabilities	8,467	-	21,228	-
2251	Current provisions for employee benefits	31,123	-	28,044	-
2280	Current lease liabilities (note 6(o))	209,962	2	113,353	1
2365	Refund liabilities-current (note 6(n))	59,719	1	67,863	1
2320	Long-term liabilities, current portion (notes 6(l), (m) and 8)	1,205,792	12	215,377	2
2300	Other current liabilities (note 6(p))	4,012	-	5,583	-
	Total current liabilities	5,395,268	53	5,178,466	50
	Non-Current liabilities:				
2530	Bonds payable (note 6(m))	-	-	128,930	1
2540	Long-term borrowings (notes 6(l) and 8)	394,992	4	2,153,868	21
2570	Deferred tax liabilities (note 6(r))	52,301	1	42,434	-
2580	Non-current lease liabilities (note 6(o))	352,398	3	381,288	4
2600	Other non-current liabilities (note 6(p))	10,470	-	20,519	-
	Total non-current liabilities	810,161	8	2,727,039	26
	Total liabilities	6,205,429	61	7,905,505	76
	Equity attributable to owners of parent (notes 6(m), (s) and (t)):				
3110	Ordinary share	1,438,682	14	1,319,723	12
3130	Bond conversion entitlement certificates	3,169	-	-	-
	Subtotal	1,441,851	14	1,319,723	12
3200	Capital surplus	949,023	9	807,149	8
3300	Retained earnings	1,609,221	17	819,550	8
3400	Other equity interest	(110,053)	(1)	(414,386)	(4)
	Total equity attributable to owners of parent	3,890,042	39	2,532,036	24
36XX	**Non-controlling interests**	5,131	-	4,662	-
	Total equity	3,895,173	39	2,536,698	24
	Total liabilities and equity	$ 10,100,602	100	10,442,203	100

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4110	**Operating revenue** (note 6(v))	$ 11,670,625	100	12,446,928	100
5110	**Operating costs** (notes 6(d), (o), (q), (w) and 12):	9,383,808	80	9,814,429	79
5900	**Gross profit from operations**	2,286,817	20	2,632,499	21
	Operating expenses (notes 6(b), (o), (q), (t), (w), 7 and 12):				
6100	Selling expenses	1,895,362	17	1,753,176	14
6200	Administrative expenses	707,275	6	626,482	5
6300	Research and development expenses	43,883	-	47,436	-
6450	Expected credit loss (gain)	10,779	-	(7,194)	-
6000	**Total operating expenses**	2,657,299	23	2,419,900	19
6900	**Operating (loss) income**	(370,482)	(3)	212,599	2
	Non-operating income and expenses (notes 6(m), (o) and (x)):				
7010	Other income	9,537	-	55,417	-
7020	Other gains and losses, net	1,952,974	16	(32,743)	-
7100	Interest income	7,056	-	838	-
7050	Finance costs, net	(160,868)	(1)	(103,727)	(1)
7000	**Total non-operating income and expenses**	1,808,699	15	(80,215)	(1)
7900	**Profit from continuing operations before tax**	1,438,217	12	132,384	1
7950	**Less: Income tax expenses** (note 6(r))	634,046	5	33,088	-
	Profit	804,171	7	99,296	1
8300	**Other comprehensive income:**				
8310	**Items that not be reclassified subsequently to profit or loss(note(6)(q))**				
8311	Gains on remeasurements of defined benefit plans	2,969	-	2,241	-
8349	Less:Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	2,969	-	2,241	-
8360	**Items that may be reclassified subsequently to profit or loss** (notes 6(r) and (s))				
8361	Exchange differences on translation of foreign operation	380,416	4	(93,960)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	76,083	1	(18,792)	-
	Total items that may be reclassified subsequently to profit or loss	304,333	3	(75,168)	(1)
8300	**Other comprehensive income (loss)**	307,302	3	(72,927)	(1)
8500	**Total comprehensive income (loss)**	$ 1,111,473	10	26,369	-
	Profit attributable to:				
8610	Profit attributable to owners of parent	$ 803,702	7	100,385	1
8620	Profit (loss) attributable to non-controlling interests	469	-	(1,089)	-
8600	**Net profit**	$ 804,171	7	99,296	1
	Comprehensive income attributable to:				
8710	Comprehensive income (loss) attributable to owners of parent	$ 1,111,004	10	27,458	-
8720	Comprehensive income (loss) attributable to non-controlling interests	469	-	(1,089)	-
8700	**Comprehensive income (loss)**	$ 1,111,473	10	26,369	-
	Earnings per share (in NT dollars) (note 6(u))				
9750	**Basic earnings per share**	$	5.87		0.76
9850	**Diluted earnings per share**	$	5.65		0.75

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital				Retained earnings				Total other equity interest			
	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	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 1,310,466	4,570	1,315,036	800,209	192,959	196,131	459,834	848,924	(339,218)	2,624,951	6,770	2,631,721
Profit (loss)	-	-	-	-	-	-	100,385	100,385	-	100,385	(1,089)	99,296
Other comprehensive income	-	-	-	-	-	-	2,241	2,241	(75,168)	(72,927)	-	(72,927)
Total comprehensive income	-	-	-	-	-	-	102,626	102,626	(75,168)	27,458	(1,089)	26,369
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	30,359	-	(30,359)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	143,087	(143,087)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(132,000)	(132,000)	-	(132,000)	-	(132,000)
Conversion of convertible bonds	-	4,687	4,687	6,940	-	-	-	-	-	11,627	-	11,627
Conversion of certificates of bonds conversion entitlement	9,257	(9,257)	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,019)	(1,019)
Balance at December 31, 2021	1,319,723	-	1,319,723	807,149	223,318	339,218	257,014	819,550	(414,386)	2,532,036	4,662	2,536,698
Profit	-	-	-	-	-	-	803,702	803,702	-	803,702	469	804,171
Other comprehensive income	-	-	-	-	-	-	2,969	2,969	304,333	307,302	-	307,302
Total comprehensive income	-	-	-	-	-	-	806,671	806,671	304,333	1,111,004	469	1,111,473
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	10,262	-	(10,262)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	75,168	(75,168)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(17,000)	(17,000)	-	(17,000)	-	(17,000)
Cash capital increase	75,000	-	75,000	72,500	-	-	-	-	-	147,500	-	147,500
Share-based payments transactions	-	-	-	2,604	-	-	-	-	-	2,604	-	2,604
Conversion of convertible bonds	-	47,128	47,128	66,770	-	-	-	-	-	113,898	-	113,898
Conversion of certificates of bonds 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**	**5,131**	**3,895,173**

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before tax	$	1,438,217	132,384
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		243,632	212,503
Amortization expense		34,021	41,957
Expected credit loss (gain)		10,779	(7,194)
Interest expense		160,868	103,727
Interest income		(7,056)	(838)
Share-based payments		2,604	-
(Gain) loss on disposal of property, plan and equipment		(2,007,544)	2,049
Loss on disposal of investments		-	88
Impairment loss of non-financial assets		104,473	-
Unrealized foreign exchange loss		27,291	13,326
Government loan forgiveness reclassified as other income		-	(41,214)
Total adjustments to reconcile profit		(1,430,932)	324,404
Changes in operating assets and liabilities:			
Notes and accounts receivable		626,588	(173,420)
Other receivables		(7,688)	(442)
Inventories		1,289,527	(1,305,393)
Prepayments		(71,797)	(32,772)
Other current assets and right to the return goods		400	4,627
Total changes in operating assets		1,837,030	(1,507,400)
Notes and accounts payable		(252,660)	6,978
Other payables		96,682	(66,793)
Refund liabilities and provisions for employee benefits		(14,726)	(18,301)
Other current liabilities and contract liabilities		(22,265)	(42,635)
Other non-current liabilities		413	1,668
Total changes in operating liabilities		(192,556)	(119,083)
Total changes in operating assets and liabilities		1,644,474	(1,626,483)
Total adjustments		213,542	(1,302,079)
Cash inflow (outflow) generated from operations		1,651,759	(1,169,695)
Interest received		7,054	839
Interest paid		(158,890)	(100,836)
Income taxes paid		(63,066)	(144,030)
Net cash flows from (used in) operating activities		1,436,857	(1,413,722)

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	-	8,438
Acquisition of property, plant and equipment	(194,039)	(136,081)
Proceeds from disposal of property, plant and equipment	2,656,868	4,316
Income taxes paid for disposal of property, plant and equipment	(623,612)	-
Acquisition of intangible assets	(85,591)	(36,352)
Increase (decrease) in other financial assets and non-current assets	2,537	(28,773)
Increase in prepayments for business facilities	(1,842)	(18,684)
Net cash flows from (used in) investing activities	1,754,321	(207,136)
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,156,538	3,412,480
Decrease in short-term loans	(6,057,294)	(2,826,574)
(Decrease) increase in short-term notes and bills payable	(169)	100,020
Proceeds from long-term debt	1,169,531	2,016,712
Repayments of long-term debt	(2,101,553)	(969,785)
Payment of lease liabilities	(164,773)	(97,878)
(Decrease) in other non-current liabilities	(10,959)	(1,448)
Cash dividends paid	(17,000)	(132,000)
Proceeds from cash capital increase	147,500	-
Change in non-controlling interests	-	329
Net cash flows (used in) from financing activities	(1,878,179)	1,501,856
Effect of exchange rate changes on cash and cash equivalents	84,843	(17,296)
Net increase (decrease) in cash and cash equivalents	1,397,842	(136,298)
Cash and cash equivalents at beginning of period	702,518	838,816
Cash and cash equivalents at end of period	$ **2,100,360**	**702,518**

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

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

The consolidated financial statements for the years ended December 31, 2022 and 2021 were authorized for issue by the board of directors on March 28, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities will Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated 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 consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial supervisory commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated 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 Group entities is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) Loss of control over a subsidiary

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)

