

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report**

For The Six Months Ended June 30, 2021 And 2020

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(R.O.C.)**

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Notice to readers

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

The Board of Director's
YEN SUN TECHNOLOGY CORP.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yen Sun Technology Corporation. (the Company) and subsidiaries as of June 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$20,260 thousand and \$34,141 thousand, both constituting 1% of consolidated total assets as of June 30, 2021 and 2020. Total liabilities amounting to \$10,830 thousand and \$16,050 thousand, both constituting 1% of consolidated total liabilities as of June 30, 2021 and 2020. The total comprehensive loss amounting to \$2,058 thousand, \$1,668 thousand, \$4,313 thousand and \$(7,882) thousand, constituting 4%, 5%, 4% and (16) % of consolidated total comprehensive loss for the three and six months ended June 30, 2021 and 2020, respectively.

Qualified Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Yen Sun Technology Corp. and subsidiaries as of June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' review report are Po Jen, Yang and Chen Lung, Hsu

KPMG
Taipei, Taiwan (Republic of China)
August 10, 2021

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

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31, 2020 and June 30,2020

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

		<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>				<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 176,466	6	289,207	11	217,965	8	2100	Short-term borrowings (note 6(12) and 8)	\$ 151,590	5	101,606	4	257,778	10
1151	Notes receivables, net (note 6(4) and (21))	18,986	1	24,056	1	28,125	1	2120	Current financial liabilities at fair value through						
1170	Accounts receivable, net (note 6(4) and (21))	979,815	32	742,484	28	873,780	34		profit or loss (note 6(2))	392	-	-	-	-	-
130X	Inventories (note 6(6))	917,512	30	699,311	26	618,791	24	2170	Accounts payable	877,740	29	710,441	27	671,050	26
1476	Other financial assets (note 6(5) and 8)	27,609	1	20,309	1	27,513	1	2200	Other payables	269,918	9	175,154	7	135,646	5
1479	Other current assets (note 6(11))	41,269	1	36,704	1	29,836	1	2230	Current income tax liabilities	73,140	2	39,278	1	31,726	1
	Total current assets	<u>2,161,657</u>	<u>71</u>	<u>1,812,071</u>	<u>68</u>	<u>1,796,010</u>	<u>69</u>	2280	Current lease liabilities (note 6(14))	25,197	1	22,380	1	17,926	1
Non-Current Assets								2320	Long-term borrowings, current portion (note 6(13)						
1517	Non-current financial assets at fair value through								and 8)	87,404	3	50,635	2	36,560	1
	other comprehensive income (note 6(3))	24,258	1	4,383	-	2,787	-	2399	Other current liabilities (note 6(15) and (21))	47,655	1	36,462	1	29,469	1
1600	Property, plant and equipment (note 6(7) and 8)	667,858	22	660,639	25	633,971	25		Total of current liabilities	<u>1,533,036</u>	<u>50</u>	<u>1,135,956</u>	<u>43</u>	<u>1,180,155</u>	<u>45</u>
1755	Right-of-use assets (note 6(8))	129,568	4	128,284	5	112,570	5		Non-current liabilities:						
1760	Investment Property (note 6(9))	12,286	-	12,677	-	12,326	-	2540	Long-term borrowings (note 6(13) and 8)	303,382	10	315,444	12	315,787	12
1780	Intangible assets (note 6(10))	6,233	-	3,118	-	3,572	-	2570	Deferred tax liabilities	1,320	-	315	-	127	-
1840	Deferred income tax assets	12,820	-	12,820	-	9,170	-	2580	Non-current lease liabilities (note 6(14))	111,625	4	111,688	4	98,632	4
1980	Other non-current financial assets (note 6(5) and 8)	14,621	1	13,871	1	8,529	-	2640	Net defined benefit liability, non-current	23,847	1	24,872	1	24,465	1
1990	Other non-current assets- Others (notes 6(11))	22,901	1	18,602	1	26,181	1	2670	Other non-current liabilities, others (note 6(15))	6,073	-	6,141	-	4,728	-
	Total non-Current Assets	<u>890,545</u>	<u>29</u>	<u>854,394</u>	<u>32</u>	<u>809,106</u>	<u>31</u>		Total non-current liabilities	<u>446,247</u>	<u>15</u>	<u>458,460</u>	<u>17</u>	<u>443,739</u>	<u>17</u>
									Total liabilities	<u>1,979,283</u>	<u>65</u>	<u>1,594,416</u>	<u>60</u>	<u>1,623,894</u>	<u>62</u>
									Equity attributable to owners of parent (note 6(19)):						
								3100	Capital stock	697,869	23	697,869	26	697,869	27
								3200	Capital surplus	119,761	4	119,761	4	119,761	5
								3300	Retained earnings	245,670	8	248,346	9	156,913	6
								3400	Other equity interest	21,392	-	17,846	1	18,452	-
								3500	Treasury stock	(11,773)	-	(11,773)	-	(11,773)	-
									Total equity	<u>1,072,919</u>	<u>35</u>	<u>1,072,049</u>	<u>40</u>	<u>981,222</u>	<u>38</u>
Total Assets		<u>\$ 3,052,202</u>	<u>100</u>	<u>2,666,465</u>	<u>100</u>	<u>2,605,116</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,052,202</u>	<u>100</u>	<u>2,666,465</u>	<u>100</u>	<u>2,605,116</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the three and six months ended June 30, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar)
(Reviewed, not audited)

		For the three months ended June 30,				For the six months ended June 30,			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (note 6(21))	\$ 992,009	100	948,111	100	1,943,212	100	1,647,710	100
5000	Operating costs (notes 6(6)(17))	806,844	82	790,782	84	1,582,171	82	1,377,665	84
5900	Gross Income from Operations	185,165	18	157,329	16	361,041	18	270,045	16
6000	Operating expenses (notes 6(17)(22)):								
6100	Selling expenses	48,660	5	49,012	5	90,844	5	90,999	5
6200	General and administrative expenses	32,285	3	25,192	3	64,520	3	45,869	3
6300	Research and development expenses	32,879	3	32,711	3	64,666	3	64,334	4
6450	Expected credit impairment loss(profit)(note6(4)(5)(24))	405	-	(230)	-	1,393	-	(3,947)	-
	Total operating expenses	114,229	11	106,685	11	221,423	11	197,255	12
6900	Net operating income	70,936	7	50,644	5	139,618	7	72,790	4
7000	Non-operating income and expenses (notes 6(23)):								
7100	Interest Income	88	-	721	-	135	-	758	-
7010	Other Income	13,011	1	5,672	-	20,683	1	11,363	1
7020	Other gains and losses	(10,525)	(1)	(11,442)	(1)	(14,457)	(1)	(11,948)	(1)
7050	Finance costs	(3,228)	-	(3,449)	-	(6,401)	-	(7,281)	-
	Total non-operating income and expenses	(654)	-	(8,498)	(1)	(40)	-	(7,108)	-
7900	Profit before income tax from continuing operations:	70,282	7	42,146	4	139,578	7	65,682	4
7950	Loss: Income tax expense (notes 6(18))	20,378	2	11,758	1	38,723	2	18,122	1
8200	Net Profit (loss)	49,904	5	30,388	3	100,855	5	47,560	3
8300	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Instruments measured at fair value through other comprehensive income (notes 6(19))	1,720	-	323	-	3,875	-	(1,417)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	344	-	-	-	1,005	-	-	-
	Total items that will not be reclassified to profit or loss	1,376	-	323	-	2,870	-	(1,417)	-
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation (notes 6(19))	613	-	1,257	-	676	-	2,723	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that will be reclassified to profit or loss	613	-	1,257	-	676	-	2,723	-
8300	Other comprehensive income, net	1,989	-	1,580	-	3,546	-	1,306	-
8500	Comprehensive income	\$ 51,893	5	31,968	3	104,401	5	48,866	3
	Earnings per share (in dollar, note6(20))								
9750	Basic earnings per share	\$ 0.72		0.44		1.46		0.68	
9850	Diluted earnings per share	\$ 0.72		0.44		1.46		0.68	

See accompanying notes to consolidated financial statements.

(Reviewed, not audited)
YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2021 and 2020
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
							Other equity interest		Total	Treasury stock	Total equity
							Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income			
	Share capital	Retained earnings									
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance at January 1, 2020	\$ 697,869	119,761	43,394	3,798	62,161	109,353	16,173	973	17,146	-	944,129
Profit	-	-	-	-	47,560	47,560	-	-	-	-	47,560
Other comprehensive income	-	-	-	-	-	-	2,723	(1,417)	1,306	-	1,306
Total comprehensive income	-	-	-	-	47,560	47,560	2,723	(1,417)	1,306	-	48,866
Earnings allocation and distribution:											
Legal reserve appropriated	-	-	5,047	-	(5,047)	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(11,773)	(11,773)
Balance as of June 30, 2020	\$ 697,869	119,761	48,441	3,798	104,674	156,913	18,896	(444)	18,452	(11,773)	981,222
Balance at January 1, 2021	\$ 697,869	119,761	48,441	3,798	196,107	248,346	16,694	1,152	17,846	(11,773)	1,072,049
Profit	-	-	-	-	100,855	100,855	-	-	-	-	100,855
Other comprehensive income	-	-	-	-	-	-	676	2,870	3,546	-	3,546
Total comprehensive income	-	-	-	-	100,855	100,855	676	2,870	3,546	-	104,401
Earnings allocation and distribution:											
Cash dividend of common stock	-	-	-	-	(103,531)	(103,531)	-	-	-	-	(103,531)
Balance as of June 30, 2021	\$ 697,869	119,761	48,441	3,798	193,431	245,670	17,370	4,022	21,392	(11,773)	1,072,919

