

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

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

For The Nine Months Ended September 30, 2022 And 2021

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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 September 30, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 \$18,042 thousand and \$41,799 thousand, both constituting 1% of consolidated total assets as of September 30, 2022 and 2021. Total liabilities amounting to \$6,031 thousand and \$10,844 thousand, constituting 0% and 1% of consolidated total liabilities as of September 30, 2022 and 2021. The total comprehensive loss amounting to \$(6,037) thousand, \$3,651 thousand, \$(8,291) thousand and \$6,601 thousand, constituting (11)%, 8%, (5)% and 4% of consolidated total comprehensive loss for the three and nine months ended September 30, 2022 and 2021, 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 September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three and nine months ended September 30, 2022 and 2021 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 Yung Hsiang, Chen and Chen Lung, Hsu

KPMG

Taipei, Taiwan (Republic of China)

November 8, 2022

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

Consolidated Balance Sheets

September 30, 2022, December 31, 2021 and September 30, 2021

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

		<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>				<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</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))	\$ 157,711	5	157,294	5	247,097	8	2100	Short-term borrowings (note 6(12) and 8)	\$ 10,100	-	30,000	1	56,659	2
1151	Notes receivables, net (note 6(4) and (22))	36,411	1	28,748	1	28,976	1	2170	Accounts payable	621,914	21	731,687	24	854,967	27
1170	Accounts receivable, net (note 6(4) and (22))	832,450	28	881,616	29	887,512	27	2200	Other payables	152,094	5	196,331	6	205,797	6
130X	Inventories (note 6(6))	772,160	26	948,424	31	1,007,318	31	2230	Current income tax liabilities	82,848	3	73,892	2	75,457	2
1476	Other financial assets (note 6(5) and 8)	29,097	1	22,601	1	29,258	1	2280	Current lease liabilities (note 6(15))	30,751	1	28,244	1	28,212	1
1479	Other current assets (note 6(11))	44,003	1	42,356	1	50,355	2	2320	Long-term borrowings, current portion (note 6(13) and 8)	44,218	1	30,939	1	37,626	1
Total current assets		<u>1,871,832</u>	<u>62</u>	<u>2,081,039</u>	<u>68</u>	<u>2,250,516</u>	<u>70</u>	2399	Other current liabilities (note 6(13) (16) and (22))	<u>35,459</u>	<u>1</u>	<u>41,103</u>	<u>1</u>	<u>38,030</u>	<u>1</u>
Non-Current Assets								Total of current liabilities		<u>977,384</u>	<u>32</u>	<u>1,132,196</u>	<u>36</u>	<u>1,296,748</u>	<u>40</u>
1510	Financial asset at fair value through profit or loss- non-current (note 6(2)(14))	-	-	2,070	-	810	-	Non-current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	26,836	1	24,860	1	23,325	1	2500	Non-current financial liabilities at fair value through profit or loss (note 6(2) and (14))	260	-	-	-	-	-
1600	Property, plant and equipment (note 6(7) and 8)	740,890	25	691,895	23	685,222	21	2530	Bonds payable (note 6(14) and 8)	282,414	9	291,696	10	291,074	9
1755	Right-of-use assets (note 6(8))	269,239	9	150,073	5	153,847	5	2540	Long-term borrowings (note 6(13) and 8)	281,218	9	267,395	9	317,408	10
1760	Investment Property (note 6(9))	10,403	-	12,192	-	12,178	-	2570	Deferred tax liabilities	1,998	-	1,958	-	1,135	-
1780	Intangible assets (note 6(10))	5,039	-	5,238	-	5,722	-	2580	Non-current lease liabilities (note 6(15))	218,197	8	130,146	4	133,283	4
1840	Deferred income tax assets	15,185	1	15,185	-	12,820	-	2630	Long-Term Deferred Revenue (note 6(13))	1,172	-	-	-	-	-
1980	Other non-current financial assets (note 6(5) and 8)	69,038	2	61,000	2	59,470	2	2640	Net defined benefit liability, non-current	18,052	1	22,263	1	23,815	1
1990	Other non-current assets- Others (notes 6(11))	<u>7,102</u>	<u>-</u>	<u>15,742</u>	<u>1</u>	<u>24,578</u>	<u>1</u>	2645	Guarantee deposits received	<u>1,764</u>	<u>-</u>	<u>6,108</u>	<u>-</u>	<u>6,069</u>	<u>-</u>
Total non-Current Assets		<u>1,143,732</u>	<u>38</u>	<u>978,255</u>	<u>32</u>	<u>977,972</u>	<u>30</u>	Total non-current liabilities		<u>805,075</u>	<u>27</u>	<u>719,566</u>	<u>24</u>	<u>772,784</u>	<u>24</u>
								Total liabilities		<u>1,782,459</u>	<u>59</u>	<u>1,851,762</u>	<u>60</u>	<u>2,069,532</u>	<u>64</u>
								Equity attributable to owners of parent (note 6(14)(20)):							
								3100	Capital stock	701,669	23	697,869	23	697,869	22
								3200	Capital surplus	164,367	5	157,151	5	157,151	5
								3300	Retained earnings	356,042	12	343,402	11	295,262	9
								3400	Other equity interest	22,800	1	20,883	1	20,447	-
								3500	Treasury stock	<u>(11,773)</u>	<u>-</u>	<u>(11,773)</u>	<u>-</u>	<u>(11,773)</u>	<u>-</u>
								Total equity		<u>1,233,105</u>	<u>41</u>	<u>1,207,532</u>	<u>40</u>	<u>1,158,956</u>	<u>36</u>
Total Assets		<u>\$ 3,015,564</u>	<u>100</u>	<u>3,059,294</u>	<u>100</u>	<u>3,228,488</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,015,564</u>	<u>100</u>	<u>3,059,294</u>	<u>100</u>	<u>3,228,488</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 nine months ended September 30, 2022 and 2021

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (note 6(22))	\$ 880,061	100	1,006,494	100	2,865,443	100	2,949,706	100
5000	Operating costs (notes 6(6)(18) and 12)	717,634	82	828,888	82	2,365,675	82	2,411,059	82
5900	Gross Income (Loss) from Operations	162,427	18	177,606	18	499,768	18	538,647	18
6000	Operating expenses (notes 6(18)(23) and 12):								
6100	Selling expenses	47,990	5	55,390	6	139,773	5	146,234	5
6200	General and administrative expenses	33,963	4	34,537	3	103,131	4	99,057	3
6300	Research and development expenses	38,623	4	40,400	4	120,212	4	105,066	4
6450	Expected credit impairment loss(profit)(note6(4)(5))	(243)		263		221		1,656	
	Total operating expenses	120,333	13	130,590	13	363,337	13	352,013	12
6900	Net operating income	42,094	5	47,016	5	136,431	5	186,634	6
7000	Non-operating income and expenses (notes 6(24)):								
7100	Interest Income	50	-	36	-	214	-	171	-
7010	Other Income	9,138	1	14,261	1	39,748	1	34,944	2
7020	Other gains and losses	24,308	2	(1,208)	-	46,656	2	(15,665)	(1)
7050	Finance costs	(3,791)	-	(3,336)	-	(10,515)	-	(9,737)	-
	Total non-operating income and expenses	29,705	3	9,753	1	76,103	3	9,713	1
7900	Profit before income tax from continuing operations:	71,799	8	56,769	6	212,534	8	196,347	7
7950	Loss: Income tax expense (notes 6(19))	17,137	2	7,177	1	47,557	2	45,900	2
8200	Net Profit (loss)	54,662	6	49,592	5	164,977	6	150,447	5
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(20))	797	-	(933)	-	(524)	-	2,942	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(notes 6(19))	160	-	(185)	-	40	-	820	-
	Total items that will not be reclassified to profit or loss	637	-	(748)	-	(564)	-	2,122	-
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation (notes 6(20))	657	-	(197)	-	2,481	-	479	-
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	657	-	(197)	-	2,481	-	479	-
8300	Other comprehensive income, net	1,294	-	(945)	-	1,917	-	2,601	-
8500	Comprehensive income	\$ 55,956	6	48,647	5	166,894	6	153,048	5
	Basic earnings per share (in dollar, note6(21))								
9750	Total basic earnings per share (in NTD)	\$ 0.79		0.72		2.38		2.18	
9850	Diluted earnings per share (in NTD)	\$ 0.70		0.72		2.10		2.17	

See accompanying notes to consolidated financial statements.

