

**YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES**

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

**For The Nine Months Ended September 30, 2023 And 2022**

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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, 2023 and 2022. And the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022; the changes in equity and cash flows, notes to the consolidated financial statements for the nine months ended September 30, 2023 and 2022 (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 paragraph "Basis on consolidated financial statements for the nine months ended September 30, 2022 for Qualified Conclusion", we conducted our reviews in accordance with TWSRE 2410, "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 on consolidated financial statements for the nine months ended September 30, 2022 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, constituting 0.6% of consolidated total assets as of September 30, 2023. Total liabilities amounting to \$6,031 thousand, constituting 0.3% of consolidated total liabilities as of September 30, 2022. The total comprehensive loss amounting to \$(6,037) thousand, \$(8,291) thousand, constituting (10.8)%, (5.0)% of consolidated total comprehensive loss for the three months and nine months ended September 30, 2022, respectively.

**Unqualified opinion and Qualified Conclusion**

Based on our reviews, except if independent accountants have reviewed the financial reports of mentioned investee companies explained in the paragraph "Basis on consolidated financial statements for the nine months ended September 30, 2022 for Qualified Conclusion", there may be adjustments to the consolidated financial statements for the nine months ended September 30, 2022; 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, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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:  
Chen-Lung, Hsu and Yung-Hsiang, Chen.

KPMG

Taipei, Taiwan (Republic of China)

November 10, 2023

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

**Consolidated Balance Sheets**

**September 30, 2023, December 31, 2022 and September 30,2022**

**(Expressed in thousands of New Taiwan Dollar)**

**(Reviewed, not audited)**

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Assets																	
Current assets:																	
1100	Cash and cash equivalents (note 6(1))	\$	244,272	7	180,770	6	157,711	5	2100	Short-term borrowings (note 6(13) and 8)	\$	-	-	100	-	10,100	-
1151	Notes receivables, net (note 6(4) and (23))		24,872	1	29,493	1	36,411	1	2170	Accounts payable		782,973	22	632,576	21	621,914	21
1170	Accounts receivable, net (note 6(4) and (23))		887,689	25	762,025	26	832,450	28	2200	Other payables		175,413	5	166,596	6	152,094	5
130X	Inventories (note 6(6))		788,589	22	815,989	27	772,160	26	2230	Current income tax liabilities		90,451	3	78,974	3	82,848	3
1460	Non-current Assets Held for Sale (disposal group) and Discontinued Operations, net (note 6(7) and 12(2))		10,410	-	-	-	-	-	2260	Liabilities related to Non-current Assets Held for Sale (disposal group) and Discontinued Operations (note 6(7) and 12(2))		972	-	-	-	-	-
1476	Other current financial assets (note 6(5) and 8)		293,077	8	22,073	1	29,097	1	2280	Current lease liabilities (note 6(16))		32,621	1	31,028	1	30,751	1
1479	Other current assets-other (note 6(12))		57,426	2	39,994	1	44,003	1	2320	Long-term borrowings, current portion (note 6(14) and 8)		18,655	-	41,252	1	44,218	1
Total Current Assets			2,306,335	65	1,850,344	62	1,871,832	62	2399	Other current liabilities (note 6(7)(14)(17) and (23))		303,790	8	35,787	1	35,459	1
Non-Current Assets																	
1510	Financial asset at fair value through profit or loss-non-current (note 6(2)(15))		706	-	-	-	-	-	Total of current liabilities			1,404,875	39	986,313	33	977,384	32
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))		38,812	1	32,290	1	26,836	1	Non-current liabilities:								
1600	Property, plant and equipment (note 6(8) and 8)		919,186	26	735,080	25	740,890	25	2500	Non-current financial liabilities at fair value through profit or loss (note 6(2) and (15))		-	-	548	-	260	-
1755	Right-of-use assets (note 6(9) and 8)		237,715	7	259,677	9	269,239	9	2530	Bonds payable (note 6(15) and 8)		169,855	5	283,018	10	282,414	9
1760	Investment Property (note 6(10))		-	-	10,171	-	10,403	-	2540	Long-term borrowings (note 6(14) and 8)		419,511	12	206,884	7	281,218	9
1780	Intangible assets (note 6(11))		5,713	-	4,531	-	5,039	-	2570	Deferred tax liabilities		4,322	-	3,102	-	1,998	-
1840	Deferred income tax assets		10,317	-	10,317	-	15,185	1	2580	Non-current lease liabilities (note 6(16))		187,851	5	209,768	7	218,197	8
1980	Other non-current financial assets (note 6(5) and 8)		50,531	1	68,110	3	69,038	2	2630	Long-Term Deferred Revenue (note 6(14))		6,900	-	1,074	-	1,172	-
1990	Other non-current assets-other (notes 6(12))		12,212	-	5,591	-	7,102	-	2640	Net defined benefit liability, non-current		6,890	-	7,347	-	18,052	1
Total Non-Current Assets			1,275,192	35	1,125,767	38	1,143,732	38	2645	Deposits received		1,568	-	1,764	-	1,764	-
									Total non-current liabilities			796,897	22	713,505	24	805,075	27
									Total liabilities			2,201,772	61	1,699,818	57	1,782,459	59
									Equity attributable to owners of parent (note 6(15)(21)):								
									3100	Capital stock		743,990	21	701,669	24	701,669	23
									3200	Capital surplus		236,435	6	164,367	5	164,367	5
									3300	Retained earnings		380,716	11	396,165	13	356,042	12
									3400	Other equity interest		30,387	1	25,865	1	22,800	1
									3500	Treasury stock		(11,773)	-	(11,773)	-	(11,773)	-
Total Assets		\$	3,581,527	100	2,976,111	100	3,015,564	100	Total equity			1,379,755	39	1,276,293	43	1,233,105	41
									Total liabilities and equity		\$	3,581,527	100	2,976,111	100	3,015,564	100

