

# Yen Sun Technology Corp.

## Notice of 2024 Annual Shareholders' Meeting

### I. Information of the Meeting

Meeting type : Physical shareholders meeting  
Time : 09:00 a.m., May 31, 2024 (Friday)  
Location : No. 801, Chongde Rd., Zuoying Dist., Kaohsiung City, Taiwan, ROC  
(Garden Villa Hotel Conference Hall, 1F)

### II. The agenda for the Meeting is as follows:

#### 1. Report Matters

- (1) 2023 Business Report
- (2) 2023 Audit Committee's Review Report
- (3) 2023 Distributable Compensation for Employees and Directors
- (4) 2023 Earnings and Capital surplus Distribution of Cash Dividend

#### 2. Matters for Recognition

- (1) To accept 2023 Business Report and Financial Statements
- (2) To accept 2023 Earnings Distribution

#### 3. Matters for Discussion

- (1) The Company plans to conduct a cash capital increase private placement of ordinary share

#### 4. Election Matters

- (1) The Election of Directors (including independent directors)

#### Other Matters

- (1) Proposal for Release the Prohibition on Directors from Participation in Competitive Business

#### 5. Extempore Motions

**III.** The Board of Directors has approved cash dividend distributions from earnings and capital surplus for \$1.5 per share, respectively (Both adjusted as NT\$1.48717199 per share on March 13, 2024). Distribution has been approved by the board of directors which authorized accordance with the Company's articles of association and was completely issued on April 26, 2024

**IV.** The details of the Company's plan to conduct cash capital increase private placement of ordinary shares are as detailed in **Appendix 1**.

- V.** The board of directors has determined to elect 7 directors (including 3 independent directors) in this meeting; the election of directors adopts a comprehensive candidate nomination system. Candidate list for directors are: CHEN, GUAN-HONG, LI, YING-CHEN, Representative of Liyuan Investment Co., Ltd: XIE, TENG-LONG, CHEN, YI-CHUN; candidate list for independent directors are: FANG, ZHI-MIN, CHEN, GUAN-LIANG, CHIU, CHI-CHUN. For education, experience and other relevant information, please refer to the MOPS (website: <https://mops.twse.com.tw/>).
- VI.** If the Company decides to hold a meeting under Article 172 of the Company Law, electronic files will be posted to the Market Observation Post System at <https://emops.twse.com.tw>. Please select "Shareholders' Meetings" under the "Electronic Books" tab, enter the year, and click "GO" to find the meeting files corresponding to Company code.
- VII.** Pursuant to Article 165 of the Company Act, the Company hereby closes the share transfer registration from April 2, 2024 to May 31, 2024.
- VIII.** Please find enclosed the "Notice of Attendance" and "Proxy Statement." If you intend to personally attend the meeting, please sign or place your seal in the "Registration Card" column. Shareholders may sign or place their seal in the "Proxy Statement" column to appoint a proxy to attend the meeting on his or her behalf and execute power of attorney in writing. Please fill in the "Proxy Statement" and deliver to the Company's stock agency, Grand Fortune Securities Co., Ltd. Transfer Agent, no later than: May 23, 2024, 5 days prior to the meeting date; if the entrusted agent has not received the attendance sign-in card the day before the meeting, please bring the identity document to the venue on the day of the meeting to attend.
- IX.** The company will compile a summary statement of the relevant information provided by shareholders through solicitation of the proxy and disclose the content in the website of Securities & Futures Institute (SFI) no later than April 30, 2024. Shareholders can navigate to SFI's web page (<https://free.sfi.org.tw>) to view relevant information. (TWSE code: 6275)
- X.** Shareholders may exercise his/her/its voting rights by way of electronic transmission during the period from May 1, 2024 to May 28, 2024. Please log in the "Stockvote" (<https://www.stockvote.com.tw>) of Taiwan Depository & Clearing Corporation (TDCC) and vote in.
- XI.** The Transfer Agency Department of Grand Fortune Securities Co., Ltd. is the proxy tallying and verification institution for this Annual meeting.

It is highly appreciated that you handle the matters accordingly.

Sincerely,

Board of Directors

Yen Sun Technology Corp.