(Reviewed, not audited)
YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
							Other equity interest					
							Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity	
	Retained earnings											
Share capital	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
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	-	-	-	-	-	150,447	150,447	-	-	-	-	150,447
Other comprehensive income	-	-	-	-	-	-	-	479	2,122	2,601	-	2,601
Total comprehensive income	-	-	-	-	-	150,447	150,447	479	2,122	2,601	-	153,048
Earnings allocation and distribution:												
Provision of legal reserve	-	-	-	13,899	-	(13,899)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	(103,531)	(103,531)	-	-	-	-	(103,531)
	-	-	-	13,899	-	(117,430)	(103,531)	-	-	-	-	(103,531)
Convert of convertible Bond	-	-	37,390	-	-	-	-	-	-	-	-	37,390
Balance as of September 30, 2021	\$	697,869	157,151	62,340	3,798	229,124	295,262	17,173	3,274	20,447	(11,773)	1,158,956
Balance at January 1, 2022	\$	697,869	157,151	62,340	3,798	277,264	343,402	17,188	3,695	20,883	(11,773)	1,207,532
Profit	-	-	-	-	-	164,977	164,977	-	-	-	-	164,977
Other comprehensive income	-	-	-	-	-	-	-	2,481	(564)	1,917	-	1,917
Total comprehensive income	-	-	-	-	-	164,977	164,977	2,481	(564)	1,917	-	166,894
Earnings allocation and distribution:												
Provision of legal reserve	-	-	-	19,859	-	(19,859)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	-	(152,337)	(152,337)	-	-	-	-	(152,337)
	-	-	-	19,859	-	(172,196)	(152,337)	-	-	-	-	(152,337)
Convert of convertible Bond	-	3,800	7,216	-	-	-	-	-	-	-	-	11,016
Balance as of September 30, 2022	\$	701,669	164,367	82,199	3,798	270,045	356,042	19,669	3,131	22,800	(11,773)	1,233,105

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

	For the nine months ended September 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit (Loss) before tax	\$ 212,534	196,347
Adjustments:		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss (reversal gain)	221	1,656
Depreciation expense	91,689	79,086
Amortization expense	1,555	1,343
Financial liability at fair value through profit or loss	2,255	-
Interest expense	10,515	9,737
Interest income	(214)	(171)
Loss on disposal of property, plant and equipment	3,145	75
Unrealized foreign exchange loss (gain)	(16,314)	4,868
Total adjustments to reconcile profit:	92,852	96,594
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(7,518)	(4,920)
Accounts receivable	75,583	(162,437)
Inventories	183,153	(311,686)
Other current assets	(1,847)	(13,903)
Other financial assets	(5,375)	(7,314)
Total net changes in operating assets:	243,996	(500,260)
Net changes in operating liabilities:		
Accounts payable	(125,722)	157,632
Other payable	(42,844)	22,362
Other current liabilities	(10,592)	1,208
Net defined benefit liability	(4,211)	(1,057)
Total net changes in operating liabilities	(183,369)	180,145
Total changes in operating assets and liabilities	60,627	(320,115)
Total adjustments	153,479	(223,521)
Cash inflow generated from operating	366,013	(27,174)
Interest received	208	191
Interest paid	(8,559)	(10,075)
Income taxes paid	(38,728)	(9,725)
Net cash flows from (used in) operating activities	318,934	(46,783)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(2,500)	(16,000)
Acquisition of property, plant and equipment	(102,690)	(59,837)
Proceeds from disposal of property, plant and equipment	265	529
Increase in guarantee deposits paid	(1,764)	(114)
Acquisition of intangible assets	(1,352)	(3,951)
Increase in restricted deposit	(7,036)	(47,242)
Increase in prepayments for equipment	(7,102)	(21,619)
Net cash flows from (used in) investing activities:	(122,179)	(148,234)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(19,900)	(45,488)
Proceeds from long-term borrowings	82,000	315,000
Repayment of long-term borrowings	(53,400)	(326,045)
Payment of lease liabilities	(52,790)	(18,758)
Cash dividend of common stock	(152,337)	(103,531)
Issuance of convertible bonds	-	327,642
Net cash flows from (used in) financing activities	(196,427)	148,820
Effect of exchange rate changes on cash and cash equivalents	89	4,087
Net increase (decrease) in cash and cash equivalents	417	(42,110)
Cash and cash equivalents at beginning of period	157,294	289,207
Cash and cash equivalents at end of period	\$ 157,711	247,097

See accompanying notes to consolidated financial statements.

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

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

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

For the nine months ended September 30, 2022 and 2021

(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.). Registered address: No.329, Feng Ren Rd., Ren Wu Dist., Kaohsiung City 814, Taiwan (R.O.C.). The major business activities of the Company and subsidiaries (jointly referred to 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 November 8, 2022.

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, 2022 :

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

- (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, 2023, will not have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting policies”
- Amendments to IAS 8 “Definition of Accounting Assessments
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

- (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 be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

- 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”
- Amendment to IFRS 16 “Sale and leaseback transaction”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

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, 2021. Please refer to Note 4 of 2021 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
			September 30, 2022	December 31, 2021	September 30, 2021	
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 INT'L 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	Y.H. TECH INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

CORP.

Y.H. TECH INTERNATIONAL CORP.	DARSON ELECTRONICS (DONGGUAN) LTD. ("DARSON")	Manufacture of electronic cooling products	100%	100%	100%	-
LUCRATIVE INT'L GROUP INC.	YEN GIANT METAL (DONGGUAN) CO., LTD. ("YEN GIANT")	Manufacture of electronic cooling fan and heat sink and thermal module products	100%	100%	100%	-

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 2021 consolidated financial statements.

See accompanying notes to 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 2021. Please refer to Note 6 of consolidated financial statements 2021.

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash and petty cash	\$ 3,876	2,162	1,926
Check deposits	10	74	50
Demand deposits	153,825	154,758	244,821
Time deposits	<u>-</u>	<u>300</u>	<u>300</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 157,711</u></u>	<u><u>157,294</u></u>	<u><u>247,097</u></u>

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

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Derivatives not designated as hedges			
Convertible bond (Embedded derivatives)	<u>\$ -</u>	<u>2,070</u>	<u>810</u>
Financial liabilities at fair value through profit or loss, mandatorily measured at fair value			
Derivatives not designated as hedges			
Convertible bond (Embedded derivatives)	<u>\$ 260</u>	<u>-</u>	<u>-</u>

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

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks —			
Y.S. Tech U.S.A Inc.	\$ 13,103	12,906	7,334
Domestic un-listed stocks —			
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	<u>13,733</u>	<u>11,954</u>	<u>15,991</u>
Total	<u><u>\$ 26,836</u></u>	<u><u>24,860</u></u>	<u><u>23,325</u></u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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 nine months ended September 30, 2022 and 2021.

For information of market risk, please refer to Note 6(25)

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

(4) Notes and accounts receivable

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Notes receivable from operating activities	\$ 36,411	28,748	28,976
Accounts receivables– measured as amortized cost	852,500	901,040	907,339
Less: Allowance for impairment	<u>(20,050)</u>	<u>(19,424)</u>	<u>(19,827)</u>
	<u>\$ 868,861</u>	<u>910,364</u>	<u>916,488</u>
Book as:			
Notes receivable	\$ 36,411	28,748	28,976
Net amount of accounts receivable	<u>832,450</u>	<u>881,616</u>	<u>887,512</u>
	<u>\$ 868,861</u>	<u>910,364</u>	<u>916,488</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:

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

	September 30, 2022		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 826,143	0.05%	452
Overdue less than 90 days	43,019	0.27%	116
Overdue 91 to 180 days	393	34.10%	134
Overdue 181 to 240 days	13	38.46%	5
Overdue over 241 days	19,343	100.00%	19,343
	<u>\$ 888,911</u>		<u>20,050</u>

	December 31, 2021		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 874,564	0.06%	497
Overdue less than 90 days	36,142	0.15%	55
Overdue 91 to 180 days	100	46.29%	47
Overdue 181 to 240 days	429	63.54%	272
Overdue over 241 days	18,553	100.00%	18,553
	<u>\$ 929,788</u>		<u>19,424</u>

	September 30, 2021		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 894,312	0.05%	420
Overdue less than 90 days	22,634	2.85%	646
Overdue 91 to 180 days	847	37.63%	318
Overdue 181 to 240 days	265	70.26%	186
Overdue over 241 days	18,257	100.00%	18,257
	<u>\$ 936,315</u>		<u>19,827</u>

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

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

	For the nine months ended September 30	
	2022	2021
Balance at January 1	\$ 19,424	24,427
Impairment losses recognized (reversed)	212	1,656
Write off amount due to unable to recovery(Current portion)	-	(5,935)
Effect of changes in foreign exchange rates	414	(321)
Balance at September 30	<u>\$ 20,050</u>	<u>19,827</u>

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(25) for credit risk.