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

(iii) List of subsidiaries in the consolidated financial statements

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company	BESTLINK NETWARE, INC. (BESTLINK)	Trading business	100 %	100 %	Subsidiary
〃	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD. (B.V.I.)	Holding company set up for investments in Philippines, China and USA	100 %	100 %	〃
〃	UNC INVESTMENT & DEVELOPMENT INC. (UNC)	Real estate investment business	100 %	100 %	〃
〃	PREMIUM-LINE KSI GMBH (KSI)	Trading business	100 %	100 %	〃
〃	MONOPRICE HOLDINGS, INC. (MONOPRICE HOLDINGS)	Holding company set up for investments in USA	100 %	100 %	〃
〃	PREMIUM-LINE SYSTEMS GMBH (PREMIUM-LINE SYSTEMS)	Sale of network equipment and electronic appliances	100 %	100 %	〃
〃	YUE FONG COMPANY LIMITED	Trading business	100 %	100 %	〃
〃	YFC-EUROPOWER INTERNATIONAL CO., LTD. (Note 1)	Trading business	100 %	100 %	〃
B.V.I.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD. (CAYMANS)	Holding company set up for investments in China and USA	100 %	100 %	Second-tier subsidiary
〃	EUROPOWER INTERNATIONAL LIMITED (EUROPOWER)	Trading business	100 %	100 %	〃
〃	UNIVERSAL NETWORK CORPORATION (UNIVERSAL)	Holding company set up for investments in China	100 %	100 %	〃
〃	MAX SYNERGY LIMITED (MAX)	Holding company set up for investments in China	80 %	80 %	〃
〃	PREMIUM LINE ASIA LTD. (PREMIUMLINE)	Trading business	100 %	100 %	〃
〃	YFC-BONEAGLE INTERNATIONAL, INC. (PHILIPPINES)	Trading business	100 %	100 %	〃
〃	BESZIN CORPORATION INC. (BESZIN)	Trading business	100 %	100 %	〃
〃	YFC DEVELOPMENT CORPORATION	Real estate investment business	100 %	100 %	〃
〃	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	〃
MONOPRICE HOLDINGS	MONOPRICE INC. (MONOPRICE)	Trading business	100 %	100 %	Third-tier subsidiary

(Continued)

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
CAYMANS	DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD. (DONGGUAN YFC)	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	"
〃	PRIME WIRE & CABLE, INC. (PRIME WIRE)	Retailing of cord sets and network cabling system	100 %	100 %	"
〃	CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD. (CHENZHOU YFC)	Processing and sale of communication products and internet cables	100 %	100 %	"
UNIVERSAL	WUXI UNIVERSAL NETWORK CORPORATION (WUXI) (Note 2)	Manufacturing and sale of high-speed high-frequency LAN cables	100 %	100 %	"

Note 1: The parent company remitted the investment amount of $500 to the Company in April 2021 for the investment and establishment of its new subsidiary, YFC-EUROPOWER INTERNATIONAL CO., LTD.

Note 2: The Group sold 94.5% of the equity of YFC INRENATIONAL TRADING (WUXI) CO., LTD. at the price of $23,069 to a non-controlling interest on August 31, 2021, resulting in a loss of the control over it.

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group 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 to the Group’s reporting currency at 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 Group 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 Group 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, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) 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;

(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.

(f) 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.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(Continued)

(g) 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 Group 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 investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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 Group 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.

(Continued)

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 Group's right to receive payment is established.

3) Impairment of financial assets

The Group 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 Group 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 trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

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

(Continued)

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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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 Group, for economic or contractual reasons relating to the customer's financial difficulty, having granted to the customer a concession that the Group 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.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group 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 Group 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 Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group 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 Group 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 Group 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 Group 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.

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 mandatory 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, that are 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.

(Continued)

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

(h) 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.

(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 Group.

(Continued)

(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.

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

1) Buildings 3~50 years

2) Machinery and equipment 2~20 years

3) Office and other equipment 1~10 years

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

(j) Lease

At inception of a contract, the Group 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.

(i) As a leasee

The Group 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 Group’s incremental borrowing rate. Generally, the Group 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.

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 Group'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 Group 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 Group 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 Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

(Continued)

As a practical expedient, the Group 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;

— 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.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

(Continued)

(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, other than goodwill and intangible assets with indefinite useful lifes, from the date that they are available for use.

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

1) Patents: 3 years

2) Customer relationships: 2~6 years

3) Trademarks: 15 years

4) Computer software: 1~10 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 Group 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. Goodwill and intangible assets with indefinite useful lifes is tested annually for impairment.

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

An impairment loss in respect of goodwill and intangible assets with indefinite useful lifes are not reversed. For other 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 Group 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 Group 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 Group 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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

The Group, based on the contract or order agreement, provides customers volume discounts as sales products cumulatively reach a certain amount or quantity within a specific period of time. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not

(Continued)

occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Group's products are made with a credit term of 30 to 120 days, which is consistent with the market practice.

The Group's private-label online retail company and wholesale companies pay a certain percentage of sales amount to customers for advertising expenses, promotional sponsorship, and compensation for damaged goods, based on the contract or order agreement. However, since the payments were not differentiable goods or services, the payments should be treated as deduction items of the transaction price and revenue; while the prepayment to customers should be treated as refund liabilities.

The Group's private-label online retail company grants its customers the right to return the product within thirty days. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the rate of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated rate of expected returns.

2) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(ii) Rental income

The Group lease out its office and recognizes the revenue during the lease period.

(o) Government grants

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

(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 Group'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.

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 Group, 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 Group 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 Group 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 Group 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

(Continued)

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 Group recognizes the number of shares subscribed by 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.

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 reserve, 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 Group 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.

(Continued)

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.

(s) Earnings per share

The Group 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 notes and employee compensation not yet resolved by the shareholders.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

The assessment of impairment of intangible assets with non-indefinite useful lives (including goodwill and trademark) requires the Group to make subjective judgments to identify CGUs, allocate the goodwill and trademark to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to note 6(h) for further description of the impairment of goodwill and trademark.

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

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note (6)(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,435	1,059
Demand deposits	2,026,072	560,324
Check deposits	72,369	137,495
Time deposits	484	3,640
Cash and cash equivalents in consolidated statement of cash flows	$ 2,100,360	702,518

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

(b) Notes and accounts receivables

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 40,016	23,605
Accounts receivable - measured as amortized cost	2,146,445	2,678,311
Less: Loss allowance	(54,113)	(39,015)
Net	$ 2,132,348	2,662,901

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

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,075,488	0.1%	1,055
Past due 1 to 30 days	288,883	0.1%	179
Past due 31 to 120 days	305,164	6.5%	19,815
Past due 121 to 180 days	9,621	42.4%	4,081
Past due 181 to 360 days	16,611	46.6%	7,736
Past due more than 360 days	6,149	100%	6,149
Total	**$ 2,701,916**		**39,015**

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

	2022	2021
Balance at January 1	$ 39,015	49,072
Expect credit loss (gain)	10,779	(7,194)
Amounts written off	(97)	(1,445)
Derecognition from disposal of subsidiaries	-	(62)
Foreign exchange loss (gain)	4,416	(1,356)
Balance at December 31	**$ 54,113**	**39,015**

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

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(c) Other receivables

	December 31, 2022	December 31, 2021
Value-added tax returned by export trade	$ 7,666	17,831
Other	22,252	3,883
Less: Loss allowance	-	-
Net	**$ 29,918**	**21,714**

As of December 31, 2022 and 2021, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

(d) Inventory

	December 31, 2022	December 31, 2021
Merchandise inventory (including goods in transit)	$ 2,771,683	3,340,415
Finished goods	150,769	452,548
Work in progress	42,103	111,315
Raw materials	145,325	135,315
Supplies	10,138	13,248
Total	**$ 3,120,018**	**4,052,841**

For the years ended in 2021 and 2021, the loss recognized for the loss recognized for the decline in the inventory prices were $408,353 and $27,684 respectively, due to the adjustment of inventory to net realized value, accounted for as cost of goods sold.

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

	2022	2021
Inventory valuation and obsolescence losses	$ 408,353	27,684
Revenue from sale of scraps	(38,149)	(53,230)
Total	**$ 370,204**	**(25,546)**

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

(e) Loss of control over a subsidiary

The Group had sold 94.5% of its shares in YFC INTERNATIONAL TRADING (WUXI) CO., LTD. to non-controlling interest, wherein the proceeds of $23,069 thousand, completely collected in the same year, were recognized as other receivables, on August 31, 2021, resulting in a loss of control over it. Therefore, the losses on disposal of $88 thousand and $2,189 thousand had been recognized as loss on disposal of investments and net foreign exchange loss under other gains and losses from consolidated statements of comprehensive income, respectively.

The carrying amounts of assets and liabilities of YFC INTERNATIONAL TRADING (WUXI) CO., LTD. on the date, which is August 31, 2021, of disposal were as follow:

Cash and cash equivalents	$	14,631
Accounts receivable and other receivables		15,758
Inventories		6,133
Other current assets		189
Property, plant and equipment		269
Accounts payable		(11,705)
Other current liabilities		(770)
Carrying amount of net assets	**$**	**24,505**
Carrying amount of net assets by share holdings proportion	**$**	**23,157**
Loss on disposal of investments	$	88
Realized exchange difference on translation of foreign financial statements (recognized as net foreign exchange loss)		2,189
Total	**$**	**2,277**

Net cash inflow from disposal of the subsidiary:

		2021
		YFC INTERNATIONAL TRADING (WUXI) CO., LTD.
Proceeds from disposal of subsidiaries	$	23,069
Less: Decrease in cash and cash equivalents from disposal of subsidiaries		(14,631)
Net cash inflow	**$**	**8,438**

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(f) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Total
Costs or deemed cost:					
Balance at January 1, 2022	$ 284,773	953,071	1,133,114	418,015	2,788,973
Additions	-	80,746	44,830	92,093	217,669
Reclassification	246,163	(246,450)	(62)	62	(287)
Disposals	(246,163)	(259,931)	(201,089)	(30,992)	(738,175)
Effect of changes in foreign exchange rate	11,227	43,055	31,009	46,329	131,620
Balance at December 31, 2022	**$ 296,000**	**570,491**	**1,007,802**	**525,507**	**2,399,800**
Balance at January 1, 2021	$ 292,327	972,349	1,114,700	334,920	2,714,296
Additions	-	480	55,033	105,234	160,747
Disposals	-	(3,967)	(28,262)	(10,038)	(42,267)
Disposal of subsidiaries	-	-	-	(2,571)	(2,571)
Effect of changes in foreign exchange rate	(7,554)	(15,791)	(8,357)	(9,530)	(41,232)
Balance at December 31, 2021	**$ 284,773**	**953,071**	**1,133,114**	**418,015**	**2,788,973**
Depreciation and impairment loss:					
Balance at January 1, 2022	$ -	321,214	843,961	256,844	1,422,019
Depreciation for the period	-	20,559	48,619	41,101	110,279
Disposals	-	(55,971)	(153,473)	(28,006)	(237,450)
Effect of changes in foreign exchange rate	-	7,237	21,993	22,413	51,643
Balance at December 31, 2022	**$ -**	**293,039**	**761,100**	**292,352**	**1,346,491**
Balance at January 1, 2021	$ -	305,556	818,129	238,262	1,361,947
Depreciation for the period	-	22,262	55,376	34,202	111,840
Disposals	-	(3,967)	(23,734)	(8,201)	(35,902)
Disposal of subsidiaries	-	-	-	(2,302)	(2,302)
Effect of changes in foreign exchange rate	-	(2,637)	(5,810)	(5,117)	(13,564)
Balance at December 31, 2021	**$ -**	**321,214**	**843,961**	**256,844**	**1,422,019**
Carrying value:					
Balance at December 31, 2022	**$ 296,000**	**277,452**	**246,702**	**233,155**	**1,053,309**
Balance at January 1, 2021	**$ 292,327**	**666,793**	**296,571**	**96,658**	**1,352,349**
Balance at December 31, 2021	**$ 284,773**	**631,857**	**289,153**	**161,171**	**1,366,954**

(Continued)

In order to meet its operational needs, the Group built a warehouse and an office inside its Wuxi factory in mainland China, at the amount of $80,746. Also, its plant in the Philippines purchased machinery and other equipment at the amount of $102,632 for the year ended December 31,2022.