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 139,578	65,682
Adjustments:		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss (reversal gain)	1,393	(3,947)
Depreciation expense	51,551	45,191
Amortization expense	804	746
Interest expense	6,401	7,281
Net loss on financial liability at fair value through profit or loss	396	-
Interest income	(135)	(758)
Loss on disposal of property, plant and equipment	50	33
Unrealized foreign exchange loss (gain)	571	(1,854)
Total adjustments to reconcile profit:	61,031	46,692
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	5,070	(7,148)
Accounts receivable	(250,810)	(178,960)
Inventories	(221,575)	39,796
Other current assets	(4,762)	13,560
Other financial assets	(5,666)	2,827
Total net changes in operating assets:	(477,743)	(129,925)
Net changes in operating liabilities:		
Accounts payable	180,114	104,298
Other payable	(9,236)	(7,551)
Other current liabilities	10,825	1,766
Net defined benefit liability	(1,025)	(3,218)
Total net changes in operating liabilities	180,678	95,295
Total changes in operating assets and liabilities	(297,065)	(34,630)
Total adjustments	(236,034)	12,062
Cash inflow generated from operating	(96,456)	77,744
Interest received	157	749
Interest paid	(6,407)	(7,243)
Income taxes paid	(4,864)	(3,437)
Net cash flows from (used in) operating activities	(107,570)	67,813
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(16,000)	-
Acquisition of property, plant and equipment	(34,945)	(25,722)
Proceeds from disposal of property, plant and equipment	529	-
(Increase) decrease in guarantee deposits paid	(831)	828
Acquisition of intangible assets	(3,923)	(624)
(Increase) decrease in restricted deposit	(1,673)	1,223
Increase in prepayments for equipment	(15,752)	(13,181)
Increase in prepayment for land purchases	-	(13,000)
Net cash flows from (used in) investing activities:	(72,595)	(50,476)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	49,444	33,879
Proceeds from long-term borrowings	50,000	40,000
Repayment of long-term borrowings	(25,293)	(37,090)
Decrease of guarantee deposits	-	1,666
Payment of lease liabilities	(11,691)	(8,825)
Treasury stock buy back	-	(11,773)
Net cash flows from (used in) financing activities	62,460	17,857
Effect of exchange rate changes on cash and cash equivalents	4,964	4,339
Net increase (decrease) in cash and cash equivalents	(112,741)	39,533
Cash and cash equivalents at beginning of period	289,207	178,432
Cash and cash equivalents at end of period	\$ 176,466	217,965

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

(Reviewed, not audited)

1. Company history

Yen Sun Technology Corporation (the “Company”) was incorporated in March, 1987 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The six months ended consolidated financial statements of June 30, 2021 comprise the Company and subsidiaries (jointly referred to the Group). The major business activities of the Group are the manufacture and sale of home appliances and electronic cooling products such as electric fans, electric cookers, induction cookers, juice machines, bowl dryers, water dispensers, dehumidifiers, electric heaters and other home appliances, cooling fans, heat sink and thermal modules.

2. Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on August 10, 2021.

3. New standards, amendments and interpretations adopted

- (1) The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021 :

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions After June 30, 2021”

- (2) **The impact of IFRS endorsed by FSC but not adopted yet**

The Group has evaluated that the adoption of following new amendments, which will be effective from January 1, 2022, will not have a significant impact on its consolidated financial statements.

- 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”

- (3) Newly released or amended standards and interpretations not yet endorsed by the FSC:

The Group does not expect the following other new and amended standards, which have yet to

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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 “Classification of Liabilities as Current or Non-current”
- 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”

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed by FSC. These consolidated financial statements do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for full annual consolidated financial statements.

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 4 of 2020 consolidated financial statement for detail information.

(2) Basis of consolidation

A. Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Business activity	Shareholding			Explanation
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	YEN SUN TECHNOLOGY (BVI) CORP.	Investment holding	100%	100%	100%	Un-reviewed
The Company	YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	-
The Company	LUCRATIVE INTL GROUP INC.	Investment holding	100%	100%	100%	-
The Company	YEN JIU TECHNOLOGY CORP. (“YEN JIU”)	Sales and manufacture of home appliances products	100%	100%	100%	-
YEN SUN TECHNOLOGY (BVI) CORP.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD. (“SHANGHAI YENSUN”)	Sales and manufacture of home appliances products	100%	100%	100%	Un-reviewed
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN HUNG INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	Un-reviewed
YEN HUNG INTERNATIONAL CORP.	Y.H. TECH INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-
Y.H. TECH INTERNATIONAL CORP.	DARSON ELECTRONICS (DONGGUAN) LTD. (“DARSON”)	Manufacture of electronic cooling products	100%	100%	100%	-
DARSON LUCRATIVE INTL GROUP INC. (note)	YEN GIANT METAL (DONGGUAN) CO., LTD. (“YEN GIANT”)	Manufacture of electronic cooling fan and heat sink and thermal module products	100%	100%	100%	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Note: In accordance with the adjustment of the organizational structure of the Group, DARSON ELECTRONICS (DONGGUAN) LTD. ("DARSON") sold the equity of YEN GIANT METAL (DONGGUAN) CO., LTD. ("YEN GIANT") to LUCRATIVE INTL GROUP INC. on January 31, 2020. Because of it does not affect the Group's control of YEN GIANT, the aforementioned transaction is regarded as an equity transaction

B. Subsidiaries which are not included in the consolidated financial statements: None.

(3) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense is calculated based on an interim period's pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax. When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in the period at once.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

(4) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, "Interim Financial Reporting," and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might be different from the estimation.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the 2020 consolidated financial statements.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

6. Explanation of significant accounting items

Except as described below, the explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year 2020. Please refer to Note 6 of consolidated financial statements 2020.

(1) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash and petty cash	\$ 1,540	3,437	2,345
Check deposits	50	50	50
Demand deposits	174,576	283,711	215,270
Time deposits	<u>300</u>	<u>2,009</u>	<u>300</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 176,466</u></u>	<u><u>289,207</u></u>	<u><u>217,965</u></u>

(2) Financial liabilities at fair value through profit or loss

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial liability held for trading			
Foreign currency derivatives	<u><u>\$ 392</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

For the amount of financial liabilities at fair value through profit or loss, please refer to Note 6(23).

The transactions of foreign currency derivatives of the Group are used to manage the risks of the exchange rate that are exposed by business activities. Hedge accounting was not applied; The details of foreign currency derivatives that have not yet been settled at the end of the period are as follows:

		<u>June 30, 2021</u>	
	<u>Contract amount (thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange agreement :			
Sold	USD\$ 2,300	USD to RMB	July 13, 2021~August 13, 2021

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(3) Financial assets at fair value through other comprehensive income — Non-current

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks —			
Y.S. Tech U.S.A Inc.	\$ 8,258	4,383	2,787
Domestic un-listed stocks —			
CHENG TA HSIUNG			
CONSTRUCTION &			
DEVELOPMENT CO., LTD.	16,000	-	-
Total	<u>\$ 24,258</u>	<u>4,383</u>	<u>2,787</u>

The Group intends to hold this equity Instrument for long-term strategic purposes and not for trade intend therefore the Group designated these investments as equity securities at fair value through other comprehensive income.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of from three and six months ended June 30, 2021 and 2020.

For information of market risk, please refer to Note 6(24)

None of the abovementioned financial assets at fair value through other comprehensive profit or loss have been pledged as collateral.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(4) Notes and accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable from operating activities	\$ 18,986	24,056	28,125
Accounts receivables— measured as amortized cost	1,005,322	766,911	897,745
Less: Allowance for impairment	(25,507)	(24,427)	(23,965)
	<u>\$ 998,801</u>	<u>766,540</u>	<u>901,905</u>
Book as:			
Notes receivable	\$ 18,986	24,056	28,125
Net amount of accounts receivable	<u>979,815</u>	<u>742,484</u>	<u>873,780</u>
	<u>\$ 998,801</u>	<u>766,540</u>	<u>901,905</u>

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

	<u>June 30, 2021</u>		
	<u>Carrying amount of Notes and accounts receivable</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Not over due	\$ 978,611	0.06%	569
Overdue less than 90 days	21,222	2.87%	610
Overdue 91 to 180 days	181	34.64%	63
Overdue 181 to 240 days	71	59.57%	42
Overdue over 241 days	<u>24,223</u>	<u>100%</u>	<u>24,223</u>
	<u>\$ 1,024,308</u>		<u>25,507</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

	December 31, 2020		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 762,239	0.02%	153
Overdue less than 90 days	4,451	0.54%	24
Overdue 91 to 180 days	36	32.67%	12
Overdue 181 to 240 days	12	71.80%	9
Overdue over 241 days	24,229	100.00%	24,229
	<u>\$ 790,967</u>		<u>24,427</u>

	June 30, 2020		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 859,805	0.02%	132
Overdue less than 90 days	42,330	0.59%	250
Overdue 91 to 180 days	238	35.90%	86
Overdue 181 to 240 days	-	79.51%	-
Overdue over 241 days	23,497	100.00%	23,497
	<u>\$ 925,870</u>		<u>23,965</u>

The movement in the provision for impairment loss with respect to trade receivables was as follows:

	For the six months ended March 31	
	2021	2020
Balance at January 1	\$ 24,427	28,454
Impairment losses recognized (reversed)	1,388	(3,998)
Effect of changes in foreign exchange rates	(308)	(491)
Balance at June 30	<u>\$ 25,507</u>	<u>23,965</u>

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(24) for credit risk.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(5) Other financial assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Refundable deposits	\$ 9,619	8,870	6,528
Other receivables-disposal of operation department in Mainland China	23,776	24,151	23,125
Other receivables—Other	19,741	14,108	19,588
Restricted deposits	12,877	11,204	9,981
Less: Loss allowance-Overdue Receivable	(23,776)	(24,151)	(23,125)
Less: Loss allowance-Others	(7)	(2)	(55)
	<u>\$ 42,230</u>	<u>34,180</u>	<u>36,042</u>
Book as:			
Other financial assets—current	\$ 27,609	20,309	27,513
Other financial assets—non-current	14,621	13,871	8,529
	<u>\$ 42,230</u>	<u>34,180</u>	<u>36,042</u>

Please refer to Note 6(24) for credit risk. The abovementioned other financial assets pledged as collateral are disclosed in Note 8.