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, 2023 and 2022

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

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenues (note 6(23))</b>	\$ 996,320	100	880,061	100	2,811,500	100	2,865,443	100
5000	<b>Operating costs (notes 6(6)(19) and 12(1))</b>	800,280	80	717,624	82	2,306,088	82	2,365,655	82
5900	<b>Gross Income (Loss) from Operations</b>	196,040	20	162,437	18	505,412	18	499,788	18
6000	<b>Operating expenses (notes 6(19)(24) and 12(1)):</b>								
6100	Selling expenses	62,220	6	47,990	5	150,617	5	139,773	5
6200	General and administrative expenses	33,921	4	33,661	4	102,703	4	101,462	4
6300	Research and development expenses	42,279	4	38,623	4	117,739	4	120,212	4
6450	Expected credit impairment loss(profit)(note6(4)(5))	661	-	(243)	-	588	-	221	-
	<b>Total operating expenses</b>	139,081	14	120,031	13	371,647	13	361,668	13
6900	<b>Net operating income</b>	56,959	6	42,406	5	133,765	5	138,120	5
7000	<b>Non-operating income and expenses (notes 6(18)(25)):</b>								
7100	Interest Income	291	-	46	-	1,350	-	206	-
7010	Other Income	7,433	1	7,559	1	24,038	1	28,663	1
7020	Other gains and losses	17,642	1	31,742	3	29,037	1	63,550	2
7050	Finance costs	(2,668)	-	(3,791)	-	(9,163)	(1)	(10,515)	-
	<b>Total non-operating income and expenses</b>	22,698	2	35,556	4	45,262	1	81,904	3
7900	<b>Profit before income tax from continuing operations:</b>	79,657	8	77,962	9	179,027	6	220,024	8
7950	<b>Loss: Income tax expense (notes 6(20))</b>	11,191	1	17,137	2	36,135	1	47,557	2
8000	<b>Profit from continuing operations</b>	68,466	7	60,825	7	142,892	5	172,467	6
8100	<b>Profit (loss) from discontinued operations :</b>								
8101	Profit (loss) from discontinued operations, net of tax (notes 12(2))	(1,605)	-	(6,163)	(1)	(5,659)	-	(7,490)	-
8200	<b>Net Profit (loss)</b>	66,861	7	54,662	6	137,233	5	164,977	6

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, 2023 and 2022

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

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
8300	<b>Other comprehensive income:</b>								
8310	<b>items that will not be reclassified to profit or loss</b>								
8316	Instruments measured at fair value through other comprehensive income (notes 6(21))	2,606	-	797	-	5,022	-	(524)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(20))	543	-	160	-	1,220	-	40	-
	<b>Total items that will not be reclassified to profit or loss</b>	2,063	-	637	-	3,802	-	(564)	-
8360	<b>Items that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation (notes 6(21))	5,733	-	657	-	(10,390)	-	2,481	-
8365	Equity related to Non-current Assets Held for Sale (disposal group) and Discontinued Operations (notes 6(7)(21))	(2,464)	-	-	-	11,110	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that will be reclassified to profit or loss</b>	3,269	-	657	-	720	-	2,481	-
8300	<b>Other comprehensive income, net</b>	5,332	-	1,294	-	4,522	-	1,917	-
8500	<b>Comprehensive income</b>	<u>\$ 72,193</u>	<u>7</u>	<u>55,956</u>	<u>6</u>	<u>141,755</u>	<u>5</u>	<u>166,894</u>	<u>6</u>
	<b>Basic earnings per share (in dollar, note 6(22))</b>								
9750	<b>Total basic earnings per share</b>								
9710	Profit from continuing operations	\$ 0.95		0.88		2.03		2.49	
9720	Loss from discontinued operations	(0.02)		(0.09)		(0.08)		(0.11)	
9750	<b>Total basic earnings per share</b>	<u>\$ 0.93</u>		<u>0.79</u>		<u>1.95</u>		<u>2.38</u>	
9850	<b>Diluted earnings per share</b>								
9810	Profit from continuing operations	\$ 0.85		0.78		1.78		2.19	
9820	Loss from discontinued operations	(0.02)		(0.08)		(0.07)		(0.09)	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.83</u>		<u>0.70</u>		<u>1.71</u>		<u>2.10</u>	