## Appendix 1

The details of the Company's plan to conduct cash capital increase private placement of ordinary shares are as follow:

1. In order to enrich working capital, strengthen the financial structure and support other capital needs for the Company's long-term operational development, and taking into account timeliness and convenience of the cost of raising funds and introducing strategic partners, the Company intends to submit a proposal to the shareholders' meeting to authorize the board of directors to raise no more than 20,000,000 shares of ordinary shares, which depending on the market environment and the Company's needs, at appropriate time to increase capital in cash and issue new shares through private placement that in accordance with Article 43-6 of the R.O.C. Securities and Exchange Act (the "Act").
2. Fundraising and conducting principles for cash capital increase and issuance of ordinary shares through private placement:
  - A. The Pricing Basis and Reasonableness:
    - a. The reference price for issuing ordinary shares in the Proposed Private Placement will based on (1.) the simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares canceled in connection with capital reduction. or (2.) the simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction; the reference price is set to be the price determined by whichever is higher.
    - b. The actual pricing date and price of this private placement of ordinary shares shall be based on the above-mentioned principles and shall not be lower than the reference price by 80%. It is proposed to the shareholders' meeting to authorize the board of directors to set the price in the future with specific person's situations and market conditions.

- c. The aforementioned private placement ordinary share subscription price is determined in accordance with the provisions of "Directions for Public Companies Conducting Private Placements of Securities"; taking into account the Company's future prospects and the transfer time, objects and quantity of private placement securities, there are strict restrictions, and private placement securities will not be listed on the OTC market within three years, and its liquidity is poor. Therefore, the setting of this price should be reasonable.
- B. The method and purpose of investors selection, necessity and expected benefits:
  - a. Selection method of investors: The objects of this private placement are specific person that comply with Article 43-6 of the Act and relevant interpretations from the competent authorities, and can bring benefits to the Company's long-term development, enhance competitiveness, and existing shareholders' rights and interests. Priority will be given to strategic investors who can assist the Company in developing new markets, expand its operating scale and directly or indirectly benefit the Company's future operations.
  - b. Selection purpose, necessity and expected benefits: In response to the Company's operational development needs, it is planned to directly or indirectly assist the Company to develop new markets, add new product lines and expand operating scale through strategic investors, in order to strengthen the Company's competition capabilities and improve operational efficiency.
  - c. The relationship between the subscriber and the Company: The Company has not yet decided on the applicants. The actual selection of applicants is subject to the shareholders' meeting to authorize the board of directors to handle it with full authority.
- C. The justification, issue amount, use and anticipated benefits for the proposed private placement:
  - a. The Reasons for not Adopting a Public Offering: To ensure a timely and feasible fundraising while reducing the cost of capital effectively, it is proposed that the Company raises the fund from specific investors through a private placement to increase the flexibility and efficiency of fund raising. In addition, the securities issued in the Proposed Private Placement are subject to free share transfer restriction for a period of 3 years, so that a long term partnership between the Company and strategic investors can be secured.

- b. The Issue Amount: This private placement of ordinary shares will not exceed 20,000,000 shares, and will be processed in 1 or 2 installments within 1 year from the date of resolution of the shareholders' meeting. The actual fund-raising amount is planned to be authorized by the board of directors, conducted it depending on the current market conditions, the actual needs of the Company, and specific person's conditions.
  - c. The Use of Fund Raised and Anticipated Benefits: The funds raised will be used to enrich working capital, strengthen the financial structure and support other capital needs for the Company's long-term operational development. Depending on the circumstances of the specific person and the prevailing market conditions, within one year from the date of the resolution of the shareholders' meeting, processing in 1 or 2 times; it is expected can strengthen the Company's competitiveness and improve operational efficiency, which will positively benefit shareholders' rights and interests.
- 3. The Company had no major changes in its operating rights 1 year before the board of directors decided to conduct private placement. The Company currently has 76,486,353 issued shares (766,000 treasury shares have been deducted). After adding in the 20,000,000 shares proposed for this private placement, based on the full issuance, it is expected that the paid-in capital will increase to 96,486,353 shares. This transaction After the private placement, the total number of private placement shares is expected to account for 20.73% of the post-private placement equity; the purpose of this private placement of ordinary shares is to introduce strategic investors. To deepen the cooperative relationship, the possibility of strategic investors entering the board of directors and changes in directors cannot be ruled out. Therefore, in accordance with "Directions for Public Companies Conducting Private Placements of Securities" 's regulations, securities underwriters are requested to issue evaluation opinions on the necessity and rationality of private placement of ordinary shares. Please refer to **Appendix 2**.