(6) Inventories

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Raw materials and supplies	\$ 439,265	276,121	276,485
Work in progress	294,502	198,865	157,324
Finished goods and Merchandise inventories	183,745	224,325	184,982
	<u>\$ 917,512</u>	<u>699,311</u>	<u>618,791</u>

For the three and six months ended June 30, 2021 and 2020, recognition of inventory impairment losses due to write-off of inventories to net realizable value was \$6,121 thousand, \$32,016 thousand, \$10,096 thousand and \$37,504 thousand, respectively; And has been recognize under operating costs.

Abovementioned inventories were not pledged as collaterals.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Mold Equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2021	\$ 291,685	186,408	256,380	421,722	98,267	1,396	1,255,858
Additions	163	4,052	26,012	12,370	3,977	644	47,218
Reclassification	-	942	-	-	-	(942)	-
Disposals	-	-	(1,342)	(663)	(221)	-	(2,226)
Effect of movements in exchange rates	-	(282)	(1,525)	(889)	(243)	(3)	(2,942)
Balance at June 30, 2021	\$ 291,848	191,120	279,525	432,540	101,780	1,095	1,297,908
Balance at January 1, 2020	\$ 267,535	182,286	224,997	402,029	95,114	426	1,172,387
Additions	-	1,931	14,017	10,552	2,501	630	29,631
Reclassification	-	-	-	-	422	(422)	-
Disposals	-	-	(1,359)	(94)	(153)	-	(1,606)
Effect of movements in exchange rates	-	(388)	(1,962)	(1,227)	(355)	(14)	(3,946)
Balance at June 30, 2020	\$ 267,535	183,829	235,693	411,260	97,529	620	1,196,466
Accumulated depreciation and Impairment:							
Balance at January 1, 2021	\$ -	39,854	144,651	344,140	66,574	-	595,219
Depreciation for the year	-	7,871	12,162	14,567	3,490	-	38,090
Disposals	-	-	(800)	(650)	(197)	-	(1,647)
Effect of movements in exchange rates	-	(177)	(667)	(597)	(171)	-	(1,612)
Balance at June 30, 2021	\$ -	47,548	155,346	357,460	69,696	-	630,050
Balance at January 1, 2020	\$ -	25,534	125,818	318,270	61,841	-	531,463
Depreciation for the year	-	6,963	9,887	14,405	3,597	-	34,852
Disposals	-	-	(1,353)	(72)	(148)	-	(1,573)
Effect of movements in exchange rates	-	(191)	(955)	(866)	(235)	-	(2,247)
Balance at June 30, 2020	\$ -	32,306	133,397	331,737	65,055	-	562,495
Carrying amounts:							
Balance at January 1, 2021	\$ 291,685	146,554	111,729	77,582	31,693	1,396	660,639
Balance at June 30, 2021	\$ 291,848	143,572	124,179	75,080	32,084	1,095	667,858
Balance at January 1, 2020	\$ 267,535	156,752	99,179	83,759	33,273	426	640,924
Balance at June 30, 2020	\$ 267,535	151,523	102,296	79,523	32,474	620	633,971

Please refer to Note 6(23) for detail of disposal gain and loss.

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in note 8.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(8) Right-of-use assets

The movements in the cost and depreciation of the leased buildings, construction and transportation equipment were as follows:

	Building and construction	Transportation equipment	Total
Right-of-use assets cost:			
Balance at January 1, 2021	\$ 162,889	6,371	169,260
Additions	15,421	803	16,224
Decrease	-	(1,551)	(1,551)
Effect of movements in exchange rates	(2,298)	-	(2,298)
Balance at June 30, 2021	<u>\$ 176,012</u>	<u>5,623</u>	<u>181,635</u>
Balance at January 1, 2020	\$ 139,850	3,855	143,705
Effect of movements in exchange rates	(3,356)	-	(3,356)
Balance at June 30, 2020	<u>\$ 136,494</u>	<u>3,855</u>	<u>140,349</u>
Accumulated Depreciation:			
Balance at January 1, 2021	\$ 38,059	2,917	40,976
Depreciation for the period	12,305	960	13,265
Decrease	-	(1,551)	(1,551)
Effect of movements in exchange rates	(623)	-	(623)
Balance at June 30, 2021	<u>\$ 49,741</u>	<u>2,326</u>	<u>52,067</u>
Balance at January 1, 2020	\$ 16,778	1,377	18,155
Depreciation for the period	9,418	728	10,146
Effect of movements in exchange rates	(522)	-	(522)
Balance at June 30, 2020	<u>\$ 25,674</u>	<u>2,105</u>	<u>27,779</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 124,830</u>	<u>3,454</u>	<u>128,284</u>
Balance at June 30, 2021	<u>\$ 126,271</u>	<u>3,297</u>	<u>129,568</u>
Balance at January 1, 2020	<u>\$ 123,072</u>	<u>2,478</u>	<u>125,550</u>
Balance at June 30, 2020	<u>\$ 110,820</u>	<u>1,750</u>	<u>112,570</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(9) Investment Property

	<u>Owned property</u>	<u>Building and construction</u>	
	<u>Building and construction</u>	<u>Land</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2021	\$ <u>5,868</u>	<u>6,809</u>	<u>12,677</u>
Balance at June 30, 2021	\$ <u>5,723</u>	<u>6,563</u>	<u>12,286</u>
Balance at January 1, 2020	\$ <u>5,880</u>	<u>6,976</u>	<u>12,856</u>
Balance at June 30, 2020	\$ <u>5,670</u>	<u>6,656</u>	<u>12,326</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of investment property for the six months ended June 30, 2021 and 2020. Please refer Note 6(8) for other related information.

There is no material difference between the fair value of investment property and the information disclosed in Note 6 (8) of the consolidated financial report for the year ended December 31, 2020.

Investment property were not pledged as collateral.

(10) Intangible assets

The cost, amortization and impairment loss of the Group's intangible assets are as follows:

	<u>Computer software</u>	<u>Other</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 43,300	17,531	60,831
Acquisition	3,923	-	3,923
Effect of movements in exchange rates	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Balance at June 30, 2021	\$ <u>47,218</u>	<u>17,531</u>	<u>64,749</u>
Balance at January 1, 2020	\$ 42,434	17,531	59,965
Acquisition	624	-	624
Effect of movements in exchange rates	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Balance at June 30, 2020	\$ <u>43,050</u>	<u>17,531</u>	<u>60,581</u>
Amortization and impairment losses:			
Balance at January 1, 2021	\$ 40,667	17,046	57,713
Amortization	714	90	804
Effect of movements in exchange rates	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Balance at June 30, 2021	\$ <u>41,380</u>	<u>17,136</u>	<u>58,516</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

	Computer software	Other	Total
Balance at January 1, 2020	\$ 39,397	16,866	56,263
Amortization	<u>656</u>	<u>90</u>	<u>746</u>
Balance at June 30, 2020	<u>\$ 40,053</u>	<u>16,956</u>	<u>57,009</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 2,633</u>	<u>485</u>	<u>3,118</u>
Balance at June 30, 2021	<u>\$ 5,838</u>	<u>395</u>	<u>6,233</u>
Balance at January 1, 2020	<u>\$ 3,037</u>	<u>665</u>	<u>3,702</u>
Balance at June 30, 2020	<u>\$ 2,997</u>	<u>575</u>	<u>3,572</u>

There were no intangible assets were pledged as collateral.

(11) Other current assets and Other non-current assets

The other current assets others and other non-current assets of the Group were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Prepayment for purchases	\$ 7,525	10,504	3,868
Prepaid expense	6,204	4,135	5,635
Prepayments for equipment	22,901	18,602	13,181
Prepayments for land purchases	-	-	13,000
Income tax refund receivable	24,403	17,894	16,107
Assets for right to recover product to be returned	2,399	3,437	3,485
Other	<u>738</u>	<u>734</u>	<u>741</u>
	<u>\$ 64,170</u>	<u>55,306</u>	<u>56,017</u>
Current	\$ 41,269	36,704	29,836
Non-current	<u>22,901</u>	<u>18,602</u>	<u>26,181</u>
	<u>\$ 64,170</u>	<u>55,306</u>	<u>56,017</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Letters of credit	\$ 590	1,606	-
Unsecured bank loans	106,000	60,000	197,778
Secured bank loans	<u>45,000</u>	<u>40,000</u>	<u>60,000</u>
Total	<u><u>\$ 151,590</u></u>	<u><u>101,606</u></u>	<u><u>257,778</u></u>
Unused short-term credit lines	<u><u>\$ 744,627</u></u>	<u><u>810,204</u></u>	<u><u>572,563</u></u>
Range of interest rates	<u><u>1.00%~1.2599%</u></u>	<u><u>1.00%~1.4823%</u></u>	<u><u>1.00%~3.48%</u></u>

For the collateral information of Group using asset as collateral for bank borrowings, please refer to Note 8.