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, 2023 and 2022**  
**(expressed in thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent											
	Retained earnings						Other equity interest					
							Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Equity related to Non-current Assets Held for Sale and Discontinued Operations	Total	Treasury stock	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
<b>Balance at January 1, 2022</b>	<b>\$ 697,869</b>	<b>157,151</b>	<b>62,340</b>	<b>3,798</b>	<b>277,264</b>	<b>343,402</b>	<b>17,188</b>	<b>3,695</b>	<b>-</b>	<b>20,883</b>	<b>(11,773)</b>	<b>1,207,532</b>
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
<b>Balance as of September 30, 2022</b>	<b>\$ 701,669</b>	<b>164,367</b>	<b>82,199</b>	<b>3,798</b>	<b>270,045</b>	<b>356,042</b>	<b>19,669</b>	<b>3,131</b>	<b>-</b>	<b>22,800</b>	<b>(11,773)</b>	<b>1,233,105</b>
<b>Balance at January 1, 2023</b>	<b>\$ 701,669</b>	<b>164,367</b>	<b>82,199</b>	<b>3,798</b>	<b>310,168</b>	<b>396,165</b>	<b>18,392</b>	<b>7,473</b>	<b>-</b>	<b>25,865</b>	<b>(11,773)</b>	<b>1,276,293</b>
Profit	-	-	-	-	137,233	137,233	-	-	-	-	-	137,233
Other comprehensive income	-	-	-	-	-	-	(10,390)	3,802	11,110	4,522	-	4,522
Total comprehensive income	-	-	-	-	137,233	137,233	(10,390)	3,802	11,110	4,522	-	141,755
Earnings allocation and distribution:												
Provision of legal reserve	-	-	20,510	-	(20,510)	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(152,682)	(152,682)	-	-	-	-	-	(152,682)
	-	-	20,510	-	(173,192)	(152,682)	-	-	-	-	-	(152,682)
Convert of convertible Bond	42,321	72,068	-	-	-	-	-	-	-	-	-	114,389
<b>Balance as of September 30, 2023</b>	<b>\$ 743,990</b>	<b>236,435</b>	<b>102,709</b>	<b>3,798</b>	<b>274,209</b>	<b>380,716</b>	<b>8,002</b>	<b>11,275</b>	<b>11,110</b>	<b>30,387</b>	<b>(11,773)</b>	<b>1,379,755</b>

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, 2023 and 2022**

(Expressed in thousands of New Taiwan Dollar)

**(Reviewed, not audited)**

	<b>nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit from continuing operations before tax	\$ 179,027	220,024
Loss from discontinued operations, before tax	(5,659)	(7,490)
<b>Profit before tax</b>	<b>173,368</b>	<b>212,534</b>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	588	221
Depreciation expense	89,984	91,689
Amortization expense	1,548	1,555
Net profit on financial assets or liabilities at fair value through profit or loss	(1,619)	2,255
Interest expense	9,163	10,515
Interest revenue	(1,354)	(214)
Loss (gain) from disposal of property, plant and equipment	90	1,262
Loss (gain) from disposal of investment property	-	1,883
Increase of provision	(570)	37
Unrealized foreign exchange loss (gain)	(5,182)	(16,314)
Deferred income amortized as income	(583)	-
Profit from lease modification	(23)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>92,042</b>	<b>92,889</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Notes receivable	4,645	(7,518)
Accounts receivable	(120,230)	75,583
Inventories	27,688	183,153
Other current assets	(17,350)	(1,847)
Other financial assets	2,305	(5,375)
<b>Total net changes in operating assets:</b>	<b>(102,942)</b>	<b>243,996</b>
<b>Net changes in operating liabilities:</b>		
Accounts payable	146,360	(125,722)
Other payable	6,073	(42,844)
Other current liabilities	(3,544)	(10,629)
Net defined benefit liability	(457)	(4,211)
<b>Total net changes in operating liabilities</b>	<b>148,432</b>	<b>(183,406)</b>
<b>Total changes in operating assets and liabilities</b>	<b>45,490</b>	<b>60,590</b>
<b>Total adjustments</b>	<b>137,532</b>	<b>153,479</b>
<b>Cash inflow generated from operating</b>	<b>310,900</b>	<b>366,013</b>
Interest received	1,354	208
Interest paid	(7,290)	(8,559)
Income taxes paid	(24,696)	(38,728)
<b>Net cash flows from (used in) operating activities</b>	<b>280,268</b>	<b>318,934</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,500)	(2,500)
Acquisition of property, plant and equipment	(239,253)	(102,690)
Proceeds from disposal of property, plant and equipment	-	265
Decrease (increase) in guarantee deposits paid	3,207	(1,764)
Acquisition of intangible assets	(2,730)	(1,352)
Decrease (increase) in restricted deposit	16,958	(7,036)
Increase in prepayments for equipment	(12,212)	(7,102)
<b>Net cash flows from (used in) investing activities:</b>	<b>(235,530)</b>	<b>(122,179)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	(100)	(19,900)
Proceeds from long-term borrowings	348,580	82,000
Repayment of long-term borrowings	(152,555)	(53,400)
Decrease in deposits received	(4,202)	-
Payments of lease liabilities	(23,614)	(52,790)
Cash dividends issuance of ordinary shares	(152,682)	(152,337)
<b>Net cash flows from (used in) financing activities</b>	<b>15,427</b>	<b>(196,427)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,724</b>	<b>89</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>63,889</b>	<b>417</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>180,770</b>	<b>157,294</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 244,659</b>	<b>157,711</b>
Component of cash and cash equivalents at the end of the period:		
Cash and cash equivalents in the consolidated balance sheet	\$ 244,272	150,515
Cash and cash equivalents classified as non-current assets held for sale (disposal group) and discontinued operations	387	7,196
Cash and cash equivalents at the end of the period	\$ 244,659	157,711

See accompanying notes to consolidated financial statements.