(5) Other financial assets

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Refundable deposits	\$ 12,364	10,445	8,898
Collection-disposal of operation department in Mainland China	-	-	23,754
Other receivables — Other	20,306	14,718	21,386
Restricted deposits	65,475	58,439	58,446
Less: Loss allowance- Overdue Receivable	-	-	(23,754)
Less: Loss allowance-Others	(10)	(1)	(2)
	<u>\$ 98,135</u>	<u>83,601</u>	<u>88,728</u>
Book as:			
Other financial assets — current	\$ 29,097	22,601	29,258
Other financial assets — non-current	69,038	61,000	59,470
	<u>\$ 98,135</u>	<u>83,601</u>	<u>88,728</u>

Please refer to Note 6(25) for credit risk. The abovementioned other financial assets pledged as collateral are disclosed in Note 8.

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

(6) Inventories

	<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Raw materials and supplies	\$ 310,284	403,124	418,301
Work in progress	235,962	272,506	358,556
Finished goods and Merchandise inventories	<u>225,914</u>	<u>272,794</u>	<u>230,461</u>
	<u>\$ 772,160</u>	<u>948,424</u>	<u>1,007,318</u>

For the three and nine months ended September 30, 2022 and 2021, recognition of inventory impairment losses due to write-off of inventories to net realizable value was \$1,814 thousand, \$5,449 thousand, \$7,786 thousand and \$15,545 thousand, respectively; And has been recognize under operating costs.

None abovementioned inventories were pledged as collaterals.

(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, 2022	\$ 291,848	198,776	301,823	441,792	116,002	4,267	1,354,508
Additions	-	6,387	19,595	15,522	3,555	70,007	115,066
Reclassification	-	1,613	-	-	-	(1,613)	-
Disposals	-	-	(14,623)	(1,365)	(3,860)	-	(19,848)
Effect of movements in exchange rates	-	603	3,314	2,084	496	-	6,497
Balance at September 30, 2022	<u>\$ 291,848</u>	<u>207,379</u>	<u>310,109</u>	<u>458,033</u>	<u>116,193</u>	<u>72,661</u>	<u>1,456,223</u>
Balance at January 1, 2021	\$ 291,685	186,408	256,380	421,722	98,267	1,396	1,255,858
Additions	163	9,568	40,904	17,757	10,819	5,489	84,700
Reclassification	-	930	-	-	-	(930)	-
Disposals	-	-	(1,341)	(660)	(513)	-	(2,514)
Effect of movements in exchange rates	-	(291)	(1,662)	(955)	(256)	(5)	(3,169)
Balance at September 30, 2021	<u>\$ 291,848</u>	<u>196,615</u>	<u>294,281</u>	<u>437,864</u>	<u>108,317</u>	<u>5,950</u>	<u>1,334,875</u>

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

**Accumulated depreciation and
Impairment:**

Balance at January 1, 2022	\$	-	56,370	165,281	368,102	72,860	-	662,613
Depreciation for the year		-	13,323	22,568	23,684	7,941	-	67,516
Disposals		-	-	(13,574)	(1,257)	(3,490)	-	(18,321)
Effect of movements in exchange rates		-	477	1,392	1,317	339	-	3,525
Balance at September 30, 2022	\$	-	70,170	175,667	391,846	77,650	-	715,333
Balance at January 1, 2021	\$	-	39,854	144,651	344,140	66,574	-	595,219
Depreciation for the year		-	12,145	18,575	21,920	5,423	-	58,063
Disposals		-	-	(799)	(648)	(463)	-	(1,910)
Effect of movements in exchange rates		-	(191)	(711)	(636)	(181)	-	(1,719)
Balance at September 30, 2021	\$	-	51,808	161,716	364,776	71,353	-	649,653

Carrying amounts:

Balance at January 1, 2022	\$	291,848	142,406	136,542	73,690	43,142	4,267	691,895
Balance at September 30, 2022	\$	291,848	137,209	134,442	66,187	38,543	72,661	740,890
Balance at January 1, 2021	\$	291,685	146,554	111,729	77,582	31,693	1,396	660,639
Balance at September 30, 2021	\$	291,848	144,807	132,565	73,088	36,964	5,950	685,222

Please refer to Note 6(24) 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:

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2022	\$ 948	211,204	4,754	216,906
Additions	138,407	1,301	607	140,315
Decrease	-	(3,167)	(1,434)	(4,601)
Effect of movements in exchange rates	-	4,516	-	4,516
Balance at September 30, 2022	<u><u>\$ 139,355</u></u>	<u><u>213,854</u></u>	<u><u>3,927</u></u>	<u><u>357,136</u></u>
Balance at January 1, 2021	\$ -	162,889	6,371	169,260
Additions	-	47,256	803	48,059
Decrease	-	-	(2,420)	(2,420)
Effect of movements in exchange rates	-	(2,431)	-	(2,431)
Balance at September 30, 2021	<u><u>\$ -</u></u>	<u><u>207,714</u></u>	<u><u>4,754</u></u>	<u><u>212,468</u></u>
Accumulated Depreciation:				
Balance at January 1, 2022	\$ 16	64,641	2,176	66,833
Additions	997	21,995	935	23,927
Decrease	-	(3,167)	(1,434)	(4,601)
Effect of movements in exchange rates	-	1,738	-	1,738
Balance at September 30, 2022	<u><u>\$ 1,013</u></u>	<u><u>85,207</u></u>	<u><u>1,677</u></u>	<u><u>87,897</u></u>
Balance at January 1, 2021	\$ -	38,059	2,917	40,976
Additions	-	19,396	1,334	20,730
Decrease	-	-	(2,420)	(2,420)
Effect of movements in exchange rates	-	(665)	-	(665)
Balance at September 30, 2021	<u><u>\$ -</u></u>	<u><u>56,790</u></u>	<u><u>1,831</u></u>	<u><u>58,621</u></u>
Carrying amounts:				
Balance at January 1, 2022	<u><u>\$ 932</u></u>	<u><u>146,563</u></u>	<u><u>2,578</u></u>	<u><u>150,073</u></u>
Balance at September 30, 2022	<u><u>\$ 138,342</u></u>	<u><u>128,647</u></u>	<u><u>2,250</u></u>	<u><u>269,239</u></u>
Balance at January 1, 2021	<u><u>\$ -</u></u>	<u><u>124,830</u></u>	<u><u>3,454</u></u>	<u><u>128,284</u></u>
Balance at September 30, 2021	<u><u>\$ -</u></u>	<u><u>150,924</u></u>	<u><u>2,923</u></u>	<u><u>153,847</u></u>

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

(9) Investment Property

	Owne property	Building and construction	
	Building and construction	Land	Total
Cost & recognized as cost			
Balance at January 1, 2022	\$ 56,427	7,322	63,749
Disposal	(18,873)		(18,873)
Effect of movements in exchange rates	1,487	217	1,704
Balance at September 30, 2022	<u><u>\$ 39,041</u></u>	<u><u>7,539</u></u>	<u><u>46,580</u></u>
Balance at January 1, 2021	\$ 56,856	7,377	64,233
Effect of movements in exchange rates	(935)	(123)	(1,058)
Balance at September 30, 2021	<u><u>\$ 55,921</u></u>	<u><u>7,254</u></u>	<u><u>63,175</u></u>
Accumulated Depreciation:			
Balance at January 1, 2022	\$ 50,712	845	51,557
Depreciation of current portion	31	215	246
Disposal	(16,990)		(16,990)
Effect of movements in exchange rates	1,337	27	1,364
Balance at September 30, 2022	<u><u>\$ 35,090</u></u>	<u><u>1,087</u></u>	<u><u>36,177</u></u>
Balance at January 1, 2021	\$ 50,989	567	51,556
Depreciation of current portion	81	211	292
Effect of movements in exchange rates	(839)	(12)	(851)
Balance at September 30, 2021	<u><u>\$ 50,231</u></u>	<u><u>766</u></u>	<u><u>50,997</u></u>
Carrying amounts:			
Balance at January 1, 2022	<u><u>\$ 5,715</u></u>	<u><u>6,477</u></u>	<u><u>12,192</u></u>
Balance at September 30, 2022	<u><u>\$ 3,951</u></u>	<u><u>6,452</u></u>	<u><u>10,403</u></u>
Balance at January 1, 2021	<u><u>\$ 5,868</u></u>	<u><u>6,809</u></u>	<u><u>12,677</u></u>
Balance at September 30, 2021	<u><u>\$ 5,690</u></u>	<u><u>6,488</u></u>	<u><u>12,178</u></u>

There is no material difference between the fair value of investment property and the information disclosed in Note 6 (9) of the consolidated financial report for the year ended December 31, 2021

None investment property were pledged as collateral.