(13) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank borrowings	\$ 124,802	85,969	46,419
Secured bank loans	<u>265,984</u>	<u>280,110</u>	<u>305,928</u>
	390,786	366,079	352,347
Less: current portion	<u>87,404</u>	<u>50,635</u>	<u>36,560</u>
Total	<u><u>\$ 303,382</u></u>	<u><u>315,444</u></u>	<u><u>315,787</u></u>
Unused long-term credit lines	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Range of interest rates	<u><u>1.25%~1.70%</u></u>	<u><u>1.35%~1.70%</u></u>	<u><u>1.35%~1.73%</u></u>

- A. The amount of long-term borrowing of the Group for the six months ended June 30, 2021 and 2020, was \$50,000 thousand and \$40,000 thousand, respectively. The interest rate is 1.25% and 1.35%~1.6%; the repayment amount was \$25,293 thousand and \$37,090 thousand, respectively.

Please refer to Note 6 (23) for interest expenses. For other related information, please refer to Note 6 (12) of the consolidated financial report for the year ended December 31, 2020.

- B. Assets pledged as collateral for long-term borrowings are disclosed in note 8.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(14) Lease liabilities

The details of lease liabilities were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current	<u>\$ 25,197</u>	<u>22,380</u>	<u>17,926</u>
Non-current	<u>\$ 111,625</u>	<u>111,688</u>	<u>98,632</u>

For maturity analysis, please refer to Note 6 (24) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30, 2021</u>	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2021</u>	<u>For the six months ended June 30, 2020</u>
Interest on lease liabilities	<u>\$ 1,509</u>	<u>1,370</u>	<u>3,088</u>	<u>2,817</u>
Expenses relating to short-term leases	<u>\$ 75</u>	<u>270</u>	<u>250</u>	<u>540</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 158</u>	<u>109</u>	<u>318</u>	<u>222</u>
COVID-19-Related Rent Concessions (Recognize as Other income)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>279</u>

The amounts recognized in the statement of cash flows for the Group were as follow:

	<u>For the six months ended June 30,2021</u>	<u>For the six months ended June 30,2020</u>
Total cash outflow for leases	<u>\$ 15,347</u>	<u>12,404</u>

A. Lease of land, Building and construction

Group leases buildings for its factory and warehouse. The leases typically run for a period of 3 to 6 years. Some leases include an option to renew the lease after the end of the contract term.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

B. Other leases

The Group leases transportation and equipment, with lease terms of 3 to 5 years.

In addition, the Group also leases office and office equipment with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(15) Other current and non-current liabilities

The details of other current and non-current liabilities were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Advance receipts	\$ 21,988	7,395	5,831
Guarantee deposit received	6,073	6,141	4,656
Provision for warranties	1,060	1,224	1,022
Refund liabilities	6,149	8,018	7,477
Other	<u>18,458</u>	<u>19,825</u>	<u>15,211</u>
	<u>\$ 53,728</u>	<u>42,603</u>	<u>34,197</u>
Current	\$ 47,655	36,462	29,469
Non-Current	<u>6,073</u>	<u>6,141</u>	<u>4,728</u>
	<u>\$ 53,728</u>	<u>42,603</u>	<u>34,197</u>

There was no significant movement of liabilities provision for the six months ended June 30, 2021 and 2020. Please refer Note 6(14) of consolidated financial report for the year ended December 31, 2020 for other related information

(16) Operating lease

There was no significant movement and addition of operating lease contracts for the six months ended June 30, 2021 and 2020. Please refer Note 6(15) of consolidated financial report for the year ended December 31, 2020 for other related information

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(17) Employee benefits

A. Defined benefit plans

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2020 and 2019.

Cost recognized in expense was as below:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating cost	\$ 51	73	103	145
Selling expenses	22	36	44	72
Total	<u>\$ 73</u>	<u>109</u>	<u>147</u>	<u>217</u>

B. Defined contribution plans

The Company and its subsidiary YEN JIU Company allocates 6% 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. The Group's subsidiaries defined contribution plans based on their respective local regulation; cost recognized in expense are as follow:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating cost	\$ 3,250	690	6,384	3,501
Selling expenses	634	592	1,301	1,256
General and administrative expenses	696	265	1,407	616
Research and development expenses	720	577	1,446	1,249
Total	<u>\$ 5,300</u>	<u>2,124</u>	<u>10,538</u>	<u>6,622</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(18) Income tax

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management.

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Current portion	\$ 20,499	11,428	38,844	17,792
Adjusted current income tax of previous period	(121)	330	(121)	330
Current income tax expense	<u><u>\$ 20,378</u></u>	<u><u>11,758</u></u>	<u><u>38,723</u></u>	<u><u>18,122</u></u>

The Group recognize income tax which under other comprehensive income for the six months ended June 30, 2021 and 2020 was \$1,005 thousand and \$0 thousand, respectively. The Company's income tax returns for all fiscal years up to 2018 have been examined and approved by the tax authority

(19) Capital and other equity

Except below statement, the Group had no significant capital and other equity change for the six months ended June 30, 2021 and 2020. Please refer to Note 6(18) of consolidated financial statements for the year ended December 31, 2020 for detail information.

A. Retained earnings

Base on the Company's article of incorporation, if the Company's annual final accounts show surplus, it shall first pay the taxes, offset past annual loss, and then set 10% as regulatory surplus reserve. However, it is not applicable if the statutory surplus reserve has reached our Company's paid-up capital. Also based on the Company's operational needs and regulatory requirements, provisions shall be make for special reserve. If there are still surplus left, the board of directors shall draft a surplus distribution proposal by combining it with the undistributed surplus at the beginning of period and submit to the shareholders meeting for approval.

If all or a part of the company's distribution of dividends and bonuses or statutory surplus reserves and capital reserves is in the form of cash; it will be authorized when the board of directors to be present with more than two-thirds, and more than half them agrees. And report to the shareholders meeting.

The dividends policy shall first take into consideration its operating environment,

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

financial program, company's sustainable operation and development and the biggest interests of stockholders as follows:

- The company is currently in the stage of active market development. In order to support the growth of the company, the company's dividends can continue to operate in the future as the principle, and after comprehensively considering and improving the financial structure, maintaining stable dividends and protecting shareholders' reasonable compensation and other conditions, the board of directors prepare a plan in accordance with the articles of association and deliver it after approval by the shareholders' general meeting and the competent authority.
- Distribution ratio of cash dividends and stock dividends:

The distribution of dividends of the company's shareholders will be based on the stock dividends, cash dividends, or both two ways of issuance. When dividends being distribute, an appropriate ratio of cash and stock dividends shall be set up. Only cash dividends shall be paid at a rate not less than 10% of the current year's distribution.

On June 16, 2020, according to the result of shareholders' general meeting, the company decided not to distribute the surplus of 2019.

The amounts of cash dividends on the appropriations of earnings had been approved during the board meeting on March 9, 2021. And for the other reserve appropriations for 2020 had been approved in the shareholders' meeting on July 15, 2021. The relevant distributions were as follows:

		2020	
		Payout Ratio	Amount
Dividend distribute to stock holders:			
Cash	\$	1.5	<u><u>103,531</u></u>
Legal reserve			<u><u>\$ 13,899</u></u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

B. Other equity (Net amount after tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	\$ 16,694	1,152	17,846
Changes of the Group	676	2,870	3,546
Balance at June 30, 2021	<u>\$ 17,370</u>	<u>4,022</u>	<u>21,392</u>
Balance at January 1, 2020	\$ 16,173	973	17,146
Changes of the Group	2,723	(1,417)	1,306
Balance at June 30, 2020	<u>\$ 18,896</u>	<u>(444)</u>	<u>18,452</u>

C. Treasury stock

From January 1 to June 30, 2020; accordance with Article 28-2 of Securities and Exchange Act requirements, the company bought back a total of 766 thousand treasury shares for the transfer of shares to employees, at a cost of \$ 11,773 thousand. As of June 30, 2021, December 31, 2020 and June 30, 2020; the total number of shares that haven't transfer to employees was 766 thousand shares, respectively.