(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, 2023 and 2022**

**(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 10, 2023.

**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, 2023 :

- 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”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023 :

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

- (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, 2024, will not have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS7 and IFRS7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Sale and leaseback 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

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17 “Insurance Contracts”
- Amendments to IAS 21 “Lack of Exchangeability”

### 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, 2022. Please refer to Note 4 of 2022 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, 2023	December 31, 2022	September 30, 2022	
The Company	YEN SUN TECHNOLOGY (BVI) CORP.	Investment holding	100%	100%	100% (Note)	-
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% (Note)	-
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% (Note)	100% (Note)	100% (Note)	-
YEN HUNG INTERNATIONAL CORP.	Y.H. TECH INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-

## YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (Continued)

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%	-

Note: Financial reports have not been audited by accountants.

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

### (3) Non-current Assets Held for Sale (disposal group) and Discontinued Operations

#### 1. Non-current Assets Held for Sale (disposal group)

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when they are highly likely to be sold rather than used continuously to recover their carrying amount. Components of assets or disposal groups are remeasured in accordance with the Group's accounting policies before being classified as held for sale. After classification as held for sale, they are measured based on their carrying amount or fair value less costs to sell, the lowest amount will took as the measurement basis.

Any impairment loss on a disposal group is first allocated to goodwill and then will proportionately to the remaining assets and liabilities. However, such loss is not allocated to assets that fall outside the scope of IAS 36 for impairment of assets; the forementioned items will continue to be measured in accordance with the Group's accounting policies.

Impairment losses and subsequent remeasurement gains and losses which originally classified as held for sale will be recognized as profit or loss. However, the gain from recovery cannot exceed the accumulated impairment loss which was recognized.

When intangible assets and property, plant, and equipment are classified as held for sale, will no longer be recognized as depreciated or amortized. Additionally, when investments accounted for using the equity method are classified as held for sale, it will cease to account with equity method.

## YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (Continued)

#### 2. Discontinued Operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and:

represents either a separate major line of business or a geographical area of operations is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

An operating unit is classified as a discontinued operation at the point of time when it is disposed of or meets the conditions for sale.

#### (4) 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.

#### (5) 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 2022 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 2022. Please refer to Note 6 of consolidated financial statements 2022.

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash and petty cash	\$ 1,300	1,482	3,876
Check deposits	10	10	10
Demand deposits	<u>242,962</u>	<u>179,278</u>	<u>153,825</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><b>\$ 244,272</b></u>	<u><b>180,770</b></u>	<u><b>157,711</b></u>

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

	<u>September 30 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</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><b>\$ 706</b></u>	<u>-</u>	<u>-</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><b>\$ -</b></u>	<u><b>548</b></u>	<u><b>260</b></u>

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

	<u>September 30 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks –			
Y.S. Tech U.S.A Inc.	\$ 24,758	18,660	13,103
Domestic un-listed stocks –			
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	<u>14,054</u>	<u>13,630</u>	<u>13,733</u>
Total	<u><b>\$ 38,812</b></u>	<u><b>32,290</b></u>	<u><b>26,836</b></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, 2023 and 2022.

For information of market risk, please refer to Note 6(26)

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 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</u>
Notes receivable from operating activities	\$ 24,872	29,493	36,411
Accounts receivables– measured as amortized cost	906,578	781,906	852,500
Less: Allowance for impairment	<u>(18,889)</u>	<u>(19,881)</u>	<u>(20,050)</u>
	<u><b>\$ 912,561</b></u>	<u><b>791,518</b></u>	<u><b>868,861</b></u>
Book as:			
Notes receivable	\$ 24,872	29,493	36,411
Net amount of accounts receivable	<u>887,689</u>	<u>762,025</u>	<u>832,450</u>
	<u><b>\$ 912,561</b></u>	<u><b>791,518</b></u>	<u><b>868,861</b></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, 2023		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 889,158	0.07%	666
Overdue less than 90 days	23,487	3.54%	832
Overdue 91 to 180 days	1,805	22.66%	409
Overdue 181 to 240 days	49	63.27%	31
Overdue over 241 days	16,951	100.00%	16,951
	<b>\$ 931,450</b>		<b>18,889</b>

	December 31, 2022		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 763,116	0.07%	514
Overdue less than 90 days	28,756	0.53%	152
Overdue 91 to 180 days	371	18.60%	70
Overdue 181 to 240 days	16	33.33%	5
Overdue over 241 days	19,140	100.00%	19,140
	<b>\$ 811,399</b>		<b>19,881</b>

	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
	<b>\$ 888,911</b>		<b>20,050</b>



**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:

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 19,881	19,424
Impairment losses recognized (reversed)	582	212
Write off amount due to unable to recovery(Current portion)	(1,594)	-
Effect of changes in foreign exchange rates	20	414
Balance at September 30	<b><u>\$ 18,889</u></b>	<b><u>20,050</u></b>

The above mentioned financial assets were not pledged as collateral.  
Please refer to Note 6(26) for credit risk.