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

(10) Intangible assets

	Computer software	Other	Total
Carrying amounts:			
Balance at January 1, 2022	\$ <u>4,931</u>	<u>307</u>	<u>5,238</u>
Balance at September 30, 2022	\$ <u>4,862</u>	<u>177</u>	<u>5,039</u>
Balance at January 1, 2021	\$ <u>2,633</u>	<u>485</u>	<u>3,118</u>
Balance at September 30, 2021	\$ <u>5,372</u>	<u>350</u>	<u>5,722</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the nine months ended September 30, 2022 and 2021. Please refer Note 6(10) of the consolidated financial report for the year ended December 31, 2021 for other related information.

None intangible assets 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>September 30, 2022</u>	<u>December 31, 2021</u>	- <u>September 30, 2021</u>
Prepayment for purchases	\$ 6,745	5,896	6,146
Prepaid expense	6,107	4,331	4,442
Prepayments for equipment	7,102	15,742	24,578
Income tax refund receivable	28,261	28,816	36,730
Assets for right to recover product to be returned	2,890	2,579	2,299
Other	-	734	738
	<u>\$ 51,105</u>	<u>58,098</u>	<u>74,933</u>
Current	\$ 44,003	42,356	50,355
Non-current	<u>7,102</u>	<u>15,742</u>	<u>24,578</u>
	<u>\$ 51,105</u>	<u>58,098</u>	<u>74,933</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Letters of credit	\$ -	-	659
Unsecured bank loans	10,100	30,000	56,000
Total	<u>\$ 10,100</u>	<u>30,000</u>	<u>56,659</u>
Unused short-term credit lines	<u>\$ 920,227</u>	<u>785,554</u>	<u>779,405</u>
Range of interest rates	<u>1.48%~1.54%</u>	<u>1.10%~1.20%</u>	<u>1.00%~1.22%</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured bank borrowings	\$ 123,336	63,334	90,034
Secured bank loans	202,100	235,000	265,000
	325,436	298,334	355,034
Less: current portion	44,218	30,939	37,626
Total	<u>\$ 281,218</u>	<u>267,395</u>	<u>317,408</u>
Unused long-term credit lines	<u>\$ 104,000</u>	<u>-</u>	<u>-</u>
Range of interest rates	<u>0.88%~1.68%</u>	<u>1.20%~1.35%</u>	<u>1.20%~1.70%</u>

- A. The amount of long-term borrowing of the Group for the nine months ended September 30, 2022 and 2021 was \$82,000 thousand and \$315,000 thousand, respectively. The interest rate is 0.88%~0.98% and 1.20%~1.25%; the repayment amount was \$53,400 and \$326,045 thousand (\$280,110 thousand was repaid in advance on September 30, 2021), respectively. Please refer to Note 6 (24) for interest expenses. For other related information, please refer to Note 6 (13) of the consolidated financial report for the year ended December 31, 2021.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

In 2022, the Group acquired low-interest loan from “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which host by Executive Yuan, R.O.C. (Taiwan); with a period of 5 years and 7 years, with an amount of \$32,000 thousand and \$50,000 thousand, respectively; As of September 30, 2022, the balance of deferred assistance profits was \$1,498 thousand, recognized as Other current liabilities-other: \$326 thousand and Long-term deferred revenue: \$1,172 thousand, respectively.

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

(14) Bonds payable

The details of secured convertible bonds were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Add: Interest payable refund	721	187	-
Less: Accumulated conversion amount	(11,400)	-	-
Less: Unamortized discounted bonds payable	<u>(6,907)</u>	<u>(8,491)</u>	<u>(8,926)</u>
Issued bonds payable balance at year-end	<u><u>\$ 282,414</u></u>	<u><u>291,696</u></u>	<u><u>291,074</u></u>
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	<u><u>\$ (260)</u></u>	<u><u>2,070</u></u>	<u><u>810</u></u>
Equity component – conversion options, included in capital surplus– stock options	<u><u>\$ 35,970</u></u>	<u><u>37,390</u></u>	<u><u>37,390</u></u>

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 0.85%. Please refer to Note 6 (24) for the amount of recognized interest expenses.

For the information of bondholder exercise puttable option that converts bonds payable into ordinary shares from January 1 to September 30, 2022, please refer to Note 6 (20).

(15) Lease liabilities

The details of lease liabilities were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	<u><u>\$ 30,751</u></u>	<u><u>28,224</u></u>	<u><u>28,212</u></u>
Non-current	<u><u>\$ 218,197</u></u>	<u><u>130,146</u></u>	<u><u>133,283</u></u>

For maturity analysis, please refer to Note 6 (25) Financial Instruments.

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Interest on lease liabilities	<u>\$ 1,702</u>	<u>1,521</u>	<u>4,878</u>	<u>4,609</u>
Expenses relating to short-term leases	<u>\$ 134</u>	<u>124</u>	<u>466</u>	<u>464</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 130</u>	<u>126</u>	<u>362</u>	<u>354</u>

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

	For the nine months ended September 30,2022	For the nine months ended September 30,2021
Total cash outflow for leases	<u>\$ 58,496</u>	<u>24,185</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 50 years. Some leases include an option to renew the lease after the end of the contract term.

B. Other leases

The Group leases transportation and equipment, with lease terms of 2 to 5years.

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.

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

(16) Other current and non-current liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Advance receipts	\$ 17,250	15,506	14,127
Guarantee deposit	4,473	-	-
Provision for warranties	1,232	1,195	1,147
Refund liabilities	5,114	6,750	5,325
Other	7,390	17,652	17,431
	<u>\$ 35,459</u>	<u>41,103</u>	<u>38,030</u>

There was no significant movement of liabilities provision for the nine months ended September 30, 2022 and 2021. Please refer Note 6(16) of consolidated financial report for the year ended December 31, 2021 for other related information

(17) Operating lease

There was no significant movement and addition of operating lease contracts for the nine months ended September 30, 2022 and 2021. Please refer Note 6(17) of consolidated financial report for the year ended December 31, 2021 for other related information.

(18) 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, 2021 and 2020.

Cost recognized in expense was as below:

	<u>For the three months ended September 30, 2022</u>	<u>For the three months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2021</u>
Operating cost	\$ 57	51	173	154
Selling expenses	16	22	46	66
Total	<u>\$ 73</u>	<u>73</u>	<u>219</u>	<u>220</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

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

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 September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Operating cost	\$ 3,367	3,510	10,656	9,894
Selling expenses	639	630	1,876	1,931
General and administrative expenses	675	747	2,020	2,154
Research and development expenses	931	769	2,824	2,215
Total	<u>\$ 5,612</u>	<u>5,656</u>	<u>17,376</u>	<u>16,194</u>

(19) 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 September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Current portion	\$ 17,137	7,177	47,557	46,021
Adjusted current income tax of previous period	-	-	-	(121)
Current income tax expense	<u>\$ 17,137</u>	<u>7,177</u>	<u>47,557</u>	<u>45,900</u>

The Group recognize income tax which under other comprehensive income for the three months & nine months ended September 2022 and 2021 was \$160 thousand, \$ (185) thousand, \$40 thousand, and \$ 820 thousand, respectively.