In accordance with Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(20) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>49,904</u>	<u>30,388</u>	<u>100,855</u>	<u>47,560</u>
Weighted-average number of common shares at end of year (expressed in thousands of shares)	<u>69,021</u>	<u>69,218</u>	<u>69,021</u>	<u>69,500</u>
Earnings per share	\$ <u>0.72</u>	<u>0.44</u>	<u>1.46</u>	<u>0.68</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>49,904</u>	<u>30,388</u>	<u>100,855</u>	<u>47,560</u>
Weighted-average number of common shares at end of year	69,021	69,218	69,021	69,500
Effect of employee share bonus (expressed in thousands of shares)	<u>87</u>	<u>77</u>	<u>128</u>	<u>140</u>
Weighted-average number of common shares (expressed in thousands of shares)	<u>69,108</u>	<u>69,295</u>	<u>69,149</u>	<u>69,640</u>
Earnings per share (Diluted)	\$ <u>0.72</u>	<u>0.44</u>	<u>1.46</u>	<u>0.68</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(21) Revenue from contracts with customers

A. Details of revenue

For the three months ended June 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 182,438	350,761	533,199
Mainland China	738	109,525	110,263
Germany	-	208,336	208,336
America	15	42,156	42,171
Japan	5,025	2,616	7,641
South Korea	1,084	21,047	22,131
Others	4,414	63,854	68,268
	<u>\$ 193,714</u>	<u>798,295</u>	<u>992,009</u>
Major products services lines:			
Cooling fan	\$ -	641,452	641,452
Product of home appliances—air series	140,927	-	140,927
Product of home appliances—water series	44,432	-	44,432
Heat sink and thermal module	-	138,599	138,599
Others	8,355	18,244	26,599
	<u>\$ 193,714</u>	<u>798,295</u>	<u>992,009</u>
For the three months ended June 30, 2020			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 222,748	297,926	520,674
Mainland China	-	85,978	85,978
Germany	-	201,857	201,857
America	1,208	53,823	55,031
Japan	17,589	1,331	18,920
South Korea	-	25,867	25,867
Others	41	39,743	39,784
	<u>\$ 241,586</u>	<u>706,525</u>	<u>948,111</u>
Major products services lines:			
Cooling fan	\$ -	570,515	570,515
Product of home appliances—air series	171,701	-	171,701
Product of home appliances—water series	54,681	-	54,681
Heat sink and thermal module	-	125,255	125,255
Others	15,204	10,755	25,959
	<u>\$ 241,586</u>	<u>706,525</u>	<u>948,111</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the six months ended June 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 365,376	686,273	1,051,649
Mainland China	738	234,643	235,381
Germany	-	401,750	401,750
America	15	64,630	64,645
Japan	15,386	6,604	21,990
South Korea	2,145	33,388	35,533
Others	15,184	117,080	132,264
	<u>\$ 398,844</u>	<u>1,544,368</u>	<u>1,943,212</u>
Major products services lines:			
Cooling fan	\$ -	1,212,132	1,212,132
Product of home appliances–air series	276,782	-	276,782
Product of home appliances–water series	99,088	-	99,088
Heat sink and thermal module	-	307,731	307,731
Others	22,974	24,505	47,479
	<u>\$ 398,844</u>	<u>1,544,368</u>	<u>1,943,212</u>
For the six months ended June 30, 2020			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 417,756	430,709	848,465
Mainland China	1,804	139,831	141,635
Germany	-	426,931	426,931
America	5,383	81,192	86,575
Japan	20,182	3,037	23,219
South Korea	-	43,267	43,267
Others	4,730	72,888	77,618
	<u>\$ 449,855</u>	<u>1,197,855</u>	<u>1,647,710</u>
Major products services lines:			
Cooling fan	\$ -	1,002,201	1,002,201
Product of home appliances–air series	299,858	-	299,858
Product of home appliances–water series	121,839	-	121,839
Heat sink and thermal module	-	180,611	180,611
Others	28,158	15,043	43,201
	<u>\$ 449,855</u>	<u>1,197,855</u>	<u>1,647,710</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

B. Contract balance

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes and accounts receivables	\$ 1,024,308	790,967	925,870
Less: allowance for impairment	<u>(25,507)</u>	<u>(24,427)</u>	<u>(23,965)</u>
Total	<u>\$ 998,801</u>	<u>766,540</u>	<u>901,905</u>
Contract liabilities — unearned revenue	<u>\$ 21,988</u>	<u>7,395</u>	<u>5,831</u>

Please refer to Note 6(4) for notes and accounts receivable impairment.

The unearned revenue balance at January 1, 2021 and 2020; have been recognized as revenue for the three and six months ended at June 30, 2021 and 2020 with total amounts of \$45 thousand, \$490 thousand, \$5,874 thousand and \$3,914 thousand, respectively.

The movement in contract liabilities- unearned sales revenue is mainly due to the difference between the time when the Group transfers the goods to the customer and meets the performance obligations and the time when customer pays. Contract liabilities- unearned sales revenue was under other current liabilities in the consolidated balance sheet.

(22) Employee compensation and directors' and supervisors' remuneration

According to the Company's articles of association, the Company should contribute 1% to 10% of the profit as employee compensation and a less than 5% as directors' remuneration when there is profit for the year. However, certain amounts of the profits should be reserved if there is an accumulated deficit from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Company and its affiliates.

For the three and six months ended at June 30, 2021 and 2020, the Company accrued the compensation of employees amounted to \$1,318 thousand, \$837 thousand, \$2,569 thousand and \$1,313 thousand, respectively. And the remuneration of directors' amounted to \$659 thousand, \$419 thousand, \$1,285 thousand and \$657 thousand, respectively. The compensation of employees, remuneration of directors were estimated as the Company's net income before tax, excluding compensation of employees and remuneration of directors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses recognized under operating costs or operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the compensation of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2021 and 2020, the accrued compensation of employees amounted to \$2,977 thousand and \$1,473 thousand, respectively; and the accrued remuneration of directors' and supervisor's amounted to \$1,489 thousand and \$737 thousand, respectively. Actual distribution amount had no difference with approved amounts by Board of Directors; for related information, please go to website: <http://emops.twse.com.tw>.

(23) Non-operating income and expenses

A. Interest income:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Bank deposit	\$ 85	717	127	746
Other interest income	3	4	8	12
	<u>\$ 88</u>	<u>721</u>	<u>135</u>	<u>758</u>

B. Other income:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Sample income	\$ 1,245	1,491	2,157	2,778
Mold income	5,285	287	7,247	1,615
Others	6,481	3,894	11,279	6,970
	<u>\$ 13,011</u>	<u>5,672</u>	<u>20,683</u>	<u>11,363</u>

C. Other gains and losses:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Net profit on foreign exchange gains	\$ (9,533)	(9,717)	(13,428)	(10,119)
Net loss on financial liability at fair value through profit or loss	(396)	-	(396)	-
Net loss on disposal of investment property and property, plant and equipment	(26)	(24)	(50)	(33)
Others	(570)	(1,701)	(583)	(1,796)
	<u>\$ (10,525)</u>	<u>(11,442)</u>	<u>(14,457)</u>	<u>(11,948)</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

D. Finance costs

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest expenses				
Bank loan	\$ (1,719)	(2,079)	(3,313)	(4,464)
Lease liability	(1,509)	(1,370)	(3,088)	(2,817)
	<u>\$ (3,228)</u>	<u>(3,449)</u>	<u>(6,401)</u>	<u>(7,281)</u>

(24) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below mentioned. For related information, please refer to Note 6(23) of 2020 consolidated financial statements.

A. Credit risk

a. Exposures of credit risk

The book value of financial assets represents the maximum amount of credit exposures.

b. Concentration of credit risk

The Group has no significant concentration of credit risk as of June 30, 2021, December 31, and June 30, 2020.

c. Credit risk of receivable and debt instrument investment

For credit risk exposure of notes and accounts receivable. Please refer to Note 6 (4). Other financial assets measured with amortized cost include other receivables, restricted bank deposits, and guarantee deposit paid.

The following presents whether loss reserves and credit impairments for the above financial assets measured in 12-month expected credit losses (ECL) or lifetime expected credit losses (ECL) were credit-impaired:

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

June 30, 2021			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 9,619	-	-
Other receivable	17,018	2,716	23,783
Restricted Deposit	12,877	-	-
Loss allowance	-	-	(23,783)
Amortized cost	\$ 39,514	2,716	-
Carrying amount	\$ 39,276	2,716	-

December 31, 2020			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 8,870	-	-
Other receivable	12,430	1,676	24,153
Restricted Deposit	11,204	-	-
Loss allowance	-	-	(24,153)
Amortized cost	\$ 32,504	1,676	-
Carrying amount	\$ 32,504	1,676	-

June 30, 2020			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 6,528	-	-
Other receivable	16,401	3,092	23,220
Restricted Deposit	9,981	-	-
Loss allowance	-	-	(23,180)
Amortized cost	\$ 32,910	3,092	40
Carrying amount	\$ 32,910	3,092	40

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Notes to the Consolidated Financial Statements (Continued)

The movement in the provision for impairment with respect to the financial assets measured at amortized cost as of six months ended June 30, 2021 and 2020 were as follows:

For the six months ended June 30,2021				
	12-month	Lifetime	Lifetime	
	ECL	ECL-unimpaired	ECL-impaired	Total
Balance at January 1, 2021	\$ -	-	24,153	24,153
Impairment loss recognized	-	-	5	5
Effect of changes in foreign currency exchange rates	-	-	(375)	(375)
Balance at June 30, 2021	\$ -	-	23,783	23,783

For the six months ended June 30,2020				
	12-month	Lifetime	Lifetime	
	ECL	ECL-unimpaired	ECL-impaired	Total
Balance at January 1, 2020	\$ -	-	22,837	22,837
Impairment loss recognized	-	-	51	51
The amount of discount reversing	-	-	911	911
Effect of changes in foreign currency exchange rates	-	-	(619)	(619)
Balance at June 30, 2020	\$ -	-	23,180	23,180