(5) Other financial assets

	<b><u>September 30 2023</u></b>	<b><u>December 31 2022</u></b>	<b><u>September 30 2022</u></b>
Refundable deposits	\$ 9,251	12,448	12,364
Other receivables — Other	15,119	17,471	20,306
Restricted deposits (note)	319,244	60,264	65,475
Less: Loss allowance-Others	(6)	-	(10)
	<b><u>\$ 343,608</u></b>	<b><u>90,183</u></b>	<b><u>98,135</u></b>

note: \$275,938 thousand was received in advance for the disposal of SHANGHAI YENSUN and deposited in the bank account jointly managed by both parties according to the agreement. Please refer to Note 6 (7) for details.

Book as:

Other financial assets — current	\$ 293,077	22,073	29,097
Other financial assets — non-current	50,531	68,110	69,038
	<b><u>\$ 343,608</u></b>	<b><u>90,183</u></b>	<b><u>98,135</u></b>

Please refer to Note 6(26) 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 2023</u>	<u>December 31 2022</u>	<u>September 30 2022</u>
Raw materials and supplies	\$ 308,121	323,618	310,284
Work in progress	271,152	212,942	235,962
Finished goods and Merchandise inventories	<u>209,316</u>	<u>279,429</u>	<u>225,914</u>
	<b><u>\$ 788,589</u></b>	<b><u>815,989</u></b>	<b><u>772,160</u></b>

As of three and nine months ended September 30, 2023, certain inventory items for which inventory impairment losses had previously been recognized were disposed, leading the elimination of factors causing the net realizable value will be lower than cost. Additionally, a portion of the inventory assessed showed a recovery in net realizable value, resulting in the recognition of inventory impairment reversal gains of \$2,487 thousand and \$2,231 thousand, which have been recognized as operating costs deduction.

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

None abovementioned inventories were pledged as collaterals.

(7) Non-current Assets Held for Sale (disposal group)

On May 3, 2023, the board of directors approved to dispose of its subsidiary, Yen Sun Technology (BVI) Corp.'s 100% equity interest in SHANGHAI YENSUN. The contract of the equity transfer was completed on the same day, with a contract price of RMB 62,500 thousand (approximately NT\$275,938 thousand). As of September 30, 2023, the advance consideration for the disposal price, which amounts to RMB 62,500 thousand (approximately NT\$275,938 thousand) has been received and recognized under other current liabilities. Therefore, the related assets and liabilities have been reported as held for sale non-current assets (or disposal group). As of September 30, 2023, the amounts of assets and liabilities related to the held for sale non-current assets (or disposal group) are \$10,410 thousand and \$972 thousand, respectively. The details are shown as follows:

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

	September 30, 2023
Cash and Cash equivalents	\$ 387
Total current asset	387
Investment property	10,023
Total non-current asset	10,023
Total amount which recognized as held for sale non-current assets (or disposal group)	<b>\$ 10,410</b>
Other payables	\$ 566
Other current liabilities	406
Total directly related liabilities which recognized as held for sale non-current assets (or disposal group)	<b>\$ 972</b>
Total directly related equity which recognized as held for sale non-current assets (or disposal group)	<b>\$ 11,110</b>

On May 3, 2023, the Group's held for sale non-current assets (or disposal group) were re-measured at the lower of their carrying amount and fair value less sales costs, and there was no impairment been recognized.

(8) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
<b>Cost or deemed cost:</b>							
<b>Balance at January 1, 2023</b>	\$ 291,848	225,213	312,501	462,977	120,243	57,636	1,470,418
Additions	-	5,077	10,629	10,720	2,515	219,644	248,585
Disposals	-	(841)	(3,416)	(7,258)	(510)	-	(12,025)
Effect of movements in exchange rates	-	54	191	173	32	-	450
<b>Balance at September 30, 2023</b>	<b>\$ 291,848</b>	<b>229,503</b>	<b>319,905</b>	<b>466,612</b>	<b>122,280</b>	<b>277,280</b>	<b>1,707,428</b>
<b>Balance at January 1, 2022</b>	\$ 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
<b>Balance at September 30, 2022</b>	<b>\$ 291,848</b>	<b>207,379</b>	<b>310,109</b>	<b>458,033</b>	<b>116,193</b>	<b>72,661</b>	<b>1,456,223</b>

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

### Accumulated depreciation and Impairment:

<b>Balance at January 1, 2023</b>	\$	-	73,925	182,661	398,630	80,122	-	735,338
Depreciation for the year		-	12,160	22,752	21,308	8,342	-	64,562
Disposals		-	(841)	(3,381)	(7,218)	(495)	-	(11,935)
Effect of movements in exchange rates		-	34	99	120	24	-	277
<b>Balance at September 30, 2023</b>	<b>\$</b>	<b>-</b>	<b>85,278</b>	<b>202,131</b>	<b>412,840</b>	<b>87,993</b>	<b>-</b>	<b>788,242</b>
<b>Balance at January 1, 2022</b>	\$	-	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
<b>Balance at September 30, 2022</b>	<b>\$</b>	<b>-</b>	<b>70,170</b>	<b>175,667</b>	<b>391,846</b>	<b>77,650</b>	<b>-</b>	<b>715,333</b>