The Company's income tax returns for all fiscal years up to 2019 have been examined and approved by the tax authority

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

(20) Capital and other equity

As of September 30,2022, December 31, 2021 and September 30,2021; the total value of authorized ordinary shares was amounted to \$ 1,500,000 thousand, \$ 1,500,000 thousand and \$ 1,500,000 thousand with par value \$10, respectively. Issued shares were 70,167 thousand shares, 69,787 thousand shares and 69,787 thousand shares. All the capital was fully paid in. Reconciliation of shares outstanding for the nine months ended September 30, 2022 and 2021 was as follows:

	Common shares	
	For the three months ended September 30,2022	For the nine months ended September 30,2021
(in thousands of shares)		
Balance on January 1	69,787	69,787
Converting of convertible bonds	380	-
Balance on September 30	70,167	69,787

A. Issuance of common shares

From January 1 to September 30, 2022, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$11,400 thousand into \$380 thousand common shares and issued with the par value of \$3,800 thousand; considering the discount of bonds payable and interest compensation of \$309 thousand and the amount of financial assets measured at fair value through profit and loss: \$75 thousand and additional paid-in capital - bond payable stock option of \$1,420 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$8,636 thousand.

Legal registration procedures is under progress.

B. Additional paid-in capital

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Additional paid-in capital in excess of par-Convertible bond	\$ 95,613	86,977	86,977
Expired share option	18,643	18,643	18,643
Treasury share transactions	14,141	14,141	14,141
Conversion option of convertible bonds	<u>35,970</u>	<u>37,390</u>	<u>37,390</u>
	<u>\$ 164,367</u>	<u>157,151</u>	<u>157,151</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

According to the ROC Company Act, capital surplus can only be used to make up a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock (including premium on conversion of convertible bonds) and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring additional paid-in capital should not exceed 10% of the total common stock outstanding.

C. 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, 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.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Only cash dividends shall be paid at a rate not less than 10% of the current year's distribution.

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 8, 2022 and March 9, 2021.

The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholder:				
Cash	\$ 2.2	<u>152,337</u>	1.5	<u>103,531</u>

D. 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, 2022	\$ 17,188	3,695	20,883
Changes of the Group	2,481	(564)	1,917
Balance at September 30, 2022	<u>\$ 19,669</u>	<u>3,131</u>	<u>22,800</u>
Balance at January 1, 2021	\$ 16,694	1,152	17,846
Changes of the Group	479	2,122	2,601
Balance at September 30, 2021	<u>\$ 17,173</u>	<u>3,274</u>	<u>20,447</u>

E. Treasury stock

In accordance with Article 28-2 of the Securities and Exchange Act, the company bought back a total of 766,000 treasury shares for the transfer of shares to employees, at a cost of \$ 11,773 thousand. As of September 30, 2022, December 31, 2021 and September 30, 2021, 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)

(21) Earnings per share

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

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,662</u>	<u>49,592</u>	<u>164,977</u>	<u>150,447</u>
Weighted-average number of common shares at end of year (thousands of shares)	<u>69,401</u>	<u>69,021</u>	<u>69,353</u>	<u>69,021</u>
Earnings per share (NTD \$)	<u>\$ 0.79</u>	<u>0.72</u>	<u>2.38</u>	<u>2.18</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ 54,662	49,592	164,977	150,447
Effect of potentially dilutive common stock-Convertible Bonds	<u>\$ 897</u>	<u>-</u>	<u>3,250</u>	<u>-</u>
Profit(loss) attributable to ordinary shareholders of the Company (After adjusted effected amount of potentially dilutive common stock)	<u>\$ 55,559</u>	<u>49,592</u>	<u>168,227</u>	<u>150,447</u>
Weighted-average number of common shares(thousand shares)	69,401	69,021	69,353	69,021
Effect of employee share bonus (thousands of shares)	156	125	185	152
Effect of convertible bonds(thousands of shares)	<u>10,344</u>	<u>109</u>	<u>10,392</u>	<u>37</u>
Weighted-average number of common shares (thousands of shares)	<u>79,901</u>	<u>69,255</u>	<u>79,930</u>	<u>69,210</u>
Earnings per share (Diluted)	<u>\$ 0.70</u>	<u>0.72</u>	<u>2.10</u>	<u>2.17</u>

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

(22) Revenue from contracts with customers

A. Details of revenue

For the three months ended September 30, 2022			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 147,434	247,749	395,183
Mainland China	-	132,661	132,661
Germany	-	217,299	217,299
America	-	52,159	52,159
Japan	7	4,400	4,407
South Korea	-	20,926	20,926
Others	4,980	52,446	57,426
	\$ 152,421	727,640	880,061

Major products services lines:

Cooling fan	\$ -	641,002	641,002
Product of home appliances–air series	85,004	-	85,004
Product of home appliances–water series	55,342	-	55,342
Heat sink and thermal module	-	80,622	80,622
Others	12,075	6,016	18,091
	\$ 152,421	727,640	880,061

For the three months ended September 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 161,363	371,860	533,223
Mainland China	-	92,454	92,454
Germany	-	250,664	250,664
America	305	42,844	43,149
Japan	-	2,803	2,803
South Korea	-	19,017	19,017
Others	5,736	59,448	65,184
	\$ 167,404	839,090	1,006,494

Major products services lines:

Cooling fan	\$ -	715,345	715,345
Product of home appliances–air series	97,609	-	97,609
Product of home appliances–water series	59,233	-	59,233
Heat sink and thermal module	-	112,549	112,549
Others	10,562	11,196	21,758
	\$ 167,404	839,090	1,006,494

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2022			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 645,460	770,229	1,415,689
Mainland China	-	360,660	360,660
Germany	613	645,725	646,338
America	-	167,083	167,083
Japan	16,390	12,281	28,671
South Korea	7,159	63,806	70,965
Others	12,344	163,693	176,037
	\$ 681,966	2,183,477	2,865,443
Major products services lines:			
Cooling fan	\$ -	1,916,780	1,916,780
Product of home appliances–air series	395,751	-	395,751
Product of home appliances–water series	198,019	-	198,019
Heat sink and thermal module	-	242,139	242,139
Others	88,196	24,558	112,754
	\$ 681,966	2,183,477	2,865,443
For the nine months ended September 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 526,739	1,058,133	1,584,872
Mainland China	738	327,097	327,835
Germany	-	652,414	652,414
America	320	107,474	107,794
Japan	15,386	9,407	24,793
South Korea	2,145	52,405	54,550
Others	20,920	176,528	197,448
	\$ 566,248	2,383,458	2,949,706
Major products services lines:			
Cooling fan	\$ -	1,927,477	1,927,477
Product of home appliances–air series	374,391	-	374,391
Product of home appliances–water series	158,321	-	158,321
Heat sink and thermal module	-	420,280	420,280
Others	33,536	35,701	69,237
	\$ 566,248	2,383,458	2,949,706

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

B. Contract balance

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivables	\$ 888,911	929,788	936,315
Less: allowance for impairment	<u>(20,050)</u>	<u>(19,424)</u>	<u>(19,827)</u>
Total	<u>\$ 868,861</u>	<u>910,364</u>	<u>916,488</u>
Contract liabilities — unearned revenue	<u>\$ 17,250</u>	<u>15,506</u>	<u>14,127</u>

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

The unearned revenue balance at January 1, 2022 and 2021; have been recognized as revenue for the three and nine months ended at September 30, 2022 and 2021 with total amounts of \$3,247 thousand, \$323 thousand, \$15,160 thousand and \$6,197 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.

(23) 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 nine months ended at September 30, 2022 and 2021, the Company accrued the compensation of employees amounted to \$1,300 thousand, \$1,120 thousand, \$4,058 thousand and \$3,689 thousand, respectively. And the remuneration of directors' amounted to \$650 thousand, \$559 thousand, \$2,029 thousand and \$1,844 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 \$4,682 thousand and \$2,977 thousand, respectively; and the accrued remuneration of directors' and supervisor's amounted to \$2,341 thousand and \$1,489 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>.