In order to enrich the Group's working capital, the Group sold its warehouse in Cerritos, California, United States, which is fully owned by its subsidiary, UNC INVESTMENT & DEVELOPMENT INC., to an external third party based on a resolution approved during the board meeting held on May 9, 2022. The contract signing date for the sale of the real estate was May 11, 2022, with the date of ownership transferred on July 7, 2022. Please refer to note 13(a)(vi) for related information and fair value. The Group subsequently agreed with the seller to lease back the warehouse for 18 months after the completion of the deed transfer for its operational use for the purpose of facilitating the relocation of its warehouse thereafter. The sales portion of the above transaction was recognized as gain from disposal. Furthermore, the parts of the leaseback amounting to $30,513 and $179,112 were accounted for as right-of-use asset and lease liability, respectively, with the difference of unrealized sales gain amounting to $148,599. For the reduction of deprecation for the sales-leaseback, please refer to note 6(g).

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

(g) Right-of-use assets

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

	Land	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2022	$ 15,227	675,107	12,311	702,645
Additions	-	185,094	-	185,094
Unrealized gain of the sale-leaseback	-	(148,599)	-	(148,599)
Write-off	-	(813)	-	(813)
Effect of changes in foreign exchange rate	241	64,308	42	64,591
Balance at December 31, 2022	**$ 15,468**	**775,097**	**12,353**	**802,918**
Balance at January 1, 2021	$ 15,310	568,044	2,336	585,690
Additions	-	158,711	12,315	171,026
Write-off	-	(31,981)	(2,318)	(34,299)
Effect of changes in foreign exchange rate	(83)	(19,667)	(22)	(19,772)
Balance at December 31, 2021	**$ 15,227**	**675,107**	**12,311**	**702,645**

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	Land	Buildings	Vehicles	Total
Accumulated depreciation:				
Balance at January 1, 2022	$ 4,065	217,433	3,191	224,689
Depreciation for the period	310	129,349	3,694	133,353
Write-off	-	(813)	-	(813)
Effect of changes in foreign exchange rate	64	22,980	18	23,062
Balance at December 31, 2022	**$ 4,439**	**368,949**	**6,903**	**380,291**
Balance at January 1, 2021	$ 3,782	158,511	1,773	164,066
Depreciation for the period	304	96,607	3,752	100,663
Write-off	-	(31,981)	(2,318)	(34,299)
Effect of changes in foreign exchange rate	(21)	(5,704)	(16)	(5,741)
Balance at December 31, 2021	**$ 4,065**	**217,433**	**3,191**	**224,689**
Carrying value:				
Balance at December 31, 2022	**$ 11,029**	**406,148**	**5,450**	**422,627**
Balance at January 1, 2021	**$ 11,528**	**409,533**	**563**	**421,624**
Balance at December 31, 2021	**$ 11,162**	**457,674**	**9,120**	**477,956**

In order to seek the most effective solution in dealing with the current trading situation between China and the United States, and to comply with the adjustments made to the Group's business strategies, the Group acquired its right-of-use assets in the United States and Taiwan, at the amount of $36,495(including the deducted amount of the unrealized gain of the sale-leaseback) in 2022; as well as those in the Philippines, at the amount of $158,711, in 2021. In addition, the realized gain of the sale-leaseback of $49,533 was recognized under depreciation in 2022.

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

(h) Intangible assets

The costs and amortization of intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Goodwill	Trademark	Patent and customer relationships	Computer software and development cost	Total
Costs or deemed cost:					
Balance at January 1, 2022	$ 285,108	89,543	76,554	238,754	689,959
External acquisition	-	-	-	85,591	85,591
Write-off	-	-	-	(2,017)	(2,017)
Effect of changes in foreign exchange rate	31,273	9,819	8,052	33,211	82,355
Balance at December 31, 2022	**$ 316,381**	**99,362**	**84,606**	**355,539**	**855,888**

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		Goodwill	Trademark	Patent and customer relationships	Computer software and development cost	Total
Balance at January 1, 2021	$	293,368	92,136	78,780	210,061	674,345
External acquisition		-	-	-	36,352	36,352
Effect of changes in foreign exchange rate		(8,260)	(2,593)	(2,226)	(7,659)	(20,738)
Balance at December 31, 2021	$	**285,108**	**89,543**	**76,554**	**238,754**	**689,959**
Amortization and impairment loss:						
Balance at January 1, 2022	$	-	6,441	73,386	181,916	261,743
Amortization for the period		-	-	3,527	30,494	34,021
Write-off		-	-	-	(2,017)	(2,017)
Impairment loss		104,473	-	-	-	104,473
Effect of changes in foreign exchange rate		2,878	704	7,693	24,022	35,297
Balance at December 31, 2022	$	**107,351**	**7,145**	**84,606**	**234,415**	**433,517**
Balance at January 1, 2021	$	-	6,296	67,584	154,120	228,000
Amortization for the period		-	325	7,679	33,953	41,957
Effect of changes in foreign exchange rate		-	(180)	(1,877)	(6,157)	(8,214)
Balance at December 31, 2021	$	**-**	**6,441**	**73,386**	**181,916**	**261,743**
Carrying value:						
Balance at December 31, 2022	$	**209,030**	**92,217**	**-**	**121,124**	**422,371**
Balance at January 1, 2021	$	**293,368**	**85,840**	**11,196**	**55,941**	**446,345**
Balance at December 31, 2021	$	**285,108**	**83,102**	**3,168**	**56,838**	**428,216**

The amortizations of intangible assets are included in the statement of comprehensive income. Also, please refer to note (12) sets out information about the amortization fee for the period:

		2022	2021
Operating cost – amortization	$	2,287	1,746
Operating expenses – amortization		31,734	40,211
Total	$	**34,021**	**41,957**

(i) Evaluation of goodwill and trademark

The goodwill incurred from the acquisition of a US subsidiary, PRIME WIRE, amounted to $139,228. After conducting a regular impairment testing, the recoverable amounts as of December 31, 2022 and 2021 exceeded their carrying amounts, thus, there was no risk of impairment of goodwill as a result of the above acquisition.

The goodwill, trademark and customer relationships incurred from acquisition of MONOPRICE, a U.S. brand e-commerce company, totaled $341,039, resulting in an unamortized balance of $266,492 as of December 31, 2022, due to the originally expected outcome in synergies and increased earnings following the acquisition. In accordance with IAS 36, the non-indefinite intangible assets (goodwill and trademark) acquired in a business combination should have an impairment test of goodwill and trademark at least annually, the impairment test is to allocate the goodwill and trademark to the cash generating units that are expected to benefit from the synergies of the acquisition. MONOPRICE itself is a cash generating unit that can generate independent cash flows, hence, the impairment of non-deterministic intangible assets is assessed by calculating the value-in-use of MONOPRICE to determine whether the book value of net assets is subject to impairment.

Furthermore, the US largest online retailer, Amazon, executed zero delivery fee policy for its partial products, prompting other merchants to follow. The aforementioned factors and the US custom duties significantly impacted the profit of the subsidiary, Monoprice. Although it subsequently increased its pricing by adjusting its operations strategy in 2022, its operating conditions failed to meet the expectation.

The recoverable amount of $821,861 of MONOPRICE turned out to be lower than its book value of $926,334 due to above factors, resulting in the impairment loss on the goodwill and trademark amounting to $104,473 to be recognized as other profit and loss in 2022; please refer to note 6(x). In addition, after performing an impairment test, the recoverable amount of MONOPRICE still exceeded its book value in 2021, hence, no provision for impairment was necessary.

The recoverable amount of MONOPRICE is determined based on its value-in-use, which is calculated based on the pre-tax cash flow forecast of the five-year financial budget approved by the management, adjusted for past actual operating conditions. The discount rate used for the estimated value-in-use in 2022 was 10.2%.

(ii) Development cost of computer software

The development cost of computer software was derived from US subsidiaries' website development cost of previous years.

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

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

	December 31, 2022	December 31, 2021
Other current assets:		
Temporary payments	$ 6,694	6,391
Right to the return goods-current	5,963	5,373
Subtotal	12,657	11,764
Other non-current assets:		
Other non-current financial assets	6,063	5,407
Guarantee deposits paid	58,858	56,647
Net defined benefit assets	5,561	2,530
Other	1,170	2,358
Subtotal	71,652	66,942
Total	$ **84,309**	**78,706**

(i) Temporary payments

Temporary payments are mainly payments made on behalf of others.