4. This cash capital increase private placement of common shares will be issued in a non-entity manner. Except for the restriction on transfer within 3 years after delivery in accordance with Article 43-8 of the Act, the rights and obligations of the ordinary shares in this private placement are the same as those of the Company's issued ordinary shares. The private placement of common shares and the subsequent allotment of common shares authorizes the board of directors to apply for supplementary issuance and OTC trading in accordance with relevant laws and regulations 3 years after from the date of delivery of the private placement of common shares.
5. After the resolution of the shareholders' meeting for this cash capital increase in private placement of ordinary shares is passed, in addition to the private placement pricing ratio, it is planned to include the number of private placement shares, price, fund utilization plan, fund use and progress, expected benefits and other related matters, etc. the shareholders' meeting is requested to authorize the board of directors to handle the matter with full authority based on the Company's actual needs, market conditions and relevant laws. If subsequent changes or modifications are required by the competent authority or based on operational evaluation or changes in objective circumstances or laws, the board of directors will be authorized to handle it with full authority.
6. In order to successfully complete this financing plan, the shareholders' meeting is requested to authorize the chairman or his designated person to discuss and sign the contracts and documents related to the private placement of cash capital increase and issuance of ordinary shares on behalf of the Company, and to handle the matters required for capital increase and issuance of common shares for the Company.
7. Whether the independent directors have objections or reservations: None.
8. For information related to this private placement of securities, please refer to the "Private Placement Zone" of the MOPS: (Website: <https://mops.twse.com.tw/mops/web/t116sb01>, "Market Type", select "Listed" and "Company Code or Abbreviation" and type "6275" to query) and Company's website (website: <https://www.ystech.com.tw>).

# **YENSUN TECHNOLOGY CORP.**

## **Private placement securities in 2024**

### **Evaluation opinion on the necessity and rationality of private placement**

**Taishin Securities Co., Ltd.**

**April 8, 2024**

# **YENSUN TECHNOLOGY CORP.**

### **Evaluation opinion on the necessity and rationality of private placement**

#### **1. Introduction**

YENSUN TECHNOLOGY CORP. (hereinafter referred to as the Company or YENSUN Company), in order to enrich working capital, strengthen the financial structure and support other long-term operational development funding needs, and to consider the timeliness and convenience of fund raising, YENSUN Company, in accordance with the "Securities and Exchange Act" and "Directions for Public Companies Conducting Private Placements of Securities", this private placement cash capital increase issuance of ordinary shares is required to enhance competitiveness.

According to the provisions of Article 6 of "Directions for Public Companies Conducting Private Placements of Securities", if there is a major change in the management rights within 1 year before the board of directors decides to handle private placement of securities or after the private placement of strategic investors is introduced, it will cause a major change in the management rights. If there is a change, the securities underwriter should be contacted to issue an evaluation opinion on the necessity and rationality of the private placement.

It has been assessed that YENSUN Company has not had any major changes in its operating rights within 1 year before the board of directors decided to conduct a private placement; YENSUN Company has not yet decided on the applicants, but its board of directors intends to resolve that the upper limit of the number of common shares in the private placement is 20,000,000 shares. If all is issued, the proportion of equity held by private placement applicants in YENSUN Company



will reach 20.73%, and this private placement is the introduction of strategic investors, so the possibility of changes in director seats or management rights cannot be ruled out. Therefore, YENSUN Company contacted Taishin Securities Co., Ltd, Ltd. (hereinafter referred to as the underwriter) to issue an underwriter's evaluation opinion on the necessity and rationality of private placement of securities.