(24) Non-operating income and expenses

A. Interest income:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Bank deposit	\$ 49	34	203	161
Other interest income	1	2	11	10
	<u>\$ 50</u>	<u>36</u>	<u>214</u>	<u>171</u>

B. Other income:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Sample income	\$ 1,342	1,963	3,872	4,120
Mold income	1,683	5,263	8,431	12,510
Others	6,113	7,035	27,445	18,314
	<u>\$ 9,138</u>	<u>14,261</u>	<u>39,748</u>	<u>34,944</u>

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

C. Other gains and losses:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Net profit on foreign exchange gains	\$ 25,558	(1,092)	56,116	(14,520)
Net loss on disposal of investment property and property, plant and equipment	192	(25)	(3,145)	(75)
Net loss on financial liability at fair value through profit or loss	-	(36)	-	(432)
Net loss on Callable/Puttable bonds payable value	(520)	-	(2,255)	-
Others	(922)	(55)	(4,060)	(638)
	<u>\$ 24,308</u>	<u>(1,208)</u>	<u>46,656</u>	<u>(15,665)</u>

D. Finance costs

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Interest expenses				
Bank loan	\$ (1,487)	(1,803)	(3,828)	(5,116)
Lease liability	(1,702)	(1,521)	(4,878)	(4,609)
Amortization of discount on bonds payable	(602)	-	(1,809)	-
Others	-	(12)	-	(12)
	<u>\$ (3,791)</u>	<u>(3,336)</u>	<u>(10,515)</u>	<u>(9,737)</u>

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

(25) 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(25) of 2021 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 major customers of the Company are centralized in industries within similar areas and dealers. To reduce concentration of credit risk, the Company evaluates those customers' financial positions and requires customers to provide collateral, if necessary. In addition, the Company evaluates the possibility of collecting the notes and accounts receivable periodically. As of September 30, 2022, December 31, 2021 and September 30, 2021, major customers of the Company was significant focus on certain customer; one of the customer accounted for 21.17%, 17.67% and 17.92% of the notes and accounts receivable, respectively.

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)

September 30, 2022			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 12,364	-	-
Other receivable	15,628	4,668	10
Restricted Deposit	65,475	-	-
Loss allowance	-	-	(10)
Amortized cost	<u>\$ 93,467</u>	<u>4,668</u>	<u>-</u>
Carrying amount	<u>\$ 93,467</u>	<u>4,668</u>	<u>-</u>

December 31, 2021			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,445	-	-
Other receivable	10,658	4,059	1
Restricted Deposit	58,439	-	-
Loss allowance	-	-	(1)
Amortized cost	<u>\$ 79,542</u>	<u>4,059</u>	<u>-</u>
Carrying amount	<u>\$ 79,542</u>	<u>4,059</u>	<u>-</u>

September 30 2021			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 8,898	-	-
Other receivable	19,007	2,377	23,756
Restricted Deposit	58,446	-	-
Loss allowance	-	-	(23,756)
Amortized cost	<u>\$ 86,351</u>	<u>2,377</u>	<u>-</u>
Carrying amount	<u>\$ 86,351</u>	<u>2,377</u>	<u>-</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

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 nine months ended September 30, 2022 and 2021 were as follows:

For the nine months ended September 30,2022				
	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2022	\$ -	-	1	1
Impairment loss recognized	-	-	9	9
Balance at September 30, 2022	<u>\$ -</u>	<u>-</u>	<u>10</u>	<u>10</u>

For the nine months ended September 30,2021				
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2021	\$ -	-	24,153	24,153
Effect of changes in foreign currency exchange rates	-	-	(397)	(397)
Balance at September 30, 2021	<u>\$ -</u>	<u>-</u>	<u>23,756</u>	<u>23,756</u>

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.

	<u>Carrying amount</u>	<u>Contracted cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
<u>September 30, 2022</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 335,536	365,579	33,922	25,016	45,857	108,488	152,296
Accounts payable (non-interest bearing)	621,914	621,914	621,914	-	-	-	-
Other payables (non-interest bearing)	152,094	152,094	152,094	-	-	-	-
Bonds payable (fixed interest rate)	282,414	292,225	-	-	-	292,225	-
Lease liability (maturity within one year) (fixed interest rate)	248,948	297,633	17,573	19,364	37,809	76,558	146,329
Guarantee deposits (non-interest bearing)	6,237	6,237	-	4,473	1,764	-	-
	<u>\$ 1,647,143</u>	<u>1,735,682</u>	<u>825,503</u>	<u>48,853</u>	<u>85,430</u>	<u>477,271</u>	<u>298,625</u>
<u>December 31, 2021</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 328,334	349,662	43,513	20,964	44,741	80,125	160,319
Accounts payable (non-interest bearing)	731,687	731,687	731,687	-	-	-	-
Other payables (non-interest bearing)	196,331	196,331	196,331	-	-	-	-
Bonds payable (fixed interest rate)	291,696	303,768	-	-	-	303,768	-
Lease liability (maturity within one year) (fixed interest rate)	158,390	174,913	17,073	16,722	33,849	91,645	15,624
Guarantee deposits (non-interest bearing)	6,108	6,108	-	-	1,764	4,344	-
	<u>\$ 1,712,546</u>	<u>1,762,469</u>	<u>988,604</u>	<u>37,686</u>	<u>80,354</u>	<u>479,882</u>	<u>175,943</u>
<u>September 30, 2021</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 411,693	440,878	78,472	25,081	51,611	99,888	185,826
Accounts payable (non-interest bearing)	854,967	854,967	854,967	-	-	-	-
Other payables (non-interest bearing)	205,797	205,797	205,797	-	-	-	-
Bonds payable (fixed interest rate)	291,074	303,768	-	-	-	303,768	-
Lease liability (maturity within one year) (fixed interest rate)	161,495	179,286	17,079	16,876	33,216	92,956	19,159
Guarantee deposits (non-interest bearing)	6,069	6,069	-	-	1,764	4,305	-
	<u>\$ 1,931,095</u>	<u>1,990,765</u>	<u>1,156,315</u>	<u>41,957</u>	<u>86,591</u>	<u>500,917</u>	<u>204,985</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:

	September 30, 2022			December 31, 2021			September 30, 2021		
	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	\$ 30,866	31.75	979,960	33,672	27.68	931,913	36,362	27.85	1,012,697
EUR	999	31.26	31,229	769	31.32	24,100	1,314	32.32	42,458
CNY	47,229	4.4731	211,254	41,259	4.344	179,228	50,160	4.305	215,953
<u>Non-monetary item</u>									
USD	413	31.75	13,103	466	27.68	12,906	263	27.85	7,334
Financial liabilities									
<u>Monetary items</u>									
USD	20,034	31.75	635,972	20,568	27.68	569,357	22,574	27.85	628,719
EUR	70	31.26	2,192	21	31.32	649	106	32.32	3,433
CNY	45,925	4.473	205,423	34,904	4.344	151,624	45,596	4.305	196,291
TWD	35,343	1	35,343	38,534	1	38,534	43,359	1	43,359

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 nine months end of September 30, 2022 and 2021, 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 \$3,031 thousand and \$3,541 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 nine months ended September 31, 2022		For the nine months ended September 31, 2021	
	Profit(loss) of exchange	Average exchange rate	Profit(loss) of exchange	Average exchange rate
TWD	\$ 54,712	-	(11,545)	-
CNY	1,404	4.43	(2,975)	4.34
	<u>\$ 56,116</u>		<u>(14,520)</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 September, 2022	Net profit decreases \$506 thousand	Net profit increase \$506 thousand
Net profits after tax, January to September, 2021	Net profit decreases \$618 thousand	Net profit increase \$618 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 nine months ended September 30,2022	For the nine months ended September 30,2021
Equity price at reporting date	Other comprehensive income After tax	Other comprehensive income After tax
Increase 3%	<u>\$ 726</u>	<u>656</u>
Decrease 3%	<u>\$ (726)</u>	<u>(656)</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
Notes to the Consolidated Financial Statements (Continued)

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:

September 30, 2022					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVOCI					
Foreign unlisted stock	\$ 13,103	-	-	13,103	13,103
Domestic unlisted stock	<u>13,733</u>	-	-	13,733	13,733
Subtotal	<u>\$ 26,836</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 157,711	-	-	-	-
Notes and accounts receivables	868,861	-	-	-	-
Other Financial assets -current	29,097	-	-	-	-
Other Financial assets -non current	<u>69,038</u>	-	-	-	-
Subtotal	<u>\$ 1,124,707</u>				
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	<u>\$ 260</u>	-	260	-	260
Financial liabilities at amortized cost					
Short-term borrowing	\$ 10,100	-	-	-	-
Account payable	621,914	-	-	-	-
Other payable	152,094	-	-	-	-
Long- term borrowing (Current portion)	44,218	-	-	-	-
Lease liability — current	30,751	-	-	-	-
Long -term borrowing	281,218	-	-	-	-
Lease liability — non current	218,197	-	-	-	-
Bonds payable	282,414	-	275,382	-	275,382
Deposits received	<u>6,237</u>	-	-	-	-
Subtotal	<u>\$ 1,647,143</u>				
December 31, 2021					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	<u>\$ 2,070</u>		2,070		2,070
Financial assets at FVOCI					
Foreign unlisted stock	\$ 12,906	-	-	12,906	12,906
Domestic unlisted stock	<u>11,954</u>	-	-	11,954	11,954
Subtotal	<u>\$ 24,860</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 157,294	-	-	-	-
Notes and accounts receivables	910,364	-	-	-	-
Other Financial assets -current	22,601	-	-	-	-
Other Financial assets -non current	<u>61,000</u>	-	-	-	-
Subtotal	<u>\$ 1,151,259</u>				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Financial liabilities at amortized cost

Short-term borrowing	\$ 30,000	-	-	-	-
Account payable	731,687	-	-	-	-
Other payable	196,331	-	-	-	-
Long- term borrowing (Current portion)	30,939	-	-	-	-
Lease liability — current	28,244	-	-	-	-
Long -term borrowing	267,395	-	-	-	-
Lease liability — non current	130,146	-	-	-	-
Bonds payable	291,696	-	295,260	-	295,260
Deposits received	<u>6,108</u>	-	-	-	-
Subtotal	<u>\$ 1,712,546</u>				

September 30, 2021

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	\$ <u>810</u>	-	810	-	810
Financial assets at FVOCI					
Foreign unlisted stock	\$ 7,334	-	-	7,334	7,334
Domestic unlisted stock	<u>15,991</u>	-	-	15,991	15,991
Subtotal	<u>\$ 23,325</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 247,097	-	-	-	-
Notes and accounts receivables	916,488	-	-	-	-
Other Financial assets -current	29,258	-	-	-	-
Other Financial assets -non current	<u>59,470</u>	-	-	-	-
Subtotal	<u>\$ 1,252,313</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 56,659	-	-	-	-
Account payable	854,967	-	-	-	-
Other payable	205,797	-	-	-	-
Long- term borrowing (Current portion)	37,626	-	-	-	-
Lease liability— current	28,212	-	-	-	-
Long -term borrowing	317,408	-	-	-	-
Lease liability— noncurrent	133,283	-	-	-	-
Bonds payable	291,074	-	295,920	-	295,920
Deposits received	<u>6,069</u>	-	-	-	-
Subtotal	<u>\$ 1,931,095</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 nine months ended September 30, 2022 and 2021, 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, 2022	\$ 24,860
Purchase	2,500
Profit or loss-Recognized in other comprehensive profit or loss	<u>(524)</u>
Balance at September 30, 2022	<u>\$ 26,836</u>
Balance at January 1, 2021	\$ 4,383
Purchase	16,000
Profit or loss-Recognized in other comprehensive profit or loss	<u>2,942</u>
Balance at September 30, 2021	<u>\$ 23,325</u>

The benefits or losses are reported in the unrealized valuation benefits (losses) of financial assets measured at fair value, which is the outcome of assets that still hold by Group in nine months ended September 30, 2022 and 2021.

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 (September 30, 2022: 27.74% December 31, 2021: 38.22% September 30, 2021: 47.97%) ·Valuation multiples (September 30, 2022: 1.35 December 31, 2021: 1.78 September 30, 2021: 1.53) ·Stock price volatility (September 30, 2022: 42.45% December 31, 2021: 41.05% September 30, 2021: 52.35%)	·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 (September 30, 2022: 16.64% December 31, 2021: 16.64% September 31, 2021: 33.98% respectively.) ·Lack of market liquidity discount interest (September 30, 2022: 10% December 31, 2021: 10% September 31, 2021: 0%, respectively)	·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. ·The higher the lack of market liquidity discount 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 September 30, 2022				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market: Y.S.Tech U.S.A Inc.	Market illiquidity discount rate 27.74%	10%	\$ 1,813	(1,813)
	Valuation multiples 1.35	5%	651	(652)
	Stock price volatility 42.45%	5%	759	(689)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 183	(183)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD				
	Market illiquidity discount rate 10%	10%	1,527	(1,526)
Balance at December 31, 2021				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market Y.S.Tech U.S.A Inc.	Market illiquidity discount rate 38.22%	10%	\$ 2,089	(2,089)
	Valuation multiples 1.78	5%	631	(662)
	Stock price volatility 41.05%	5%	1,010	(978)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 159	(159)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD				
	Market illiquidity discount rate 10%	10%	1,328	(1,328)
Balance at September 30, 2021				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market Y.S.Tech U.S.A Inc.	Market illiquidity discount rate 51.04%	10%	\$ 1,410	(1,410)
	Valuation multiples 1.83	10%	381	(381)
	Stock price volatility	5%	604	(603)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

55.37%

Investment of equity instruments without
an active market

-CHENG TA HSIUNG CONSTRUCTION
& DEVELOPMENT CO., LTD

Discount for minority
interest 10%

1%

\$

160

(160)

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

(26) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2021 consolidated financial report. Please refer to Note 6(26) of 2021 consolidated financial statements.

(27) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2021 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2021 consolidated financial statements. Please refer to Note 6(27) of 2021 consolidated financial statements for more information.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes				
	January 1, 2022	Cash flows	Foreign exchange movement	Amortized interest	Increased in lease liabilities	Other income statement (Note 1)	September 30, 2022
Short-term borrowings	\$ 30,000	(19,900)	-	-	-	-	10,100
Long-term borrowings (including current portion)	298,334	28,600	-	-	-	(1,498)	325,436
Bonds payable	291,696	-	-	1,809	-	(11,091)	282,414
Lease liabilities (current and non- current)	158,390	(52,790)	3,033	-	140,315	-	248,948
Guarantee deposit received	6,108	-	129	-	-	-	6,237
Total liabilities from financing activities	<u>\$ 784,528</u>	<u>(44,090)</u>	<u>3,162</u>	<u>1,809</u>	<u>140,315</u>	<u>(12,589)</u>	<u>873,135</u>

Note 1: Recognized as Deferred revenue: \$ 1,498 thousand & Corporate bonds converted as shares: \$ 11,091 thousand

	January 1, 2021	Cash flows	Foreign exchange movement	Increased in lease liabilities	Other income statement (Note 2)	September 30, 2021
Short-term borrowings	\$ 101,606	(45,488)	541	-	-	56,659
Long-term borrowings (including current portion)	366,079	(11,045)	-	-	-	355,034
Bonds payable	-	327,642	-	-	(36,568)	291,074
Lease liabilities (current and non- current)	134,068	(18,758)	(1,874)	48,059	-	161,495
Guarantee deposit received	6,141	-	(72)	-	-	6,069
Total liabilities from financing activities	<u>\$ 607,894</u>	<u>252,351</u>	<u>(1,405)</u>	<u>48,059</u>	<u>(36,568)</u>	<u>870,331</u>

Note 2: Recognized as Equity component & Derivative financial instruments

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 September 30, 2022, December 31, 2021 and September 30, 2021. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which is \$ 80,000 thousand, respectively.