(ii) Other non-current financial assets

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

(iii) Guarantee deposits paid

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

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

(j) Short-term borrowings

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

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ **2,005,324**	**2,917,638**
Unsecured non-financial institution loans	**18,316**	**-**
Total	$ **2,023,640**	**2,917,638**
Unused short-term and long-term credit lines	$ **2,338,347**	**1,144,408**
Interest rates	**1.81~6.3%**	**0.72~2.15%**

The Group 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 Group were as follows:

	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**

	December 31, 2021		
	Institution	**Interest rate**	**Amount**
Commercial paper payable	Mega Bills Finance, Taiwan Finance, Taiwan Cooperative Bills Finance, and Dah Chung Bills Finance	1.14~1.16%	$ 230,000
Less: Discount on short-term notes and bills payable			(94)
Total			$ **229,906**

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

(l) Long-term borrowings

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

	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%~1.38%	117~129	142,124
Unsecured bank loans	USD and PHP	6.25%~7.25%	112~113	760,378
Secured non-financial institution loans	NTD	2.5%	112	38,633
Total				1,584,122
Less: Current portion				(1,189,130)
Non-current portion				$ **394,992**

	December 31, 2021			
	Currency	**Interest rates**	**Expiration**	**Amount**
Unsecured bank loans	NTD	1.42~1.55%	111~115	$ 581,961
Secured bank loans	NTD	1.18~1.42%	117~129	153,775
Unsecured bank loans	USD and PHP	2.95~3.00%	111~112	1,141,381
Secured bank loans	USD	4.40%	117	383,404
Secured non-financial institution loans	NTD	2.50%	112	108,724
Total				2,369,245
Less: Current portion				(215,377)
Non-current portion				$ **2,153,868**

(i) Collateral for long-term borrowings

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

(ii) Low-interest loan from government

According to “Guidelines of Project Loans for Returning Overseas Taiwanese Businesses”, the Group has been awarded a low-interest loan from Bank of Taiwan at the beginning of 2020 with the maximum credit amounting to $484,000, including the amounts of $284,000 and $200,000 for the purpose of its business operation, as well as acquisition of its machinery and equipment, respectively. The project will continue for 7 years with an actual preferential interest rate of 0.1%. For the years ended December 31, 2022 and 2021, the actual used credit facilities amounted to $219,130 and $185,210, while the fair value imputed by the market interest rate of 1.4% amounted to $208,410 and $175,443, with the difference of $10,720 and $9,767, respectively, deemed as government grant and recognized in deferred income. Please refer to note (6)(p).

(m) Bonds payable

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

	December 31, 2022	December 31, 2021
Convertible bonds issued	$ 400,000	400,000
Less: Unamortized discount on convertible bonds	(338)	(2,470)
Accumulated converted and redeemed amount	(383,000)	(268,600)
	16,662	128,930
Less: Current portion	(16,662)	-
Non-current portion	**$ -**	**128,930**
Equity component – conversion options (included in "Capital surplus – stock options")	**$ 2,026**	**6,928**

	2022	2021
Interest expense	**$ 1,630**	**2,188**

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

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

1) the mandated book closure date of common shares;

2) the book closure date for stock grants or cash dividends;

3) the period starting from 15 business days prior to the book closure date of stock options until the distribution record date;

4) the period from capital reduction record date to one day prior to the stock renewal date.

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

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

(iii) Issuance of bonds

Except for the matter mentioned above, a resolution had been made during the board meeting held in November 2022, 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 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.

In 2021, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 120 bonds, with the carrying amount of $11,627, resulting in the capital surplus to increase by $6,940, and the ordinary shares to be converted at the amount of $4,687.

(v) Repurchase of bonds

There was no repurchase of bond payable for the years ended December 31, 2022 and 2021.

(vi) Collateral

There were no bonds payable pledged as collateral by the Company for the years ended December 31, 2022, and 2021.

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(n) Other payables and refund liabilities

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	$ 85,065	89,566
Compensation and bonus due to employees	52,181	7,671
Compensation due to directors	34,787	5,114
Interest payable	4,609	4,261
Processing fee payable	8,056	22,332
Payable on machinery and equipment	11,572	4,655
Freight payable	80,578	121,159
VAT and sales tax payable	219,392	162,075
Other accrued expenses	212,302	137,888
Other payables	**$ 708,542**	**554,721**
Refund liabilities	**$ 59,719**	**67,863**

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

(o) Lease liabilities

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

	December 31, 2022	December 31, 2021
Current	**$ 209,962**	**113,353**
Non-current	**$ 352,398**	**381,288**

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

For the years ended December 31, 2022 and 2021, the Group recognized its lease liabilities amounting to $185,094 and $171,026, with an interest rate of 1.50%~3.00% and 1.15%~3.00%, respectively.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 16,471	17,335
Variable lease payments not included in the measurement of lease liabilities	$ 7,022	2,642
Expenses relating to short-term leases	$ 10,898	9,923
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	$ 157	236

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

	2022	2021
Total cash outflow for leases	$ 199,321	128,014

(i) Real estate leases

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

(ii) Other leases

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

(p) Deferred income

	December 31, 2022	December 31, 2021
Deferred income-government grants	$ 6,143	7,693
Current (recognized under other current liabilities)	$ 1,536	2,501
Non-current (recognized under other non-current liabilities)	4,607	5,192
Total	$ 6,143	7,693

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

(Continued)

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

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

For the years ended December 31, 2022 and 2021, the other income reclassified from deferred income amounted to $2,501 and $1,288, respectively, please refer to note(6)(x).

(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, 2022	December 31, 2021
Present value of defined benefit obligations	$ 13,922	15,948
Fair value of plan assets	(19,483)	(18,478)
Net defined benefit assets	**$ (5,561)**	**(2,530)**

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, 2022 and 2021, the Company's Bank of Taiwan labor pension reserve account balance amounted to $19,483 and $18,478, 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.

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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:

	2022	2021
Defined benefit obligation at January 1	$ 15,948	17,787
Current service costs and interest	192	145
Benefits paid by the plan	(676)	-
Remeasurement in net defined benefit liability		
—Experience adjustments to actuarial losses (gains)	(688)	(1,427)
—Actuarial loss from changes in financial assumption	(854)	(557)
Defined benefit obligation at December 31	**$ 13,922**	**15,948**

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:

	2022	2021
Fair value of plan assets at January 1	$ 18,478	17,991
Interest income	130	63
Benefits paid by the plan	(676)	-
Remeasurement in net defined benefit liability		
—Expected return on plan assets (excluding interest income)	1,427	257
Contributions made	124	167
Fair value of plan assets at December 31	**$ 19,483**	**18,478**

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

For the years 2022 and 2021, 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 2022 and 2021 were as follows:

	2022	2021
Current service cost	$ 82	83
Interest on net defined benefit obligation	(20)	(1)
Total (recognized under "Administrative expense – pension")	**$ 62**	**82**

(Continued)

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:

		2022	2021
Cumulative amount at January 1	$	7,966	5,725
Obligations recognized (reversed)		2,969	2,241
Cumulative amount at December 31	**$**	**10,935**	**7,966**

7) Actuarial assumptions

The Company's principal actuarial assumptions were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.30 %	0.70 %
Future salary rate increases	2.00 %	2.00 %

As of December 31, 2022 and 2021, the amount of contributions expected to be made to the defined contribution plans within one year of the report date were $310 and $340, respectively. The weighted average term of defined contribution plans were 9 and 10 years, respectively.

8) Sensitivity analysis

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

		Impact on defined benefit obligation	
		Increased	Decreased
December 31, 2022			
Discount rate (at a 0.25% change)	$	347	335
Future salary increase (at a 0.25% change)		344	333
December 31, 2021			
Discount rate (at 0.25% change)		430	414
Future salary increase (at 0.25% change)		423	410

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 2022 and 2021.

(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. Other subsidiaries established the defined benefit retirement plans in accordance with each local regulation.

The Company's pension expenses under the defined contribution method amounted to $4,630 and $4,557 for the years ended December 31, 2022 and 2021, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to $28,083 and $31,689 for the years ended December 31, 2022 and 2021, respectively.

Pension expenses recognized by the Group were as follows:

		2022	2021
Operating costs	$	7,831	11,410
Selling expenses		18,702	19,024
Administrative expenses		4,586	3,804
Research and development expenses		1,594	2,008
Total	**$**	**32,713**	**36,246**

(r) Income tax

(i) Income tax expense

The components of income tax expense (income) for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Current period	$	672,603	61,518
Adjustments for prior periods		5,593	(1,758)
Subtotal		678,196	59,760
Deferred tax expense			
Origination and reversal of temporary differences		(44,150)	(26,672)
Subtotal		(44,150)	(26,672)
Income tax (income) expense	**$**	**634,046**	**33,088**

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The amounts of income tax expense (income) recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	**76,083**	**(18,792)**

Reconciliation of income tax and profit before tax for 2022 and 2021 were as follows:

	2022	2021
Income before tax	$ 1,438,217	132,384
Income tax expense at the statutory rate	287,643	26,477
Effect of tax rates in foreign jurisdiction	209,334	5,187
Under (over) provision in prior periods	5,593	(1,758)
Changes in unrecognized deductible temporary differences	52,867	-
Unrecognized current tax loss of deferred tax assets	83,760	-
Others	(5,151)	3,182
Income tax expense	**$ 634,046**	**33,088**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2022 and 2021, 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:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 622,521**	**399,037**

2) Unrecognized deferred tax assets

The details of unrecognized deferred tax assets were as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 56,083	3,216
Tax losses	103,459	18,459
Total	**$ 159,542**	**21,675**

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Tax losses, that were approved by local tax authorities from the current year profit, were deductions of deficits from the previous 5, 5, and 3 years of the subsidiaries in China, Vietnam, and the Philippines, respectively, in accordance with income tax law. On the other hand, there was no annual limit of tax losses on the deductible period for the US-based subsidiaries. Such tax losses are considered unrecognized deferred tax assets because the Group determines that it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

As of December 31, 2022, China-based subsidiaries' income tax rate was 25%, the information of the China-based subsidaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2018 (filing)	$ -	2023
2020 (filing)	2,071	2025
2021 (declared)	3,338	2026
2022 (forecast)	36,846	2027
Total	**$ 42,255**	

As of December 31, 2022, Vietnam-based subsidiaries' income tax rate was 20% , the information of the Philippines-based subsidaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2020 (filing)	$ 2,288	2025
2021 (declared)	4,823	2026
2022 (forecast)	5,354	2027
Total	**$ 12,465**	

As of December 31, 2022, Philippines-based subsidiaries' income tax rate was 30% , the information of the Philippines-based subsidaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2021 (declared)	$ 56,415	2024
2022 (forecast)	29,826	2025
Total	**$ 86,241**	

(Continued)

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As of December 31, 2022, US-based subsidiaries' income tax rate was about 29.84%, the information the US-based subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follow:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2022 (forecast)	216,253	NA
Total	$ 216,253	

3) Recognized deferred tax assets and liabilities

Movements of deferred tax assets and liabilities for the years 2022 and 2021 were as follows:

a) Deferred tax assets

	Unrealized inventory valuation and obsolescence loss	Temporary differences from depreciation and amortizations	Loss carry-forwards	Excahnge difference on transaction of foreign financial statements	Other	Total
January 1, 2022	$ 70,294	3,648	18,426	102,389	18,649	213,406
Recognized in profit or loss	52,704	483	(17,990)	-	14,310	49,507
Recognized in other comprehensive income	-	-	-	(76,083)	-	(76,083)
Effect of changes in foreign exchange rates	9,044	413	1,473	-	2,088	13,018
December 31, 2022	**$ 132,042**	**4,544**	**1,909**	**26,306**	**35,047**	**199,848**
January 1, 2021	$ 75,531	4,143	-	83,597	19,095	182,366
Recognized in profit or loss	(3,167)	(382)	18,611	-	88	15,150
Recognized in other comprehensive income	-	-	-	18,792	-	18,792
Effect of changes in foreign exchange rates	(2,070)	(113)	(185)	-	(534)	(2,902)
December 31, 2021	**$ 70,294**	**3,648**	**18,426**	**102,389**	**18,649**	**213,406**

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.

b) Deferred tax liabilities

	Temporary differences from depreciation and amortization	Other	Total
January 1, 2022	$ 39,094	3,340	42,434
Recognized in profit or loss	7,376	(2,019)	5,357
Effect of changes in foreign exchange rates	4,491	19	4,510
December 31, 2022	**$ 50,961**	**1,340**	**52,301**
January 1, 2021	$ 55,229	135	55,364
Recognized in profit or loss	(14,727)	3,205	(11,522)
Effect of changes in foreign exchange rates	(1,408)	-	(1,408)
December 31, 2021	**$ 39,094**	**3,340**	**42,434**

(Continued)

(iii) Examination and approval

The Company's income tax returns for all years through 2020, have been examined by the R.O.C. income tax authorities.