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contracted cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
<u>June 30, 2021</u>							
Non-derivative financial liabilities							
Long- and Short-term borrowing (floating rate)	\$ 542,376	568,048	188,454	56,252	62,753	122,951	137,638
Accounts payable (non-interest bearing)	877,740	877,740	877,740	-	-	-	-
Other payables (non-interest bearing)	269,918	269,918	269,918	-	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	136,822	153,721	15,602	15,141	29,601	85,497	7,880
Guarantee deposits (non-interest bearing)	6,073	6,073	6,073	-	-	-	-
Derivative financial liabilities							
Foreign exchange derivatives financial instrument	392	-	-	-	-	-	-
Inflow	-	63,705	63,705	-	-	-	-
Outflow	-	(64,078)	(64,078)	-	-	-	-
	<u>\$ 1,833,321</u>	<u>1,875,127</u>	<u>1,357,414</u>	<u>71,393</u>	<u>92,354</u>	<u>208,448</u>	<u>145,518</u>
<u>December 31, 2020</u>							
Non-derivative financial liabilities							
Long- and Short-term borrowing (floating rate)	\$ 467,685	495,051	129,888	27,909	72,134	117,665	147,455
Accounts payable (non-interest bearing)	710,441	710,441	710,441	-	-	-	-
Other payables (non-interest bearing)	175,154	175,154	175,154	-	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	134,068	153,078	14,258	13,843	26,813	78,308	19,856
Guarantee deposits (non-interest bearing)	6,141	6,141	-	-	1,764	4,377	-
	<u>\$ 1,493,489</u>	<u>1,539,865</u>	<u>1,029,741</u>	<u>41,752</u>	<u>100,711</u>	<u>200,350</u>	<u>167,311</u>
<u>June 30, 2020</u>							
Non-derivative financial liabilities							
Long- and Short-term borrowing (floating rate)	\$ 610,125	639,841	275,750	24,547	68,633	108,188	162,723
Accounts payable (non-interest bearing)	671,050	671,050	671,050	-	-	-	-
Other payables (non-interest bearing)	135,646	135,646	135,646	-	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	116,558	134,842	11,468	11,468	22,194	61,186	28,526
Guarantee deposits (non-interest bearing)	4,656	4,656	-	-	465	4,191	-
	<u>\$ 1,538,035</u>	<u>1,586,035</u>	<u>1,093,914</u>	<u>36,015</u>	<u>91,292</u>	<u>173,565</u>	<u>191,249</u>

The Group does not expect the cash flows would occur significantly earlier or at significantly different amounts.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

C. Market Risk

I. Exchange rate risk

Group's financial assets and liabilities exposed to significant foreign currency risk as follows:

	June 30, 2021			December 31, 2020			June 30, 2020		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets									
<u>Monetary items</u>									
USD	\$ 42,436	27.86	1,182,268	36,370	28.48	1,035,860	43,901	29.63	1,300,814
EUR	1,253	33.15	41,536	944	35.02	33,054	686	33.27	22,833
CNY	46,279	4.309	199,432	50,175	4.337	219,616	38,837	4.191	162,611
<u>Non-monetary item</u>									
USD	296	27.86	8,258	154	28.48	4,383	94	29.63	2,787
Financial liabilities									
<u>Monetary items</u>									
USD	28,564	27.86	795,957	24,257	28.48	690,939	33,778	29.63	1,000,905
EUR	112	33.15	3,704	86	35.02	3,000	46	33.27	1,523
CNY	42,081	4.309	181,326	40,795	4.337	178,556	30,200	4.191	126,569
TWD	52,244	1	52,244	42,834	1	42,834	57,192	1	57,192
<u>Non-monetary item</u>									
USD	2,300	27.86	64,078	-	-	-	-	-	-

The foreign currency risk of Group was mainly incurred from the translation cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, accounts payable, and other payables. As of the three months end of June 30, 2021 and 2020, the exchange rate of the TWD versus the USD, CNY and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$3,538 thousand and \$2,858 thousand, respectively. The analysis adopt same assumes of variables.

The exchange gains and losses (including realized and unrealized) of the currency items of the Group are converted into the functional currency of the Group; Amount of TWD (the currency of Group's expression) and exchange rate information are as follows:

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Profit(loss) of exchange	Average exchange rate	Profit(loss) of exchange	Average exchange rate
TWD	\$ (10,780)	-	(4,786)	-
CNY	(2,648)	4.3560	(5,333)	4.2584
	<u>\$ (13,428)</u>		<u>(10,119)</u>	

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Interest rate analysis

Please refer to the notes on liquidity risk management and the interest rate exposure of the Group's financial liabilities.

Sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. The method of analysis assumes that the amount of liabilities in circulation on the reporting date is in circulation throughout the year.

The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25% and other factors remained unchanged, the Group's net income would have increased or decreased as follows:

	Interest increase 0.25%	Interest decrease 0.25%
Net profits after tax, January to June, 2021	Net profit decreases \$542 thousand	Net profit increase \$542 thousand
Net profits after tax, January to June, 2020	Net profit decreases \$610 thousand	Net profit increase \$610 thousand

III. Other price risk

If the equity securities price changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact to the comprehensive gain or loss items are as follows:

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
Equity price at reporting date	Other comprehensive income After tax	Net income	Other comprehensive income After tax	Net income
Increase 3%	<u>\$ 678</u>	<u>-</u>	<u>67</u>	<u>-</u>
Decrease 3%	<u>\$ (678)</u>	<u>-</u>	<u>(67)</u>	<u>-</u>

D. Fair value

I. Categories and fair values of financial instruments

The fair value of financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

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carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured lease liabilities, disclosure of fair value information is not required:

June 30, 2021					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVOCI					
Foreign unlisted stock	\$ 8,258	-	-	8,258	8,258
Domestic unlisted stock	16,000	-	-	16,000	16,000
Subtotal	<u>\$ 24,258</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 176,466	-	-	-	-
Notes and accounts receivables	998,801	-	-	-	-
Other Financial assets -current	27,609	-	-	-	-
Other Financial assets -non current	14,621	-	-	-	-
Subtotal	<u>\$ 1,217,497</u>				
Financial liability at fair value through profit or loss-current					
Foreign exchange derivatives instrument	<u>\$ 392</u>	-	392	-	392
Financial liabilities at amortized cost					
Short-term borrowing	\$ 151,590	-	-	-	-
Account payable	877,740	-	-	-	-
Other payable	269,918	-	-	-	-
Long- term borrowing (Current portion)	87,404	-	-	-	-
Lease liability — current	25,197	-	-	-	-
Long -term borrowing	303,382	-	-	-	-
Lease liability — noncurrent	111,625	-	-	-	-
Deposits received	6,073	-	-	-	-
Subtotal	<u>\$ 1,832,929</u>				
December 31, 2020					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVOCI					
Foreign unlisted stock	<u>\$ 4,383</u>	-	-	4,383	4,383
Financial assets at amortized cost					
Cash and cash equivalent	\$ 289,207	-	-	-	-
Notes and Account receivables	766,540	-	-	-	-
Other Financial assets -current	20,309	-	-	-	-
Other Financial assets -noncurrent	13,871	-	-	-	-
Subtotal	<u>\$ 1,089,927</u>				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

December 31, 2020					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowing	\$ 101,606	-	-	-	-
Account payable	710,441	-	-	-	-
Other payable	175,154	-	-	-	-
Long- term borrowing (Current portion)	50,635	-	-	-	-
Lease liability— current	22,380	-	-	-	-
Long -term borrowing	315,444	-	-	-	-
Lease liability— noncurrent	111,688	-	-	-	-
Deposits received	<u>6,141</u>	-	-	-	-
Subtotal	<u>\$ 1,493,489</u>				
June 30, 2020					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Foreign unlisted stock	<u>\$ 2,787</u>	-	-	2,787	2,787
Financial assets at amortized cost					
Cash and cash equivalent	\$ 217,965	-	-	-	-
Notes and Account receivables	901,905	-	-	-	-
Other Financial assets -current	27,513	-	-	-	-
Other Financial assets -noncurrent	<u>8,529</u>	-	-	-	-
Subtotal	<u>\$ 1,155,912</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 257,778	-	-	-	-
Account payable	671,050	-	-	-	-
Other payable	135,646	-	-	-	-
Long- term borrowing (Current portion)	36,560	-	-	-	-
Lease liability— current	17,926	-	-	-	-
Long -term borrowing	315,787	-	-	-	-
Lease liability— noncurrent	98,632	-	-	-	-
Deposits received	<u>4,656</u>	-	-	-	-
Subtotal	<u>\$ 1,538,035</u>				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values are based on the degree to which the fair value can be observed and are grouped into Level 1 to Level 3 as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

II. Valuation technique of financial instruments not measured at fair value

Financial instruments measured at amortized cost, due to the expiry date are close or future payment prices are similar to the book value; therefor, the book value in financial reports is a reasonable approximation of the fair value.

III. Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments:

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through evaluation or reference with counterparty quotations.

The equity instruments held by the Group without public quotes are based on the comparable company method to estimate fair value. The main assumptions are based on the net equity value of being-investors and the equity multiplier derived from the market quotes of comparable listed (counter) companies. The estimate has adjusted the discount effect of the lack of market liquidity.

IV. Transfers between Level 1 and Level 2

For the six months ended June 30, 2021 and 2020, there was no transfer in the fair value grade of financial instruments assessed by the Group.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

- V. Movement of financial assets through other comprehensive income categorized within Level 3.