The content of this opinion is only used as a reference for YENSUN Company's board of directors resolution on private placement of ordinary shares on April 10, 2024, and may not be used for other purposes. The content of this opinion is explained and analyzed based on the information provided by YENSUN Company and the announcement information of the MOPS. Changes in the private placement plan or other circumstances of YENSUN Company that affect the future changes in the content of this opinion, the underwriters hereby disclaim any legal responsibility.

## **2. Contents of this private placement of securities plan**

YENSUN Company plans to conduct a private placement of no more than 20,000,000 ordinary shares on April 10, 2024. The funds will be used to enrich working capital, strengthen the financial structure, or provide funds for the Company's long-term operational development, to strengthen its competitiveness and operations performance.

The basis for setting the private placement price of common shares is the simple arithmetic average of the closing prices of common shares calculated one of 1, 3, or 5 business days before the base date of the pricing date, deducting free allotment ex-rights and dividends, and the stock price after adding back capital reduction and anti-ex-rights; and the average price of the 30 business days before the pricing date, deducting the free allotment ex-rights and dividends and stock price after adding capital reduction and anti-ex-rights, select the higher one as the reference price, which shall not be lower than 8% of the reference price. The actual pricing date and actual private placement price are proposed to be determined by the shareholders' meeting to authorize the board of directors to be determined based on future consultations with specific persons and market conditions.

## **3. Assessment of the impact of private placement securities on changes in YENSUN Company's operating rights**

(1) Review of major changes in operating rights within one year before the board of directors resolves to handle private placement:

There was no change of directors in the year before YENSUN Company's board of directors decided to conduct private placement (from April 11, 2023 to April 10, 2024), so there was no "Directions for Public Companies Conducting Private Placements of Securities". Paragraph 3

of Article 4 relates to major changes in operating rights within one year before the board of directors resolves to conduct the private placement.

- (2) Whether the introduction of strategic investors through private placement will cause major changes in management rights:

YENSUN Company has not yet decided on the applicants, and it has not yet been determined whether the strategic investors introduced in this private placement of ordinary shares will obtain director seats and participate in the company's operations, resulting in changes in management rights. The company's current paid-in capital is 76,486,000 shares. On April 10, 2024, the board of directors plans to resolve to conduct a private placement of common shares with no more than 20,000,000 shares. If all are issued, it will account for 20.73% of the company's post-private placement share capital of 96,486,000 shares. After this private placement, strategic investors hold a certain proportion of equity, and in order to deepen the cooperative relationship with them, the company does not rule out the possibility of introducing strategic investors to the board of directors, YENSUN Company may have changes in directors and have significant operating rights change in the future.

The impact of major changes in operating rights on the company's business, finance and shareholders' equity is explained below:

a. Impact on the YENSUN Company's business

YENSUN Company's main products include brushless DC cooling and ventilation fans, heat sinks and cooling modules that used in high-end computing fields such as high-end servers, industrial computers and data centers, automotive electronics industries and power supply industries; and home appliance systems: RO drinking machines, drink dispensers, air purifiers, dehumidifiers, commercial system ice wine machines, and industrial refrigeration equipment. YENSUN Company considers the current operating conditions and industry prospects, and in order to enhance the company's competitive advantage, it hopes to introduce applicants through this private placement that will directly or indirectly benefit YENSUN Company's future operations. In addition to ensuring long-term cooperation with strategic investors In addition to existing relationships, the company will also use recruit resources to develop new markets, add new product lines and expand operating scale to strengthen competitiveness and enhance competitive advantages, which will have positive significance for YENSUN Company's business development.

b. Impact on YENSUN Company's finances

YENSUN Company will obtain long-term stable funds through this private placement, which will serve as the company's capital needs for operational turnover and future

operational development. It will increase the flexibility of capital utilization, enhance its competitiveness, strengthen financial structure and improve operating performance. Therefore, if these private placement funds are injected in a timely and effective manner, should have a positive impact on the company's finances.

c. Impact on the company's shareholders' equity

YENSUN Company's private placement of cash capital increase is used to enrich working capital, strengthen financial structure and meet the capital needs of long-term operational development. Considering that the price of YENSUN Company's private placement common stock is determined in accordance with the regulations of the competent authority, it shall be no less than 80% of the reference price and the introduction of strategic investors to help YENSUN Company develop new markets and add new product lines to enhance competitive advantages and operational efficiency will have a positive impact on the company's shareholders' equity.