The Group's overseas subsidiaries' income tax returns for all years through 2021 have been declared to, but have yet to be examined by, the local tax authorities.

(s) Capital and other equities

As of December 31, 2022 and 2021, 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, 2022 and 2021 were 143,868 and 131,972 thousand shares, respectively. All issued shares were issued and outstanding.

(i) Issuance of common stock

The Group increased its capital by cash through issuing 7,500 thousand shares of common stock, at the actual issuance price of NTD20 per share, amounting to$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 Group 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).

The Group converted its bonds by issuing 469 thousand shares of common stocks amounting to $4,687. The related registration procedures had already been completed in May, 2021.

Changes in the numbers of outstanding shares for the years ended December 31, 2022 and 2021, were as follows:

	Common Shares (in thousand shares)	
	2022	**2021**
Beginning balance at January 1	131,972	131,503
Cash capital increase	7,500	-
Conversion of convertible bonds	4,713	469
Ending balance at December 31	**144,185**	**131,972**

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(ii) Capital surplus

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

	December 31, 2022	December 31, 2021
Premium issuance	$ 896,237	749,461
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	6,928
Expired employee stock options	30,685	30,685
Total	**$ 949,023**	**807,149**

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.

(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 Group 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 in 2021 and 2010 to be distributed in 2022 and 2021, respectively, 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 are 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.

3) Earnings distribution

In the board of directors' meeting held on March 28, 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, yet to be approved by the shareholders, 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.

(Continued)

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

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

(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2022	$ (414,386)
Exchange differences on foreign operation	304,333
Balance at December 31, 2022	**$ (110,053)**
Balance at January 1, 2021	$ (339,218)
Exchange differences on foreign operation	(75,168)
Balance at December 31, 2021	**$ (414,386)**

(t) Share-based payment

The Group 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 Group was as follows:

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

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

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

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

The estimation of the fair value per share is based on the closing price of the common shares of the Groupon the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market) trading center on the granted date. The execution price is set in accordance with the Group's new share issuance of cash capital increase. The expected volatility is estimated based on the Group's daily historical stock price fluctuation data for the last three months prior. In addition, the payment period of the cash capital increase was July 19 to August 19, 2022, estimated the duration as 0.07 year. The Group did not plan to have a scheduled dividend payment, so the expected stock interest rate will be 0%.

The risk-free interest rate is calculated on the fixed interest rate of the postal savings fund for one to three months.

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

(u) Earnings per share

	2022	2021
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 803,702	100,385
Weighted-average number of ordinary shares	136,873	131,898
Basic earnings per share (in dollars)	$ 5.87	0.76

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		2022	2021
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$	803,702	100,385
Effects of dilutive potential ordinary shares:			
Interest of convertible bond		1,630	2,188
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	$	805,332	102,573
Weighted-average number of ordinary shares (in thousands of shares)		136,873	131,898
Effects of dilutive potential ordinary shares:			
Effects of employee stock bonus (in thousands of share)		2,065	304
Effects of conversion of convertible bond (in thousands of share)		3,661	5,419
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares) (in thousands of shares)		142,599	137,621
Diluted earnings per share (in dollars)		5.65	0.75

(v) Revenue from contracts with customers

(i) Details of revenue

	2022	2021
Goods sold	$ 11,652,688	12,436,890
Rental income	17,937	10,038
Total	$ 11,670,625	12,446,928

(ii) Disaggregation of revenue

	For the year ended December 31, 2022			
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	$ 3,203,851	2,614,109	4,204,459	10,022,419
China	293,716	-	-	293,716
Taiwan	298,890	-	-	298,890
Canada	14,725	332,009	-	346,734
United Kingdom	93,031	-	-	93,031
Others	374,684	223,214	-	597,898
Total	$ 4,278,897	3,169,332	4,204,459	11,652,688

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	For the year ended December 31, 2022			
	Manufactruing	Wholesaling	Online retailing	Total
Main products/services lines				
CABLE	$ 1,681,961	144,727	1,926,455	3,753,143
POWER CORD	2,331,173	2,958,534	-	5,289,707
Consumer electronics	-	-	2,278,004	2,278,004
Others	265,763	66,071	-	331,834
Total	**$ 4,278,897**	**3,169,332**	**4,204,459**	**11,652,688**
Timing of revenue recognition:				
Product transferred at a point in time	**$ 4,278,897**	**3,169,332**	**4,204,459**	**11,652,688**
Sales channels				
Directly to customers	**$ 4,278,897**	**3,169,332**	**4,204,459**	**11,652,688**

	For the year ended December 31, 2021			
	Manufactruing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	$ 2,225,040	2,728,802	5,138,006	10,091,848
China	684,644	34,312	-	718,956
Taiwan	320,503	-	-	320,503
Canada	53,636	336,438	-	390,074
United Kingdom	99,839	-	-	99,839
Others	601,187	214,483	-	815,670
Total	**$ 3,984,849**	**3,314,035**	**5,138,006**	**12,436,890**
Main products/services lines				
CABLE	$ 1,250,636	144,727	1,903,504	3,298,867
POWER CORD	2,447,884	3,066,470	-	5,514,354
Consumer electronics	-	-	3,234,502	3,234,502
Others	286,329	102,838	-	389,167
Total	**$ 3,984,849**	**3,314,035**	**5,138,006**	**12,436,890**
Timing of revenue recognition:				
Product transferred at a point in time	**$ 3,984,849**	**3,314,035**	**5,138,006**	**12,436,890**
Sales channels				
Directly to customers	**$ 3,984,849**	**3,314,035**	**5,138,006**	**12,436,890**

(iii) Contract balances

	December 31, 2022	December 31, 2021	December 31, 2020
Contract liabilities－advance sales receipts	**$ 84,422**	**96,291**	**141,558**

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, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $94,995 and $133,654, 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.

(w) 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 years ended December 31, 2022, and 2021, the Group accrued its remuneration to employees of $52,181 and $7,671 respectively; as well as its remuneration to directors amounted to $34,787 and $5,114, respectively. These amounts were calculated by using the Group'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 Group'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, for the year 2022 amounted to $71,000 and $15,000, respectively, except for the employee remuneration of $46,000 in stock, all other remunerations are pay in cash. In addition, the cash remunerations to employees and directors, for the year 2021 amounted to $7,600 and $5,000, respectively. The 2022 and 2021 remunerations mentioned above were based on the resolution decided during the board of directors' meetings held in 2023 and 2022, respectively.

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

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

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(x) Other non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	7,056	838

(ii) Other income

		2022	2021
Government grants	$	7,363	44,585
Other income		2,174	10,832
Total	$	9,537	55,417

The Group received the Paycheck Protection Program loan from U.S. Small Business Administration amounting to $41,124 ($1,473 thousand USD) in April 2020. The Paycheck Protection Program loan was provided by the U.S. government as an economic relief package, wherein it requires a subsidized company to pay its employee their salaries within two months after having received the loan, otherwise, the Group will have to repay the loan under the regulated interest rate according to the provision of the Paycheck Protection Program. As of September 30, 2021, the Group had met all the criteria, and thus, applied for forgiveness of the Paycheck Protection Program loan to the government. In September 2021, the related legal review procedures had been completed and the Group recognized the amount of $41,214 as grant income.

(iii) Other gains and losses

		2022	2021
Gain (loss) on disposal of property, plant, and equipment	$	2,007,544	(2,049)
Loss on disposal of investments		-	(88)
Impairment loss of non-financial assets		(104,473)	-
Foreign exchange gain (loss)		58,799	(23,537)
Other non-operating expenses		(8,896)	(7,069)
Other gains and losses, net	$	1,952,974	(32,743)

For the years ended December 31, 2021, the loss on settled transaction of derivative financial instruments amounting to $18 was recognized by the Group as foreign exchange loss. For the years ended December 31, 2022, there was no transaction of derivative instruments.

(iv) Financial costs

		2022	2021
Interest expense			
Interest on bank and non-financial institution loans	$	140,093	82,610
Interest on lease liabilities		16,471	17,335
Short-term notes and bills payable		2,674	1,594
Bonds payable		1,630	2,188
Total	$	**160,868**	**103,727**

(y) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustment of component of other comprehensive income for the nine months ended December 31, 2022 and 2021 were as follows:

		2022	2021
Exchange defferences on translation of foreign financial statements:			
Losses from current period	$	-	(96,149)
Less: reclassification of exchange loss in profit or loss		-	2,189
Net change in fair value recognized in other comprehensive income	**$**	**-**	**(93,960)**

Information on reclassification of exchange loss, please refer to note (6)(e) for details.

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

Customers of the Group are mainly concentrated in off-line retail of internet cables and power code products. In order to lower the credit risk of accounts receivable, the Group continuously examines the financial situation of customers and periodically assess the recoverability of accounts receivable, recognizing allowances for bad debt when necessary. The losses on doubtful debts were within the expectations of management. Asof December 31, 2022 and 2021 , five clients contributed to 44% and 47%, respectively, of the accounts receivable, hence, the Group has a significant concentration on credit risk.