	Financial assets measured at fair value through other comprehensive income
	Equity investment without an active market
Balance at January 1, 2021	\$ 4,383
Purchase	16,000
Profit or loss-Recognized in other comprehensive profit or loss	<u>3,875</u>
Balance at June 30, 2021	<u>\$ 24,258</u>
Balance at January 1, 2020	\$ 4,204
Profit or loss-Recognized in other comprehensive profit or loss	<u>(1,417)</u>
Balance at June 30, 2020	<u>\$ 2,787</u>

The gains or losses were reported in the unrealized valuation gains (losses) of financial assets measured at fair value through other comprehensive income, which is the outcome of assets that still hold by Group for the year ended June 30, 2021 and 2020.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

VI. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's fair value have been classified as Level 3 and only contains single significant unobservable inputs. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	·Lack of market liquidity discount (June 30, 2021: 51.04% December 31, 2020: 65.99% June 31, 2020: 51.62%) ·Valuation multiples (June 30, 2021: 1.83 December 31, 2020: 1.37 June 30, 2020: 1.03) ·Stock price volatility (June 30, 2021: 55.37% December 31, 2020: 70.61% June 30, 2020: 49.45%)	·The higher the lack of market liquidity discount is, the lower the fair value will be. ·The higher the valuation multiples is, the higher the fair value will be. ·The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	Net assets value	·Net assets value ·Discount for minority interest (June 30, 2021: 10%)	·The higher the net assets value is, the higher the fair value will be. The higher the discount for minority interest is, the lower the fair value will be.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

VII. Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group measure the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may outcome with different results. For level 3 fair value measurements, changing one or more assumptions will have the following effects:

			Changes in fair value reflected in OCI	
	Inputs	Fluctuation in inputs	Favorable	Unfavorable
Balance at June 30, 2021				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 51.04%	10%	\$ 1,686	(1,686)
	Valuation multiples 1.83	5%	414	(413)
	Stock price volatility 55.37%	5%	699	(635)
	Discount for minority interest 10%	1%	160	(160)
Balance at December 31, 2020				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 65.99%	10%	\$ 1,299	(1,299)
	Valuation multiples 1.37	5%	277	(228)
	Stock price volatility 70.61%	5%	454	(391)
Balance at June 30, 2020				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 51.62%	10%	\$ 574	(574)
	Valuation multiples 1.03	5%	140	(138)
	Stock price volatility 49.45%	5%	268	(249)

The Group's favorable and unfavorable changes refer to changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

(25) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2020 consolidated financial report. Please refer to Note 6(23) of 2020 consolidated financial statements.

(26) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2020 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2020 consolidated financial statements. Please refer to Note 6(25) of 2020 consolidated financial statements for more information.

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

The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes		
	January 1, 2021	Cash flows	Foreign exchange movement	Lease liability	June 30, 2021
Short-term borrowing	\$ 101,606	49,444	540	-	151,590
Long-term borrowing (current portion)	366,079	24,707	-	-	390,786
Lease liability (Current and non-current)	134,068	(11,691)	(1,779)	16,224	136,822
Guarantee deposits received	6,141	-	(68)	-	6,073
Total liabilities from financing activities	<u>\$ 607,894</u>	<u>62,460</u>	<u>(1,307)</u>	<u>16,224</u>	<u>685,271</u>

			Non-cash changes		
	January 1, 2020	Cash flows	Foreign exchange movement	Lease liability	June 30, 2020
Short-term borrowing	\$ 224,574	33,879	(675)	-	257,778
Long-term borrowing (current portion)	349,437	2,910	-	-	352,347
Lease liability (Current and non-current)	128,309	(8,825)	(2,926)	-	116,558
Guarantee deposits received	3,057	1,666	(67)	-	4,656
Total liabilities from financing activities	<u>\$ 705,377</u>	<u>29,630</u>	<u>(3,668)</u>	<u>-</u>	<u>731,339</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

7. Related-party transactions

A. Endorsement and guarantee

The Group loan from financial institutions on June 30, 2021, December 31, 2020 and June 30, 2020. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which is \$ 130,000 thousand, respectively.

B. Compensation of major management staff

The information on major management staff compensation was as follows:

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Short-term employee benefits	\$ 3,574	1,935	9,086	3,867
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 3,574</u>	<u>1,935</u>	<u>9,086</u>	<u>3,867</u>

On June 30, 2021 and December 31, 2020. The Group provided rental cars for the use of main management and been recognized as right of use assets of transportation equipment, the originally cost was \$3,319 thousand and \$4,067 thousand, respectively. On June 30, 2020. The Group provided rental cars for the use of main management and been recognized as right of use assets of transportation equipment, the originally cost was \$1,551 thousand.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	June 30, 2021	December 31, 2020	June 30, 2020
Deposit account	Long-term/short-term borrowing,			
(Reserve account)	customs taxes, company debt and	\$ 10,205	10,204	7,203
	other repayment accounts			
Time deposit	Guarantee of sales channel and			
	short-term borrowing	2,672	1,000	2,778
Land	Guarantee of long-term/short-term	291,848	267,535	267,535
	borrowing			
Buildings	Guarantee of long-term/short-term	129,011	132,508	137,185
	borrowing			
		<u>\$ 433,736</u>	<u>411,247</u>	<u>414,701</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

9. Significant Commitments and Contingencies

A. Unrecognized contingencies of contracts:

	June 30, 2021	December 31, 2020	June 30, 2020
Acquisition of property, plant and equipment	<u>\$ 12,143</u>	<u>17,750</u>	<u>6,632</u>

B. Standby letter of credit:

	June 30, 2021	December 31, 2020	June 30, 2020
Purchases of raw materials	<u>\$ 58,783</u>	<u>47,749</u>	<u>47,437</u>

10. Losses due to major disasters: None

11. Subsequent events

On July 26, 2021, according to the decision made by the board of directors, in order to replenish working capital and repay bank borrowings. The company has plans to issue the 6th domestic secured convertible bonds. The total issuance does not exceed \$300,000 thousand, each with a denomination \$100 thousand. The actual issuance amount, conditions, and convert method will be issued after approved by the competent authority.

12. Other

A. A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	For the three months ended June 30, 2021			For the three months ended June 30, 2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits:						
Salary	72,674	46,782	119,456	54,196	43,800	97,996
Labor and health insurance	4,756	3,418	8,174	3,807	3,256	7,063
Pension expense	3,301	2,072	5,373	763	1,470	2,233
Remuneration of directors	-	739	739	-	539	539
Other personnel cost	5,026	1,938	6,964	4,825	1,823	6,648
Depreciation	14,509	11,749	26,258	11,777	10,710	22,487
Amortization	4	432	436	-	370	370

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

By function By item	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits:						
Salary	139,827	84,006	223,833	111,596	79,789	191,385
Labor and health insurance	9,273	7,475	16,748	7,366	6,863	14,229
Pension expense	6,487	4,198	10,685	3,646	3,193	6,839
Remuneration of directors	-	2,523	2,523	-	1,512	1,512
Other personnel cost	9,552	3,860	13,412	8,183	3,430	11,613
Depreciation	28,364	23,187	51,551	23,588	21,603	45,191
Amortization	7	797	804	-	746	746

B. Seasonality of operation

The operation of Group is not affected by seasonal or periodic factors.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

13. Supplementary Disclosures

A. Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2021.

I. Loans extended to other parties:

Number	Lender	Counter- party	Financial statement account	Related Party	Highest balance for the period (Note3)	Ending balance (Note 3)	Actual usage amount during the period (Note1,3)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reason for financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	value		
0	The Company	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	41,790 (USD 1,500,000)	41,790 (USD 1,500,000)	16,716 (USD 600,000)	-	short - term financing	-	Working capital	-	-	-	429,168 (Note 2)	429,168 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts – related parties	Yes	119,991 (USD 4,306,943)	-	-	-	short - term financing	-	Working capital	-	-	-	429,168 (Note 2)	429,168 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts – related parties	Yes	25,854 (RMB 6,000,000)	-	-	-	short - term financing	-	Working capital	-	-	-	429,168 (Note 2)	429,168 (Note 2)
2	Y.H. Tech International Corp.	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	46,850 (USD 1,681,614)	--	--	-	short - term financing	-	Working capital	-	-	-	232,198 (Note 4)	232,198 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	119,857 (USD 4,302,111)	119,857 (USD 4,302,111)	119,857 (USD 4,302,111)	-	short - term financing	-	Working capital	-	-	-	232,198 (Note 4)	232,198 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	25,854 (RMB 6,000,000)	25,854 (RMB 6,000,000)	25,854 (RMB 6,000,000)	-	short - term financing	-	Working capital	-	-	-	232,198 (Note 4)	232,198 (Note 4)

(Note 1) When preparing this consolidated financial report, it has been eliminated.

(Note 2) If necessary, for financing, the loan limit shall not exceed 40% of the company's net equity

(Note 3) The amount of TWD is translated at the exchange rate on the balance sheet date

(Note 4) If financing is necessary, the loan limit shall not exceed 200% of Y.H. Tech International Corp.'s net equity.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Guarantees and endorsements for other parties:

No.	Endorser/ guarantor	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 (Note 4)	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsement (Note 3)	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
		Company name	Relationship with the endorser/ guarantor										
0	The Company	Yen Sun Technology (BVI) Corp.	Subsidiary	321,876 (Note 1)	41,790 (USD 1,500,000)	27,860 (USD 1,500,000)	-	-	2.60%	536,460 (Note 3)	Y	-	-
0	The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	214,584 (Note 2)	36,000	36,000	590 (USD 21,170)	-	3.36%	536,460 (Note 3)	Y	-	-

(Note 1) For a single overseas affiliated company, the limit shall not exceed 30% of the company's net equity.

(Note 2) For a single enterprise, the limit is not more than 20% of the company's net equity.

(Note 3) Not exceeding 50% of the company's net equity.