#### **4. Necessity and rationality assessment of this private placement of securities**

(1) Assessment of legality

YENSUN Company's 2023 consolidated statement after-tax net profit is \$291,790 thousand and there is no accumulated loss. Since the private placement was introduced for strategic investors, it complies with Article 3 of "Directions for Public Companies Conducting Private Placements of Securities" regulations.

YENSUN Company' board of directors plans to resolve on April 10, 2024, that the private placement price of this private placement shall not be less than 80% of the reference price as the basis for the private placement price. The subject of the private placement shall be a specific person who complies with the provisions of Article 43-6 of the Securities and Exchange Act, and shall be limited to strategic investors who can help develop new markets, expand the scale of operations and directly or indirectly benefit in future operations. According to the management of YENSUN Company, the selection of its candidates will be strategic investors who will help the company expand its market, increase its product lines and expand its operations. After the candidates are negotiated, the information will be disclosed in accordance with relevant regulations.

In accordance with the provisions of the Companies Act and the Securities and Exchange Act, public offerings target original shareholders, employees and unspecified investors which is unlikely to introduce specific people who are helpful to future operational development through cash capital increases through public offerings. Therefore, due to YENSUN Company's meant for sustainable development, mid- long-term operational development planning and enhance

competitiveness, it is necessary to introduce strategic investors who are helpful to the company's operational development through private equity.

## (2) Timeliness assessment

According to the provisions of Article 13 of the "Directions for Public Companies Conducting Private Placements of Securities", the application for cash capital increase must take at least 12 business days for the declaration to take effect, plus the preparatory period, the review period of the competent authority and the subsequent public underwriting period; this fundraising method takes a long time to obtain funds, which is not conducive to the short-term funding needs, while the private placement method has its convenient timeliness. Therefore, it is necessary for YENSUN Company to conduct the private placement cash capital increase.

## (3) Financial evaluation

YENSUN Company's 2023 individual financial report shows cash and equivalent cash of \$386,483 thousand, shareholders' equity of \$1,571,392 thousand, total liabilities of \$1,461,162 thousand, a debt ratio of 48.18%. If future funding needs continue to be met by bank borrowings, interest burdens will increase, the financial structure will deteriorate. Therefore, YENSUN Company handles this cash capital increase considering timeliness and equity stability, introduces strategic investors through private placement, and uses resource injection to develop new markets, add new product lines and expand operating scale, which will effectively enhance shareholders' equity, and can further improve the company's financial structure. Therefore, it is necessary for private placement.

## (4) Reasonableness assessment

The discussion content of the board of directors of YENSUN Company's private placement proposal, the pricing method, selection method of the applicants, the use of funds for the private placement and the expected benefits, etc., are still in compliance with the Securities and Exchange Act and relevant laws and regulations, and there are no major abnormalities; this private placement proposal is planned to be submitted to the regular meeting of shareholders on May 31, 2024 for approval. Matters related to private placement securities will be listed in the shareholders' meeting in accordance with the Securities and Exchange Act, it has been assessed that the handling procedures are legal.

In order to enrich working capital and meet the capital needs of future operational development, YENSUN Company plans to obtain long-term stable funds through this private placement cash capital increase, to improve its financial structure and enhance competitive advantages, profitability and company's shareholders equity; the expected benefits should be reasonable.

In addition to obtaining long-term and stable funds, this private placement has a 3 year restriction on the transfer of ordinary shares of the private placement, which can ensure the long-term cooperative relationship between the company and strategic investors and the stability of the equity, which will help the company's future operations and development. The subscription price of this private placement shall not be lower than 80% of the reference price, it also complies with the requirements of relevant laws and regulations.

To sum up, in accordance with the provisions of "Directions for Public Companies Conducting Private Placements of Securities", the underwriter evaluates YENSUN Company's private placement of cash capital increase and issuance of ordinary shares has its necessity and reasonableness.