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(ii) Liquidity risk

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

	Carrying value	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,023,640	2,037,864	2,037,864	-	-	-
Short-term notes and bills payable	229,737	230,000	230,000	-	-	-
Notes and accounts payable	829,852	829,852	829,852	-	-	-
Other payables	708,542	708,542	708,542	-	-	-
Bonds payable (includes current portion)	16,662	16,700	16,700	-	-	-
Lease liabilities - current and noncurrent	562,360	604,681	227,319	152,666	180,482	44,214
Long-term borrowings (includes current portion)	1,584,122	1,628,581	1,324,023	67,761	153,461	83,336
Total	**$ 5,954,915**	**6,056,220**	**5,374,300**	**220,427**	**333,943**	**127,550**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,917,638	2,927,692	2,927,692	-	-	-
Short-term notes and bills payable	229,906	230,000	230,000	-	-	-
Notes and accounts payable	928,462	928,462	928,462	-	-	-
Other payables	554,721	554,721	554,721	-	-	-
Bonds payable (includes current portion)	128,930	131,400	-	131,400	-	-
Lease liabilities - current and noncurrent	494,641	545,868	129,888	117,927	212,194	85,859
Long-term borrowings (includes current portion)	2,369,245	2,517,733	1,642,116	179,516	279,943	416,158
Total	**$ 7,623,543**	**7,835,876**	**6,412,879**	**428,843**	**492,137**	**502,017**

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

(iii) Market risk

1) Exposure to foreign currency risk

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

(In Thousands of Foreign Currencies)

	December 31, 2022			December 31, 2021		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
Financial assets:						
Monetary items						
USD	$ 38,352	30.66	1,175,872	48,538	27.63	1,341,105
HKD	3,160	3.93	12,426	9,479	3.54	33,583
CNY	705	4.40	3,104	1,608	4.33	6,968
EUR	747	32.52	24,292	1,265	31.12	39,367
CAD	454	23.92	10,860	1,414	19.51	27,587
Financial liabilities:						
Monetary items						
USD	20,893	30.66	640,579	38,481	27.63	1,063,230

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gain and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, and loans and borrowings, which are denominated in foreign currency. The overall effects to the net profit before tax for the years ended December 31, 2022 and 2021, assuming the TWD appreciated by 1%, were decreases of $5,860 and $3,854, respectively. The analysis is performed on the same basis for the prior year.

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange (loss) gains (including both realized and unrealized) amounted to $58,799 and $(23,537), respectively.

4) Interest rate analysis

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

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. For liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The liabilities with variable interest rates of the Group all have related contractual agreements, and the Group calculates interest based on the notice of interest payment provided by the bank. When reporting to management, the interest rate is expressed at a rate of change of 1% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

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 $36,078 and $52,868 for the years ended December 31, 2022 and 2021, respectively, which mainly results from bank loans with variable interest rates.

5) Fair value of financial instruments

Types of financial instruments and fair value.

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

(aa) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information on the exposure to risks, the Group'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 Group. 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 Group. 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 Group faces. The Group 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 Group's operations. Through advocating and through the usage of management policies and operation procedures, the Group intends to develop a disciplined and constructive control environment with engaging employees who understands their own roles and responsibilities.

(iii) Credit risk

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

1) Accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group'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 Group' s finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group' 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 Group' s receivables include various categories of customers, located in different geographical area. The Group manages its customers' credit risk exposure with based on of their financial condition, and will purchase credit and guarantee insurance when necessary.

The Group 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 Group' s finance department. Since the Group' 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 Group's policies, it is only permissible to provide financial guarantees to wholly-owned subsidiaries. For the endorsements provided to subsidiaries as of December 31, 2022, please refer to note (13)(a)(ii).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group'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 Groupshall 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 Group's reputation.

The Group 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 Group 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, 2022 and 2021 were $2,338,347 and $1,144,408 and, 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 Group'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 Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group'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 Group 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 Group 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.

2) Cash flow risk related to interest rate change

Short and long-term borrowings of the Group 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- and long-term borrowings, as well as the future cash flow.

(Continued)

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(ab) 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 Group, capital surplus, and retained earnings. The Board controls return on capital while simultaneously overseeing the level of dividends on common stock.

The Group manages its capital using debt-to-equity ratio, which is calculated by dividing the net debt by shareholder's equity. The net debt equals to the total liabilities in the balance sheet, minus cash and cash equivalent; and the shareholder' s equity equals to net debt, plus all components of equity, including ordinary shares, capital surplus, retained earnings, and other equity interest.

The debt-to-equity ratio as of the reporting date were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 6,205,429	7,905,505
Less：cash and cash equivalents	(2,100,360)	(702,518)
Net liabilities	4,105,069	7,202,987
Total equity (excluding non-controlling interests)	3,890,042	2,532,036
Adjust capital	**$ 7,995,111**	**9,375,023**
Debt-to-equity ratio	**51.34 %**	**73.99 %**

For the year ended 2022, the financial structure of the Group has vastly improved due to its cash capital increase, sales of its real estate in a non-remote area of California and strengthening of its operating capital control.

(ac) 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.

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

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	January 1, 2022	Cash inflow	Cash Outflow	Non-cash changes: Foreign exchange movement	Non-cash changes: Unrealized gain of the sale-leaseback	Non-cash changes: Increase in Right-of-use assets	Non-cash changes: Conversion of convertible bonds and Others	December 31, 2022
Short-term borrowings	$ 2,917,638	5,156,538	(6,057,294)	6,758	-	-	-	2,023,640
Short-term notes and bills payable	229,906	(169)	-	-	-	-	-	229,737
Bonds payable (includes current portion)	128,930	-	-	-	-	-	(112,268)	16,662
Lease liabilities	494,641	-	(164,773)	47,398	148,599	36,495	-	562,360
Long-term borrowings (includes current portion)	2,369,245	1,169,531	(2,101,553)	146,899	-	-	-	1,584,122
Total liabilities from financing activities	**$ 6,140,360**	**6,325,900**	**(8,323,620)**	**201,055**	**148,599**	**36,495**	**(112,268)**	**4,416,521**

	January 1, 2021	Cash inflow	Cash Outflow	Non-cash changes: Foreign exchange movement	Non-cash changes: Increase in Right-of-use assets	Non-cash changes: Government grant reclassified as other income	Non-cash changes: Conversion of convertible bonds and Others	December 31, 2021
Short-term borrowings	$ 2,356,577	3,412,480	(2,826,574)	16,369	-	(41,214)	-	2,917,638
Short-term notes and bills payable	129,886	100,020	-	-	-	-	-	229,906
Bonds payable (includes current portion)	138,370	-	-	-	-	-	(9,440)	128,930
Lease liabilities	436,229	-	(97,878)	(14,736)	171,026	-	-	494,641
Long-term borrowings (includes current portion)	1,350,801	2,016,712	(969,785)	(28,483)	-	-	-	2,369,245
Total liabilities from financing activities	**$ 4,411,863**	**5,529,212**	**(3,894,237)**	**(26,850)**	**171,026**	**(41,214)**	**(9,440)**	**6,140,360**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 46,663	24,452
Post-employment benefits	596	596
Total	**$ 47,259**	**25,048**

For the years ended December 31, 2022, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was $3,784, and the balance of lease liabilities amounted to $5,428 (including current and non-current), also, no rent expense was recognized during the period.

For the years ended December 31, 2021, the Group rented 4 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was $3,590, and the balance of lease liabilities amounted to $10,014 (including current and non-current), also, the rent expense of $149 was recognized during the period.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Land ,plant and buildings	Long-term borrowings	$ 249,841	668,797
Other financial asset － non-current	Long-term borrowings	6,063	5,407
Guarantee deposits paid	Long-term borrowings and Customs security deposits	15,331	15,331
Total		$ 271,235	689,535

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

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

Supplier	Contract Period	Pricing Terms	Product	Breach Clause
A	2022.01~2022.12	Average price (in USD) listed in LME of the previous month, plus, US$145, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of $6,400 per ton of conversion cost	1,200~3,600 tons of copper wire	Late payment surcharge at 10% annual rate
B	2022.01~2022.12	Average price listed in Shanghai Futures Exchange (aka SHFE) agreed by both parties, considering any premiums or discounts, plus, an additional amount of CNY$1,010 per ton of conversion cost, depending on the product specification	600~1,800tons of copper wire	5% of the total amount

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Supplier	Contract Period	Pricing Terms	Product	Breach Clause
D	2022.05~2023.04	Spot price listed in LME agreed by both parties, considering any premiums or discounts, plus, an additional amount of US$225 per ton of conversion cost	240~1,800 tons of copper rods	1. 30% of amount overdue 2. Late payment surcharge at 1% rate per year
F	2022.01~2022.12	Average price (in USD) listed in LME of the previous month, plus, US$145, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of $6,900 per ton of conversion cost	920~1,690 tons of copper wire	1. Late payment surcharge at 10% rate per year 2. Supplier can demand back parts of the unpaid purchased wires upon overdue

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

	December 31, 2022	December 31, 2021
Acquisition of equipments	$ 13,037	15,187

(iii) Unused letters of credit: None.

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

(b) Significant contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: Please refer to note 6(s)(iii).

(12) Other:

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

by Function / by Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	296,978	767,118	1,064,096	291,306	766,173	1,057,479
Labor and health insurance (Note 1)	8,942	104,515	113,457	9,436	95,089	104,525
Pension (Note 2)	7,831	24,944	32,775	11,410	24,918	36,328
Remuneration of directors	-	36,274	36,274	-	6,575	6,575
Other employee benefits	5,602	13,938	19,540	6,141	15,439	21,580
Depreciation	68,225	175,407	243,632	74,123	138,380	212,503
Amortization	2,287	31,734	34,021	1,746	40,211	41,957