### Carrying amounts:

Balance at January 1, 2023	<b>\$</b>	<b>291,848</b>	<b>151,288</b>	<b>129,840</b>	<b>64,347</b>	<b>40,121</b>	<b>57,636</b>	<b>735,080</b>
Balance at September 30, 2023	<b>\$</b>	<b>291,848</b>	<b>144,225</b>	<b>117,774</b>	<b>53,772</b>	<b>34,287</b>	<b>277,280</b>	<b>919,186</b>
Balance at January 1, 2022	<b>\$</b>	<b>291,848</b>	<b>142,406</b>	<b>136,542</b>	<b>73,690</b>	<b>43,142</b>	<b>4,267</b>	<b>691,895</b>
Balance at September 30, 2022	<b>\$</b>	<b>291,848</b>	<b>137,209</b>	<b>134,442</b>	<b>66,187</b>	<b>38,543</b>	<b>72,661</b>	<b>740,890</b>

As of three months and nine months ended September 30, 2023, the capitalized amount that related to the construction of the new factory of the Group were \$1,288 thousand and \$2,712 thousand, which was calculated based on the capitalization rate of 1.88%.

Please refer to Note 6(25) 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)**

(9) 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
<b>Right-of-use assets cost:</b>				
Balance at January 1, 2023	\$ 139,355	211,565	3,927	354,847
Additions	-	4,812	-	4,812
Decrease	(505)	-	(3,319)	(3,824)
Effect of movements in exchange rates	-	246	-	246
Balance at September 30, 2023	<u><b>\$ 138,850</b></u>	<u><b>216,623</b></u>	<u><b>608</b></u>	<u><b>356,081</b></u>
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><b>\$ 139,355</b></u>	<u><b>213,854</b></u>	<u><b>3,927</b></u>	<u><b>357,136</b></u>
<b>Accumulated Depreciation:</b>				
Balance at January 1, 2023	\$ 1,731	91,460	1,979	95,170
Additions	2,149	22,338	772	25,259
Decrease	-	-	(2,270)	(2,270)
Effect of movements in exchange rates	-	207	-	207
Balance at September 30, 2023	<u><b>\$ 3,880</b></u>	<u><b>114,005</b></u>	<u><b>481</b></u>	<u><b>118,366</b></u>
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><b>\$ 1,013</b></u>	<u><b>85,207</b></u>	<u><b>1,677</b></u>	<u><b>87,897</b></u>
<b>Carrying amounts:</b>				
Balance at January 1, 2023	<u><b>\$ 137,624</b></u>	<u><b>120,105</b></u>	<u><b>1,948</b></u>	<u><b>259,677</b></u>
Balance at September 30, 2023	<u><b>\$ 134,970</b></u>	<u><b>102,618</b></u>	<u><b>127</b></u>	<u><b>237,715</b></u>
Balance at January 1, 2022	<u><b>\$ 932</b></u>	<u><b>146,563</b></u>	<u><b>2,578</b></u>	<u><b>150,073</b></u>
Balance at September 30, 2022	<u><b>\$ 138,342</b></u>	<u><b>128,647</b></u>	<u><b>2,250</b></u>	<u><b>269,239</b></u>

For details of the right-of-use assets of the Group that have been used as a guarantee for long-term loans, please refer to Note 8.

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

(10) Investment Property

	<b>Owne property</b>	<b>Building and construction</b>	
	<b>Building and construction</b>	<b>Land</b>	<b>Total</b>
<b>Cost &amp; recognized as cost</b>			
Balance at January 1, 2023	\$ 38,474	7,429	45,903
Transfer to Non-current Assets Held for Sale	(38,535)	(7,441)	(45,976)
Effect of movements in exchange rates	61	12	73
Balance at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
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>\$ 39,041</u>	<u>7,539</u>	<u>46,580</u>
<b>Accumulated Depreciation:</b>			
Balance at January 1, 2023	\$ 34,589	1,143	35,732
Depreciation of current portion	20	143	163
Transfer to Non-current Assets Held for Sale	(34,665)	(1,288)	(35,953)
Effect of movements in exchange rates	56	2	58
Balance at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
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>\$ 35,090</u>	<u>1,087</u>	<u>36,177</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2023	<u>\$ 3,885</u>	<u>6,286</u>	<u>10,171</u>
Balance at September 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at January 1, 2022	<u>\$ 5,715</u>	<u>6,477</u>	<u>12,192</u>
Balance at September 30, 2022	<u>\$ 3,951</u>	<u>6,452</u>	<u>10,403</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, 2022

None investment property were pledged as collateral.

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

(11) Intangible assets

	<b>Computer software</b>	<b>Other</b>	<b>Total</b>
<b>Carrying amounts:</b>			
Balance at January 1, 2023	\$ <u>4,397</u>	<u>134</u>	<u>4,531</u>
Balance at September 30, 2023	\$ <u>5,700</u>	<u>13</u>	<u>5,713</u>
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>

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, 2023 and 2022. Please refer Note 6(10) of the consolidated financial report for the year ended December 31, 2022 for other related information.

None intangible assets pledged as collateral.