B. Compensation of major management staff

The information on major management staff compensation was as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Short-term employee benefits	\$ 4,706	3,178	13,150	12,264
Post-employment benefits	47	48	141	146
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 4,753</u>	<u>3,226</u>	<u>13,291</u>	<u>12,410</u>

On September 30, 2022, December 31, 2021 and September 30, 2021. The Group provided 2 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, respectively.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	September 30, 2022	December 31, 2021	September 30, 2021
Deposit account (Reserve account)	Long-term/short-term borrowing, customs taxes, company debt and other repayment accounts	\$ 51,221	55,778	55,775
Time deposit	Guarantee of sales channel and short- term borrowing	14,254	2,661	2,671
Land	Guarantee of long-term/short-term borrowing	291,848	291,848	291,848
Buildings	Guarantee of long-term/short-term borrowing	<u>116,768</u>	<u>124,089</u>	<u>126,550</u>
		<u>\$ 474,091</u>	<u>474,376</u>	<u>476,844</u>

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

9. Significant Commitments and Contingencies

A. Unrecognized contingencies of contracts:

	September 30, 2022	December 31, 2021	September 30, 2021
Acquisition of property, plant and equipment	<u>\$ 460,185</u>	<u>12,231</u>	<u>19,825</u>

B. Standby letter of credit:

	September 30, 2022	December 31, 2021	September 30, 2021
Purchases of raw materials	<u>\$ 41,673</u>	<u>72,446</u>	<u>53,936</u>

10. Losses due to major disasters: None

11. Subsequent events: None

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 September 30, 2022			For the three months ended September 30, 2021		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits:						
Salary	64,852	43,442	108,294	68,624	58,245	126,869
Labor and health insurance	5,457	3,743	9,200	4,841	3,501	8,342
Pension expense	3,424	2,261	5,685	3,562	2,167	5,729
Remuneration of directors	-	968	968	-	759	759
Other personnel cost	4,854	1,706	6,560	5,202	1,799	7,001
Depreciation	17,185	13,012	30,197	15,383	12,152	27,535
Amortization	4	527	531	4	535	539

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

By function By item	For the nine months ended September 30,2022			For the nine months ended September 30,2021		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits:						
Salary	199,780	132,377	332,157	208,451	142,251	350,702
Labor and health insurance	16,124	12,100	28,224	14,114	10,976	25,090
Pension expense	10,829	6,766	17,595	10,049	6,365	16,414
Remuneration of directors	-	2,917	2,917	-	3,282	3,282
Other personnel cost	14,989	5,740	20,729	14,754	5,659	20,413
Depreciation	52,310	39,379	91,689	43,747	35,339	79,086
Amortization	11	1,544	1,555	11	1,332	1,343

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 nine months ended September 30, 2022.

I. Loans extended to other parties:

Number	Lender	Counter- party	Financial statement account	Financial statement account	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	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable – related parties	Yes	136,592 (USD 4,302,111)	109,305 (USD 3,442,673)	109,305 (USD 3,442,673)	-	(Note 4)	-	Working capital	-	-	-	404,056 (Note 2)	404,056 (Note 2)
0	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable – related parties	Yes	999 (RMB 223,285)	-	-	-	(Note 4)	-	Working capital	-	-	-	404,056 (Note 2)	404,056 (Note 2)

(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) The Company held directly and indirectly 100% of the voting right shares foreign subsidiaries, their financing period is not restricted by 1 year or one business cycle. The loan period is 3 years from the date of actual allocation

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Guarantees and endorsements for other parties: None.

III. Securities owned as of September 30, 2022 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship with company	Account title	September 30, 2022				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	13,103	19.16%	13,103	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI—non-current	1,850,000	13,733	5.00%	13,733	-

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 SUN TECHNOLOGY CORP.	Subsidiary	Purchase	632,028	30.50%	(Note 1)	Single supplier	(Note 1)	1,445 (Note 2)	3.66% (Note 4)	
The Company	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Purchase	662,367	31.97%	(Note 1)	Single supplier	(Note 1)	(160,534)	38.53%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	183,021	8.83%	(Note 1)	Single supplier	(Note 1)	32,265 (Note 2)	81.71%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Subsidiary of the Company (indirectly hold)	Purchase	644,860	90.28%	(Note 1)	Single supplier	(Note 1)	(155,235)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Subsidiary of the Company (indirectly hold)	Purchase	181,155	60.72%	(Note 1)	Single supplier	(Note 1)	44,217 (Note 2)	100.00%	
YEN SUN TECHNOLOGY CORP.	JIU The Company	Ultimate parent company	Sale	632,028	100.00%	(Note 1)	Product sales	(Note 1)	(1,445) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	662,367	100.00%	(Note 1)	Product sales	(Note 1)	160,534	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	183,021	99.13%	(Note 1)	Product sales	(Note 1)	(32,265) (Note 2)	100.00%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	644,860	100.00%	(Note 1)	Product sales	(Note 1)	155,235	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	181,155	38.20%	(Note 1)	Product sales	(Note 1)	(44,217) (Note 2)	100.00%	

(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 109,305 (Note 2)	- (Note 1)	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Son Company to Subsidiary	Account receivable 155,235 (Note 2)	6.01%	-	-	73,199	-	
Y.H. Tech International Corp.	The Company	Son Company to parent company	Account receivable 160,534 (Note 2)	4.08%			73,741		

(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) and Note 6(15).

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	12,683	Overdue accounts receivable None comparable terms	0.42%
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	662,367 66,106 160,534	None comparable terms The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	23.12% 2.19% 5.32%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	183,021 1,578 32,265 93,178 112,696	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	6.39% 0.06% 1.07% 3.09% 3.93%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	145	None comparable terms	-
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	632,028 90 9,222 1,445 3,780	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	22.06% - 0.32% 0.05% 0.13%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Long-term accounts receivable-Interest	14,406	Financial intermediation. No interest since 2017	0.48%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase Procurement of raw materials Accounts payable	644,860 64,250 155,235	None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	22.50% 2.24% 5.15%
2	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other receivables — Loans to other parties	109,305	Financial intermediation. No interest	3.62%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Sales Accounts receivable Procurement of raw materials Prepayment of purchase Other receivables	181,155 1,602 84,178 107,655 44,217 106	None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	6.32% 0.06% 2.79% 3.76% 1.47% -
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Accounts payable Other receivables	6,260 764 14	None comparable terms.	0.22% 0.03% --

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Receipts under custody	15,579	Entrusted collection, none comparable terms	0.51%
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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
				September 30, 2022	December 31, 2021	Shares owned	Percentage owned	Carrying value (Note1)			
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	284,844	284,844	500,000	100%	(88,620)	(5,456)	(5,456)	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	116,161	(17,147)	(17,147)	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	213,747	37,808	37,808	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	118,412	26,238	20,839	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	202,037	39,977	39,977	Sub-Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Tong Tech International (Samoa) Corp.	Samoa	Investment holding	1,916	1,916	10,000,000	100%	1	-	-	Sub-Subsidiary
Yen Hung International Corp.	Y.H. Tech International Corp.	ST. Kitts and Nevis	Investment holding	30,179	30,179	1,000,000	100%	202,028	39,976	39,976	Sub-Subsidiary

(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.1,2022	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of September 30, 2022	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 September 30, 2022 (Note 3)	Accumulated investment income repatriated to Taiwan as of September 30, 2022
					Remittance	Repatriation						
SHANGHAI YEN SUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	280,680 (USD9,500,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	258,349 (USD8,700,000)	22,330 (USD800,000)	-	280,680 (USD9,500,000)	(7,490)	100%	(7,490) (Note 4)	(103,070) (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 (USD1,000,000)	-	-	30,179 (USD1,000,000)	23,536	100%	20,981 (Note 1)	72,459 (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 (USD60,000)	-	-	1,916 (USD60,000)	-	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 (USD285,000)	-	-	8,583 (USD285,000)	(17,125)	100%	(17,147) (Note 1)	116,161 (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 September 30, 2022	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
344,332 (Note 2) (USD 10,845,000)	344,332 (Note 2) (USD 10,845,000)	739,863

(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 nine months ended September 30, 2022 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	8.70%

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 September 30, 2022				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from	\$ 152,421	727,640	-	880,061
external customers				
Total revenue	\$ 152,421	727,640	-	880,061
Reportable segment	\$ (17,494)	92,849	(3,556)	71,799
income				

For the three months ended September 30, 2021				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from	\$ 167,404	839,090	-	1,006,494
external customers				
Total revenue	\$ 167,404	839,090	-	1,006,494
Reportable segment	\$ (15,398)	69,850	2,317	56,769
income				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2022

	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 681,966	2,183,477	-	2,865,443
Total revenue	\$ 681,966	2,183,477	-	2,865,443
Reportable segment income	\$ (20,412)	238,402	(5,456)	212,534

For the nine months ended September 30, 2021

	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 566,248	2,383,458	-	2,949,706
Total revenue	\$ 566,248	2,383,458	-	2,949,706
Reportable segment income	\$ (47,771)	239,150	4,968	196,347

	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Segment Assets				
September 30, 2022	\$ 915,712	2,081,811	18,041	3,015,564
December 31, 2021	\$ 909,294	2,109,313	40,687	3,059,294
September 30, 2021	\$ 726,148	2,471,703	30,637	3,228,488