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

Note 2: Includes local endowment insurance of China subsidiaries.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the years ended December 31, 2022 required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	WUXI UNIVERSAL	Other receivables	Yes	35,848 (RMB8,000 thousand)	-	-	-	1	1,898,633	Business operation	-	-	-	1,898,633	1,898,633
0	The Company	YUE FONG COMPANY LIMITED	Other receivables	Yes	23,376 (USD800 thousand)	15,330 (USD500 thousand)	15,330	-	2	-	Business operation	-	-	-	972,511	1,556,017
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Other receivables	Yes	171,842 (USD5,840 thousand)	85,848 (USD2,800 thousand)	85,848	-	1	613,016	Business operation	-	-	-	613,016	613,016
1	PRIME WIRE & CABLE INC.	BESTLINK NETWARE INC.	Other receivables	Yes	48,248 (USD1,500 thousand)	45,990 (USD1,500 thousand)	-	2.30~ 3.25%	2	-	Business operation	-	-	-	1,047,762	1,047,762
2	EUROPOWER INTERNATIONAL LIMITED	PREMIUM-LINE KSI GMBH	Other receivables	Yes	53,311 (EUR1,676 thousand)	-	-	-	2	-	Business operation	-	-	-	800,837	800,837
2	EUROPOWER INTERNATIONAL LIMITED	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	157,863 (USD4,908 thousand)	19,929 (USD4,908 thousand)	-	0%~ 1.15%	2	-	Business operation	-	-	-	800,837	800,837
2	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	1,035,075 (USD37,000 thousand)	797,160 (USD26,000 thousand)	705,180	-	2	-	Business operation	-	-	-	800,837	800,837
3	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	The Company	Other receivables	Yes	160,825 (USD5,000 thousand)	153,300 (USD5,000 thousand)	49,669	-	2	-	Business operation	-	-	-	1,393,448	1,393,448
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	96,495 (USD3,000 thousand)	91,980 (USD3,000 thousand)	87,678		2	-	Business operation	-	-	-	3,426,779	3,426,779
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	Other receivables	Yes	466,393 (USD14,500 thousand)	444,570 (USD14,500 thousand)	352,590		2	-	Business operation	-	-	-	3,426,779	3,426,779
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	Other receivables	Yes	55,284 (EUR1,700 thousand)	55,284 (EUR1,700 thousand)	54,518		2	-	Business operation	-	-	-	3,426,779	3,426,779
4	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	138,310 (USD4,300 thousand)	131,838 (USD4,300 thousand)	130,548		2	-	Business operation	-	-	-	3,426,779	3,426,779
5	UNC INVESTMENT & DEVELOMENT INC.	PRIME WIRE & CABLE INC.	Other receivables	Yes	524,280 (USD17,000 thousand)	521,220 (USD3,000 thousand)	521,220	3%	2	-	Business operation	-		-	1,415,199	1,415,199
5	UNC INVESTMENT & DEVELOMENT INC.	MONOPRICE INC.	Other receivables	Yes	308,400 (USD10,000 thousand)	306,600 (USD10,000 thousand)	306,600	3%	2	-	Business operation	-		-	1,415,199	1,415,199

Note 1: The numbers are filled in as follows:

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

Note 2: Purposes of financing are labelled as follows:

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

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

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

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

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(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor (Note 1)	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	WUXI UNIVERSAL NETWORK CORPORATION	1, 2	3,890,042	1,086,530	799,488	201,231	-	20.55 %	7,780,084	Y	N	Y
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1, 2	3,890,042	100,000	100,000	40,470	-	2.57 %	7,780,084	Y	N	N
0	The Company	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	1, 2	3,890,042	160,825	153,500	42,280	-	3.95 %	7,780,084	Y	N	N
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1, 2	3,890,042	58,850	-	-	-	- %	7,780,084	Y	N	N
1	PRIME WIRE & CABLE, INC.	UNC INVESTMENT & DEVELOPMENT, INC	1, 4	1,047,762	454,359	-	-	-	- %	2,095,524	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 "Guideliness Governing the Preperation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the followings:
1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

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

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

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

Note 1: In 2015, the Group determined that the investee was showing indications of impairments and recognized the full amount of impairment loss. In 2016, the investee ceased its business operation, and have yet to be liquidated as of December 31, 2022.

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount (Note 2)	Amount actually receivable	Gain from disposal (Note 2)	Counter-party	Nature of relationship	Purpose of disposal	Price reference (Note 3)	Other terms
UNC INVESTMENT & DEVELOPMENT, INC.	Land and buildings	(Note 1)	2013.3.22	447,321	2,625,735	The full amount had been received after the deed transfer.	2,029,815	Atlantic SPC Acquisition Holdings,LLC	None	Enrich the working capital of the Group	2,526,396	(Note 4)

Note 1: The signing of contract date was May 11,2022, and the date of deed transfer was July 7, 2022.

Note 2:The selling price, selling expense, and income tax, amounted to $2,625,735 (USD88,000 thousand), $86,205 (USD2,889 thousand), and $623,612 (USD20,900 thousand), respectively. Moreover, the deduction of above selling price of $2,625,735, minus the carrying amount of $447,321, less the unrealized gain on the sale-leaseback of $148,599, resulted in the gain on disposal of $2,029,815.

Note 3: The appraisal amount of $2,526,396 (USD86,000 thousand), which was similar to the fair value, was based on the report issued by a professional appraiser.

Note 4: The Group subsequently agreed with the seller to lease back the warehouse for 18 months, which were recognized in right-of-use asset and lease, after the completion of the deed transfer for its operational use and to facilitate the relocation of its warehouse thereafter.

(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)

			Transaction details (Note 4)				Transactions with terms different from others		Notes/Accounts receivable (payable) (Note 4)		
Name of company	Related party	Nature of relationship	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)	Note
The Company	DONGGUAN YFC	Parent company to subsidary	Purchases	301,772 (USD10,363 thousand)	7.05 %	OA 90 days	-	-	(14,538) (USD474 thousand)	(3.49)%	
The Company	WUXI UNIVERSAL	Parent company to subsidary	Purchases	1,898,633 (USD64,836 thousand)	44.36 %	OA 90 days	-	-	(249,274) (USD8,130 thousand)	(59.84)%	
The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Parent company to subsidary	Purchases	613,012 (USD20,860 thousand)	14.32 %	OA 90 days	-	-	-	-%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	DONGGUAN YFC	Subsidiary to subsidiary	Purchases	112,575 (USD3,818 thousand)	17.62 %	OA 90 days	-	-	(63,918) (USD2,085 thousand)	(13.48)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	WUXI UNIVERSAL	Subsidiary to subsidiary	Purchases	152,687 (USD5,231 thousand)	23.89 %	OA 90 days	-	-	(127,953) (USD4,173 thousand)	(26.99)%	
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchases	612,982 (USD20,755 thousand)	27.90 %	OA 90 days	-	-	(99,376) (USD3,297 thousand)	(100.00)%	
BESTLINK NETWARE INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchase	256,371 (USD8,730 thousand)	89.08 %	OA 90 days	-	-	(131,054) (USD4,512 thousand)	(100.00)%	
YFC-EUROPOWER INTERNALTIONAL CO., LTD	The Company	Subsdiary to parent company	Purchase	176,197 (USD5,905 thousand)	24.98 %	OA 90 days	-		(98,564) (USD3,215 thousand)	(42.92)%	
MONOPRICE, INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchase	516,058 (USD17,027 thousand)	36.33 %	OA 60 days	-		(427,417) (USD13,941 thousand)	(66.58)%	

Note 1: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 29.8379.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 30.6600.

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

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Parent company to subsidiary	Other receivable: 268,858	2.76	-	-	10,463	-
WUXI UNIVERSAL	The Company	Subsidiary to parent company	Accounts receivable: 249,274	5.33	-	-	220,319	-
WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 127,953	1.54	-	-	6,888	-
YFC-EUROPOWER INTERNALTIONAL CO., LTD	BESTLINK NETWARE INC.	Subsidiary to subsidiary	Accounts receivable: 131,054	2.16	-	-	37,943	-
YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	Subsidiary to subsidiary	Accounts receivable: 427,417	1.82	-	-	167,882	-

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

Note 2: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 29.8379.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 30.6600.

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

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended December 31, 2022 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PRIME WIRE & CABLE, INC.	1	Sales	612,982	A percentage of gross profit	5%
0	The Company	PRIME WIRE & CABLE, INC.	1	Accounts Receivable	99,376	OA 90 days	1%
0	The Company	MONOPRICE INC.	1	Sales	16,258	A percentage of gross profit	-%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Sales	53,538	A percentage of gross profit	-%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Accounts Receivable	49,266	OA 90 days	-%
0	The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	1	Other Receivable	73,463	The Company payment for goods on behalf of the subsidiary	1%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Sales	176,197	A percentage of gross profit	2%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Accounts Receivable	139,881	OA 90 days	1%
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1	Other Receivable	268,858	The Company payment for goods on behalf of the subsidiary	3%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Miscellaneous Income	39,350	Management service income	-%
0	The Company	YUE FONG COMPANY LIMITED	1	Other Receivables	15,330	Based on collection status	-%

(Continued)

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Notes to Consolidated Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended December 31, 2022 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	1	Other Receivables	85,848	Based on collection status	1%
0	The Company	WUXI UNIVERSAL	1	Accounts Receivable	11,288	OA 90 days	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	24,400	The Company collects payment for goods on behalf of the subsidiary	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	705,180	Based on collection status	7%
2	DONGGUAN YFC	The Company	2	Sales	301,772	A percentage of gross profit	3%
2	DONGGUAN YFC	The Company	2	Accounts Receivable	14,538	OA 90 days	-%
2	DONGGUAN YFC	WUXI UNIVERSAL	3	Sales	44,420	A percentage of gross profit	-%
2	DONGGUAN YFC	WUXI UNIVERSAL	3	Accounts Receivable	13,002	OA 90 days	-%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS Corp	3	Sales	112,575	A percentage of gross profit	1%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivable	63,918	OA 90 days	1%
2	DONGGUAN YFC	YFC-EUROPOWER INTERNATIONAL CO., LTD	3	Sales	25,520	A percentage of gross profit	-%
3	WUXI UNIVERSAL	The Company	2	Sales	1,898,633	A percentage of gross profit	16%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivable	249,274	OA 90 days	2%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS Corp.	3	Sales	152,687	A percentage of gross profit	1%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS Corp.	3	Accounts Receivable	127,953	OA 90 days	1%
3	WUXI UNIVERSAL	PREMIUM-LINE KSI GMBH	3	Sales	12,574	A percentage of gross profit	-%
3	WUXI UNIVERSAL	PREMIUM-LINE KSI GMBH	3	Accounts Receivable	19,500	OA 90 days	-%
3	WUXI UNIVERSAL	YFC-EUROPOWER INTERNATIONAL CO., LTD	3	Sales	33,911	A percentage of gross profit	-%
3	WUXI UNIVERSAL	YUE FONG COMPANY LIMITED	3	Accounts Receivable	11,799	OA 90 days	-%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Sales	31,820	A percentage of gross profit	-%
4	PRIME WIRE & CABLE, INC.	MONOPRICE INC.	3	Accounts Receivable	18,276	OA 90 days	-%
5	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE, INC	3	Other Receivables	521,220	Based on collection status	5%
5	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Other Receivables	306,600	Based on collection status	3%
5	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE,INC.	3	Rent Revenue	12,488	Changed monthly	-%

(Continued)

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

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended December 31, 2022 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
6	BESTLINK NETWARE INC.	PRIME WIRE & CABLE, INC.	3	Sales	10,017	A percentage of gross profit	-%
7	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Sales	613,012	A percentage of gross profit	5%
8	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	The Company	2	Other Receivable	49,669	Based on collection status	-%
9	YFC-EUROPOWER INTERNATIONAL CO., LTD	MONOPRICE INC.	3	Sales	516,058	A percentage of gross profit	4%
9	YFC-EUROPOWER INTERNATIONAL CO., LTD.	MONOPRICE INC.	3	Accounts Receivable	427,417	OA 60 days	4%
9	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Sales	256,371	A percentage of gross profit	2%
9	YFC-EUROPOWER INTERNATIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Accounts Receivable	131,054	OA 90 days	1%
9	YFC-EUROPOWER INTERNATIONAL CO., LTD.	YFC-BONEAGLE INTERNATIONAL,INC.	3	Accounts Receivable	24,426	OA 90 days	-%
10	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	2	Other Receivable	352,590	Based on collection status	3%
10	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	3	Other Receivable	87,678	Based on collection status	1%
10	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	130,548	Based on collection status	1%
10	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	3	Other Receivable	54,518	Based on collection status	1%

Note 1: The numbers are filled in as follows:
1. 0 represents the Company.
2. Investees are sorted in numerical order starting from 1.