(12) 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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayment for purchases	\$ 3,376	4,957	6,745
Prepaid expense	7,968	5,112	6,107
Prepayments for equipment	12,212	5,591	7,102
Income tax refund receivable	44,522	26,874	28,261
Assets for right to recover product to be returned and other	<u>1,560</u>	<u>3,051</u>	<u>2,890</u>
	<u>\$ 69,638</u>	<u>45,585</u>	<u>51,105</u>
Current	\$ 57,426	39,994	44,003
Non-current	<u>12,212</u>	<u>5,591</u>	<u>7,102</u>
	<u>\$ 69,638</u>	<u>45,585</u>	<u>51,105</u>

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

(13) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank loans	\$ -	100	10,100
Unused short-term credit lines	\$ 1,096,768	806,622	920,227
Range of interest rates	-	1.73%	1.48%~1.54%

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

(14) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank borrowings	\$ 169,781	124,498	123,336
Secured bank loans	268,385	123,638	202,100
	438,166	248,136	325,436
Less: current portion	18,655	41,252	44,218
Total	\$ 419,511	206,884	281,218
Unused long-term credit lines	\$ 349,420	96,000	104,000
Range of interest rates	1.38%~1.95%	1.38%~1.94%	0.88%~1.68%

- A. During the period from January 1 to September 30, 2023 and 2022, the Group added long-term borrowings with \$348,580 thousand and \$82,000, interest rates ranging from 1.63% to 1.75% and 0.88%~0.98%, respectively. Repayments during the periods of January 1 to September 30, 2023 and 2022, amounted to \$152,555 thousand and \$53,400 thousand, respectively. Please refer to Note 6 (25) for interest expenses. For other related information, please refer to Note 6 (13) of the consolidated financial report for the year ended December 31, 2022.



# 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). As of nine months ended September 30, 2023, the year ended December 31, 2022, and nine months ended September 30, 2022 the loan amount was \$436,913 thousand, \$90,000 thousand and \$82,000 thousand, respectively; the loan is recognized and measured at market interest rates, the difference between the actual repayment preferential interest rate shall be handled according to government subsidy, please refer to Note 4(16) of the consolidated financial report for the year ended December 31, 2022 for other related information.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the deferred subsidy benefits amounted to \$7,940 thousand, \$1,502 thousand and \$1,498 thousand, respectively, and were recognized as other current liabilities in the balance sheet, which is amounted to \$1,040 thousand, \$428 thousand and \$326 thousand, respectively. The long-term deferred revenue amounted to \$6,900 thousand, \$1,074 thousand and \$1,172 thousand.

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

### (15) Bonds payable

The details of secured convertible bonds were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Add: Interest payable refund	861	902	721
Less: Accumulated conversion amount	(127,900)	(11,400)	(11,400)
Less: Unamortized discounted bonds payable	<u>(3,106)</u>	<u>(6,484)</u>	<u>(6,907)</u>
Issued bonds payable balance at year-end	<u><b>\$ 169,855</b></u>	<u><b>283,018</b></u>	<u><b>282,414</b></u>
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	<u><b>\$ 706</b></u>	<u><b>(548)</b></u>	<u><b>(260)</b></u>
Equity component – conversion options, included in capital surplus– stock options	<u><b>\$ 21,450</b></u>	<u><b>35,970</b></u>	<u><b>35,970</b></u>

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 0.85%. Please refer to Note 6 (25) 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, 2023 and 2022, please refer to Note 6 (21).

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

(16) Lease liabilities

The details of lease liabilities were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	<u>\$ 32,621</u>	<u>31,028</u>	<u>30,751</u>
Non-current	<u>\$ 187,851</u>	<u>209,768</u>	<u>218,197</u>

For maturity analysis, please refer to Note 6 (26) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30, 2023</u>	<u>For the three months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Interest on lease liabilities	<u>\$ 1,457</u>	<u>1,702</u>	<u>4,576</u>	<u>4,878</u>
Expenses relating to short-term leases	<u>\$ 133</u>	<u>134</u>	<u>627</u>	<u>466</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 115</u>	<u>130</u>	<u>320</u>	<u>362</u>

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

	<u>For the nine months ended September 30,2023</u>	<u>For the nine months ended September 30,2022</u>
Total cash outflow for leases	<u>\$ 29,137</u>	<u>58,496</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 5 years.

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

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

(17) Other current and non-current liabilities

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Advance receipts	\$ 9,899	13,757	17,250
Guarantee deposit	-	4,408	4,473
Provision for warranties	501	1,071	1,232
Deposit received-Equity sale	275,938	-	-
Refund liabilities	5,074	6,942	5,114
Other	12,378	9,609	7,390
	<u><b>\$ 303,790</b></u>	<u><b>35,787</b></u>	<u><b>35,459</b></u>

There was no significant movement of liabilities provision for the nine months ended September 30, 2023 and 2022. Please refer Note 6(16) of consolidated financial report for the year ended December 31, 2022 for other related information.

(18) Operating lease

There was no significant movement and addition of operating lease contracts for the nine months ended September 30, 2023 and 2022. Please refer Note 6(17) of consolidated financial report for the year ended December 31, 2022 for other related information.

(19) 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, 2022 and 2021.

Cost recognized in expense was as below:

	<u>For the three months ended September 30, 2023</u>	<u>For the three months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Operating cost	\$ 48	57	143	173
Selling expenses	14	16	40	46
<b>Total</b>	<u><b>\$ 62</b></u>	<u><b>73</b></u>	<u><b>183</b></u>	<u><b>219</b></u>

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

B. Defined contribution plans

The recognized pension expenses which are based on the pension scheme by the Group are as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating cost	\$ 3,795	3,367	10,499	10,656
Selling expenses	629	639	1,872	1,876
General and administrative expenses	725	675	2,063	2,020
Research and development expenses	1,043	931	2,944	2,824
Total	<u>\$ 6,192</u>	<u>5,612</u>	<u>17,378</u>	<u>17,376</u>

(20) 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, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Current income tax expense	<u>\$ 11,191</u>	<u>17,137</u>	<u>36,135</u>	<u>47,557</u>

The Group recognize income tax which under other comprehensive income for the three months and nine months ended September 2023 and 2022 was \$543 thousand, \$160 thousand, \$1,220 thousand and \$ 40 thousand, respectively.