(Note 4) The amount of TWD is converted at the exchange rate on the balance sheet date.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

III. Securities owned as of June 30, 2021 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship with company	Account title	June 30, 2021				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
Yen Tong Tech International (Samoa) Corp.	SHANGHAI CHANSON WATER CO., LTD.	-	Financial assets at FVTPL—non-current	-	-	17.75%	-	-
The Company	Y.S. Tech U.S.A Inc. stock	-	Financial assets at FVOCI—non-current	114,000	8,258	19.16%	8,258	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI—non-current	1,600,000	16,000	5.00%	16,000	-

IV. Accumulated trading amount of a single security in excess of \$300 million or 20% of paid in capital: None.

V. Acquisition of property, plant and equipment that excess of \$300 million or 20% of paid in capital: None.

VI. Disposal of property, plant and equipment in excess of \$300 million or 20% of paid in capital: None.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

VII. Sales to and purchases from related parties in excess of \$100 million or 20% of paid in capital was as follows:

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables(payables)		remarks
			Purchase (sale)	Amount (Note3)	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance (Note3)	% of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	358,751	0.02%	(Note 1)	Single supplier	(Note 1)	73,251 (Note 2)	100.00% (Note 4)	
The Company	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Purchase	397,709	0.03%	(Note 1)	Single supplier	(Note 1)	(48,240)	9.65%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	259,960	0.02%	(Note 1)	Single supplier	(Note 1)	(87,593)	17.52%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Subsidiary of the Company (indirectly hold)	Purchase	401,404	92.97%	(Note 1)	Single supplier	(Note 1)	(51,396)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Subsidiary of the Company (indirectly hold)	Purchase	255,975	77.55%	(Note 1)	Single supplier	(Note 1)	(76,274)	49.01%	
YEN JIU TECHNOLOGY CORP.	The Company	Ultimate parent company	Sale	358,751	99.95%	(Note 1)	Product sales	(Note 1)	(73,251) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	397,709	100.00%	(Note 1)	Product sales	(Note 1)	48,240	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	259,960	97.11%	(Note 1)	Product sales	(Note 1)	87,593	55.02%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	401,404	100.00%	(Note 1)	Product sales	(Note 1)	51,396	44.97%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	255,975	63.32%	(Note 1)	Product sales	(Note 1)	76,274	43.87%	

(Note 1) The accounts receivable (payment) balance offset with other prepayments (advance receipts) arising from purchasing raw materials, monthly

(Note 2) Recognized as account prepayments (advance receipts).

(Note 3) When preparing this consolidated financial report, it was eliminated in the consolidation.

(Note 4) The ratio of prepayments (advance receipts) is calculated based on the proportion of the prepayments (advance receipts)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

VIII.Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows:

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Subsidiary to Son Company	Other receivable 145,711 (Note 2)	- (Note 1)	-	-	-	-	

(Note 1) Principal, interest receivable and overdue receivables of capital finance reclassified as the Receivables.

(Note 2) When editing this consolidated financial report, it was eliminated in the consolidation.

IX. Trading in derivative instruments: Please refer to Note 6(2).

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

X. Business relationships and significant intercompany transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	1	Account receivables	11,129	Overdue accounts receivable None comparable terms	0.36%
0	The Company	Yen Sun Technology (BVI) Corp.	1	Endorsement/Guarantee Other receivables-Loans	27,860 16,716	None comparable terms	0.91% 0.55%
0	The Company	Yen Sun Technology (BVI) Corp.	1	Accounts payable	65	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	-
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	397,709 31,505 48,240	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	20.47% 1.03% 1.58%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	259,960 7,143 68,075 79,340 87,593	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	13.38% 0.37% 3.50% 2.60% 2.87%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	151	None comparable terms	-
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase Procurement of raw materials Prepayment Rental income	358,751 3,990 73,251 2,520	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	18.46% 0.21% 2.40% 0.13%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Endorsement/Guarantee	36,000	None comparable terms	1.18%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Long-term accounts receivable-Interest	12,641	Financial intermediation. No interest since 2017	0.41%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Accounts receivable	547	The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	0.02%

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
1	Yen Sun Technology (BVI) Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Accounts payable	62,894	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	2.06%
1	Yen Sun Technology (BVI) Corp.	Y.H. Tech International Corp.	3	Other receivables	98,853	Compensation; None comparable terms.	3.24%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD	3	Purchase	401,404	None comparable terms ;	20.66%
				Procurement of raw materials	31,345	The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	1.61%
				Accounts payable	51,396		1.68%
2	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other receivables — Loans to other parties	145,711	Financial intermediation. No interest.	4.77%
2	Y.H. Tech International Corp.	Yen Hung International Corp.	3	Other receivables	476	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	0.02%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	255,975	None comparable terms ;	13.17%
				Sales	7,741	The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	0.40%
				Accounts receivable	71,620		2.35%
				Procurement of raw materials	64,761		3.33%
				Account payable	76,274		2.50%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	4,573	None comparable terms.	0.24%
				Accounts payable	4,450		0.15%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other payables	2,227	Entrusted collection, None comparable terms	0.07%

Note: Relationship notes as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Information on investees:

Relevant information about investees is as follows: (excluding information on investees in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee (Note1)	investment income (less) recognized (Note1)	Remarks
				June 30,2021	December 31,2020	Shares owned	Percentage owned	Carrying value (Note1)			
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	259,842	259,842	500,000	100%	(125,260)	1,793	1,793	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	127,096	30,861	30,861	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	125,818	(16,480)	(16,480)	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	93,044	5,157	2,807	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	116,107	(21,723)	(21,723)	Subsidiary of the Company (indirectly hold)
Yen Sun Tech International (Samoa) Corp.	Yen Tong Tech International (Samoa) Corp.	Samoa	Investment holding	1,916	1,916	10,000,000	100%	1	-	-	Subsidiary of the Company (indirectly hold)
Yen Hung International Corp.	Y.H. Tech International Corp.	ST. Kitts and Nevis	Investment holding	30,179	30,179	1,000,000	100%	116,099	(21,723)	(21,723)	Subsidiary of the Company (indirectly hold)

(Note) When editing this consolidated financial report, it was eliminated in the consolidation.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Information on investments in Mainland China:

I. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan.1,2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of June 30, 2021	Net income Of investee (Note 3)	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group (Note 3)	Book value of the investment as of June 30, 2021 (Note 3)	Accumulated investment income repatriated to Taiwan as of June 30, 2021
					Remittance	Repatriation						
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	233,347 (USD7,800,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	233,347 (USD 7,800,000)	-	-	233,347 (USD 7,800,000)	2,691	100%	2,691 (Note 4)	(158,829) (Note 4)	-
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD 1,000,000)	-	-	30,179 (USD 1,000,000)	(22,679)	100%	(22,617) (Note 1)	7,007 (Note 1)	-
SHANGHAI CHANSON WATER CO., LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700 ,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD 60,000)	-	-	1,916 (USD 60,000)	-	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacturing and sales of electronic cooling fan and heat sink	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China (Note 5)	8,583 (USD 285,000)	-	-	8,583 (USD 285,000)	29,884	100%	30,850 (Note 1)	126,130 (Note 1)	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Limitation of investment amount to Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2021	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
254,780 (Note 2) (USD 9,145,000)	302,142 (Note 2) (USD 10,845,000)	643,751

(Note 1) Investment gains and losses are recognized in accordance with the financial report audited by the audit firm of the Company.

(Note 2) Translated with the exchange rate of balance sheet date.

(Note 3) When prepared this consolidated financial report, it was eliminated in the consolidation.

(Note 4) Investment gains and losses are recognized in the financial reports, which have not been reviewed by accountants during the same period.

III. Significant transactions:

The significant inter-company transactions (direct or indirect) with the investees in Mainland China for the six months ended June 30, 2021 are disclosed in “Information on significant transactions”. (When prepared this consolidated financial report, it was eliminated in the consolidation.)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

D. Information of major shareholders:

Shares		Shares held	Shares held ratio
Name of major shareholders			
CHEN-CHIEN-JUNG		6,106,739	8.75%

Our company applied to Taiwan Depository & Clearing Corporation to obtain the information in this form, to explain the following:

- I. The main shareholder information of this table is calculated by the insurance company on the last business day at the end of each quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) reaches 5%. As for the share capital recorded in the financial report and the number of shares actually delivered by the company without physical registration, the calculation basis may be different.
- II. If the information on above is a shareholder who transfers the shares to the trust, it will be disclosed by the individual trustee who opened the trust account. As for shareholders' declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include shareholdings, delivery of trusts and shares that have the right to make decisions on trust property, etc. For information on insider shareholding declarations, please refer to Market Observation Post System.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

14. Segment Information

Reportable segment information is as follows:

For the three months ended June 30, 2021				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from	\$ 193,714	798,295	-	992,009
external customers				
Total revenue	\$ 193,714	798,295	-	992,009
Reportable segment income	\$ (14,534)	81,802	3,014	70,282

For the three months ended June 30, 2020				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from	\$ 241,586	706,525	-	948,111
external customers				
Total revenue	\$ 241,586	706,525	-	948,111
Reportable segment income	\$ (26,058)	67,989	215	42,146

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (Continued)

For the six months ended June 30, 2021				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 398,844	1,544,368	-	1,943,212
Total revenue	\$ 398,844	1,544,368	-	1,943,212
Reportable segment income	\$ (32,373)	169,300	2,651	139,578
For the six months ended June 30, 2020				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 449,855	1,197,855	-	1,647,710
Total revenue	\$ 449,855	1,197,855	-	1,647,710
Reportable segment income	\$ (36,542)	105,579	(3,355)	65,682
Segment Assets				
June 30, 2021	\$ 741,784	2,291,670	18,748	3,052,202
December 31, 2020	\$ 859,578	1,787,443	19,444	2,666,465
June 30, 2020	\$ 937,758	1,646,908	20,450	2,605,116