Note 2: The nature of the relationship is labelled as follows:
1. represents transactions from the Company to subsidiaries.
2. represents transactions from subsidiaries to the Company.
3. represents transactions between subsidiaries.

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

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

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (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 December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares (thousands)	Balance as of December 31, 2022 Percentage of Ownership	Balance as of December 31, 2022 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Investment income (loss)	Note
The Company	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,794,633 (USD54,876 thousand)	1,781,915 (USD54,423 thousand)	53,906	100.00 %	3,367,164	100.00 %	(17,139)	(39,249)	The difference between the subsidary's profit and loss, and the Company's recognized profit and loss was due to the decreasing in downstream unrealized gain amounting to $378 and the increasing in sidestream unrealized gain amounting to $22,488.
〃	BESTLINK NETWARE INC.	USA	Trading business	31,393 (USD1,000 thousand)	31,393 (USD1,000 thousand)	1,000	100.00 %	56,203	100.00 %	12,282	12,282	
〃	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50 thousand)	1,496 (USD50 thousand)	50	100.00 %	1,415,199	100.00 %	1,319,471	1,319,471	
〃	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600 thousand)	28,193 (EUR600 thousand)	-	100.00 %	(57,115)	100.00 %	(6,484)	(6,484)	
〃	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USA32,507 thousand)	1,031,853 (EUR32,507 thousand)	100	100.00 %	821,861	100.00 %	(321,831)	(321,831)	
〃	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,077 (EUR30 thousand)	1,077 (EUR30 thousand)	-	100.00 %	-	100.00 %	-	-	
〃	YUE FONGCOMPANY LIMITED	Vietnam	Trading business	5,989 (USD200 thousand)	5,989 (USD200 thousand)	-	100.00 %	(8,582)	100.00 %	(4,441)	(4,441)	
〃	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Taiwan	Trading business	500	500	50	100.00 %	25,262	100.00 %	16,580	16,580	
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	752,008 (USD22,807 thousand)	752,008 (USD22,807 thousand)	22,807	100.00 %	1,393,448	100.00 %	(100,836)	(100,836)	
〃	EUROPOWER INTERNATIONAL LIMITED	B.V.I	Trading business	161,778 (USD4,890 thousand)	161,778 (USD4,890 thousand)	4,890	100.00 %	800,837	100.00 %	(24,123)	(24,123)	
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	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 %	656,740	100.00 %	110,826	110,826	
〃	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720 thousand)	23,392 (USD720 thousand)	720	80.00 %	25,656	80.00 %	2,344	1,875	
〃	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50 thousand)	1,472 (USD50 thousand)	50	100.00 %	576	100.00 %	67	67	
〃	YFC-BONEAGLE INTERNATIONAL, INC	Philippines	Trading business	18,558 (USD653 thousand)	5,840 (USD200 thousand)	653	100.00 %	(756)	100.00 %	11,807	11,807	
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20 thousand)	608 (USD20 thousand)	75	100.00 %	544	100.00 %	-	-	
〃	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 %	(80,385)	100.00 %	(26,932)	(26,932)	
〃	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100 thousand)	3,085 (USD100 thousand)	1,000	100.00 %	14,183	100.00 %	33	33	
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	PRIME WIRE & CABLE, INC.	USA	Sale of electronic calculator software and hardware, network equipment and electronic appliances	511,700 (USD15,500 thousand)	511,700 (USD15,500 thousand)	15,500	100.00 %	1,047,762	100.00 %	(54,222)	(54,222)	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	500	100.00 %	821,861	100.00 %	(321,831)	(321,831)	

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

(Continued)

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of December 31, 2022	Accumulated remittance of earnings in current period
					Outflow	Inflow							
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	Manufacturing and sale of power cables, wires, and outlets	241,998 (USD7,387 thousand)	(2)	240,494 (USD7,007 thousand)	-	-	240,494 (USD7,007 thousand)	(51,590)	100.00%	100.00 %	(51,590) (1)	318,799	-
WUXI UNIVERSAL NETWORK CORPORATION	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000 thousand)	(2)	646,459 (USD20,000 thousand)	-	-	646,459 (USD20,000 thousand)	112,348	100.00%	100.00 %	112,348 (1)	653,621	-
CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD.	Processing and sale of communication products and internet cables	9,593 (USD300 thousand)	(2)	9,593 (USD300 thousand)	-	-	9,593 (USD300 thousand)	4,242	100.00%	100.00 %	4,242 (1)	127	-
YFC INTERNATIONAL TRADING (WUXI) CO., LTD.	Sale of electronic calculator software and hardware, network equipment and electronic appliances	31,032 (USD1,000 thousand)	(2)	23,381 (USD753 thousand)	-	-	23,381 (USD753 thousand)	-	-	-	- (1)	-	-
T-MARK	Wholesaling business	900,877 (HKD234,228 thousand)	(2)	167,022 (HKD42,000 thousand)	-	-	167,022 (HKD42,000 thousand)	-	15.81%	15.81 %	- (2)	(Note 6)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 4)	Upper Limit on Investment (Note 5)
1,084,829 (USD33,643 thousand)	1,101,189 (USD34,022 thousand)	-

Note 1: The method of investments are as follows:
(1) Direct investment in subsidiaries in Mainland China.
(2) Indirect investment through investment holdings companies
(3) Others

Note 2: The investment gains and losses for the period are:
(1) recognized based on the Company's financial statements, as reviewed by the CPA
(2) not recognized as profit or loss, and is instead recognized as financial asset at the fair value of the investment

Note 3: The amount shown is the actual accumulated investment in Mainland China as of December 31, 2022. The Group will apply for adjustment in the amount of investment in Mainland China to the Investment Commission, MOEA, after the proceeds from disposal of YFC INTERNATIONAL TRADING (WUXI) CO., LTD. have been transferred back to Taiwan.

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

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

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

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

(iii) Significant transactions:

Please refer to “Information on significant transaction” for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China during the years ended December 31, 2022 .

(d) Major shareholders: No shareholders holding more than 5% of the shares.

(14) Segment information:

(a) General information

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

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

The operating segment information and reconciliation were as follows:

	For the year ended December 31, 2022				
	Manufacturing	**Wholesaling**	**Online retailing**	**Adjustments and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 4,290,364	3,175,802	4,204,459	-	11,670,625
Inter-segment revenue	4,075,107	826,300	10,017	(4,911,424)	-
Interest income	1,625	4,697	734	-	7,056
Total revenues	**$ 8,367,096**	**4,006,799**	**4,215,210**	**(4,911,424)**	**11,677,681**
Interest expense	$ 83,032	35,123	42,713	-	160,868
Depreciations and amortization	108,773	32,503	136,377	-	277,653
Reportable segment profit or loss	**$ 713,071**	**1,882,515**	**(267,629)**	**(889,740)**	**1,438,217**
Capital expenditures on non-current asset	179,717	5,649	8,673	-	194,039
Reportable segment assets	**$ 11,282,241**	**4,564,344**	**3,229,502**	**(8,975,485)**	**10,100,602**
Reportable segment liabilities	**$ 5,698,655**	**2,127,816**	**2,351,438**	**(3,972,480)**	**6,205,429**

	For the year ended December 31, 2021				
	Manufacturing	**Wholesaling**	**Online retailing**	**Adjustments and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 3,984,849	3,324,073	5,138,006	-	12,446,928
Inter-segment revenue	5,860,858	360,878	6,022	(6,227,758)	-
Interest income	1,367	144	40	(713)	838
Total revenues	**$ 9,847,074**	**3,685,095**	**5,144,068**	**(6,228,471)**	**12,447,766**
Interest expense	$ 48,677	28,584	27,179	(713)	103,727
Depreciations and amortization	102,207	28,482	123,771	-	254,460
Reportable segment profit or loss	**$ 44,780**	**172,574**	**(38,561)**	**(46,409)**	**132,384**
Capital expenditures on non-current asset	67,010	10,860	58,211	-	136,081
Reportable segment assets	**$ 11,333,852**	**3,419,090**	**3,648,665**	**(7,959,404)**	**10,442,203**
Reportable segment liabilities	**$ 7,179,506**	**2,416,025**	**2,474,362**	**(4,164,388)**	**7,905,505**

(Continued)

(c) Product and service information

Information on the Group's revenue from external customers was as follows:

Products		2022	2021
CABLE	$	3,753,143	3,298,867
POWER CORD		5,289,707	5,514,354
Consumer electronic		2,278,004	3,234,502
Others		349,771	399,205
Total	$	**11,670,625**	**12,446,928**

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Geographical Information		2022	2021
Revenue from external customers:			
United States	$	10,028,889	10,101,886
Mainland China		305,183	718,956
Taiwan		298,890	320,503
Canada		346,734	390,074
United Kingdom		93,031	99,839
Other countries		597,898	815,670
Total	$	**11,670,625**	**12,446,928**

Geographical Information		December 31, 2022	December 31, 2021
Non-current assets:			
Taiwan	$	313,418	349,481
Mainland China		447,840	453,378
United States		859,295	1,319,754
Other countries		279,163	166,736
Total	$	**1,899,716**	**2,289,349**

Non-current assets include property, plant, and equipment, intangible assets, right-of-use assets, prepayments for business facilities, and prepaid for land, but does not include financial instrument, deferred tax assets, corporate bonds, and time deposits or other assets pledged as collateral.

(e) Information on revenue from major customers

For the years ended December 31, 2022 and 2021, the amounts of sales to customers representing greater than 10% of net revenue were as follows:

		2022	2021
Company G	$	**2,068,683**	**1,195,399**