The Company's income tax returns for all fiscal years up to 2021 (except the year 2020) have been examined and approved by the tax authority.

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

(21) Capital and other equity

A. Common stock

As of September 30, 2023, December 31, 2022 and September 30, 2022; the total value of authorized ordinary shares amounted to \$ 1,500,000 thousand, with par value \$10, respectively. Issued shares were 74,399 thousand shares, 70,167 thousand shares and 70,167 thousand shares. All the capital was fully paid in.

Reconciliation of shares outstanding for the nine months ended September 30, 2023 and 2022 was as follows (766 thousand shares of treasury stock buyback has been deducted):

	Common shares	
	For the three months ended September 30,2023	For the nine months ended September 30,2022
(in thousands of shares)		
Balance on January 1	69,401	69,021
Converting of convertible bonds	4,232	380
Balance on September 30	<b>73,633</b>	<b>69,401</b>

From January 1 to September 30, 2023, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$116,500 thousand into \$4,232 thousand common shares and issued with the par value of \$42,321 thousand; considering the discount of bonds payable and interest compensation of \$1,746 thousand and the amount of financial assets measured at fair value through profit and loss: \$365 thousand and additional paid-in capital - bond payable stock option of \$14,520 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$86,588 thousand. As of September 30, 2023, there are \$1,515 thousand shares still pending for legal registration procedures.

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. The related legal registration procedures have been completed.

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

B. Capital surplus

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Premium on conversion of convertible bonds	\$ 182,201	95,613	95,613
Expired share option	18,643	18,643	18,643
Treasury share transactions	14,141	14,141	14,141
Conversion option of convertible bonds	<u>21,450</u>	<u>35,970</u>	<u>35,970</u>
	<u><b>\$ 236,435</b></u>	<u><b>164,367</b></u>	<u><b>164,367</b></u>

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:

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

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

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

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on March 8, 2023 and March 9, 2022.

The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholder:				
Cash	\$ 2.2	<u>152,682</u>	2.2	<u>152,337</u>

### D. Other equity (Net amount after tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Directly related equity which recognized as held for sale non-current assets	Total
Balance at January 1, 2023	\$ 18,392	7,473	-	25,865
Changes of the Group	(10,390)	3,802	11,110	4,522
Balance at September 30, 2023	<u>\$ 8,002</u>	<u>11,275</u>	<u>11,110</u>	<u>30,387</u>
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>-</u>	<u>22,800</u>

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

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, 2023, December 31, 2022 and September 30, 2022, 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.

(22) 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, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<b>Basic earnings per share</b>				
Net profit attributable to the Company for the current period - Continuing operations	\$ 68,466	60,825	142,892	172,467
Net loss attributable to the Company for the current period - Discontinuing operation	<u>(1,605)</u>	<u>(6,163)</u>	<u>(5,659)</u>	<u>(7,490)</u>
Profit attributable to ordinary shareholders of the Company	<u><b>\$ 66,861</b></u>	<u><b>54,662</b></u>	<u><b>137,233</b></u>	<u><b>164,977</b></u>
Weighted-average number of ordinary shares	<u><b>72,118</b></u>	<u><b>69,401</b></u>	<u><b>70,374</b></u>	<u><b>69,353</b></u>
Earnings per share				
Net profit of Continuing operations	0.95	0.88	2.03	2.49
Net loss of Discontinuing operation	<u>(0.02)</u>	<u>(0.09)</u>	<u>(0.08)</u>	<u>(0.11)</u>
	<u><b>\$ 0.93</b></u>	<u><b>0.79</b></u>	<u><b>1.95</b></u>	<u><b>2.38</b></u>



# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

### Diluted earnings per share

Net profit attributable to ordinary shareholders of the Company — Continuing operations	\$	68,466	60,825	142,892	172,467
Net loss attributable to ordinary shareholders of the Company — Discontinuing operation		(1,605)	(6,163)	(5,659)	(7,490)
After-tax effects of Interest expenses and other gains or losses on convertible bonds		40	897	(21)	3,250
Net profit attributable to ordinary shareholders of the Company (diluted)	\$	<u>66,901</u>	<u>55,559</u>	<u>137,212</u>	<u>168,227</u>
Weighted-average number of common shares(thousand)		72,118	69,401	70,374	69,353
Effect on employee compensation (thousand)		73	156	111	185
Effect of convertible bonds		<u>7,985</u>	<u>10,344</u>	<u>9,729</u>	<u>10,392</u>
Weighted average number of ordinary shares outstanding during the period(After adjusted effected amount of potentially dilutive common stock)(thousand)		<u>80,176</u>	<u>79,901</u>	<u>80,214</u>	<u>79,930</u>
Diluted earnings per share					
Net profit of Continuing operations	\$	0.85	0.78	1.78	2.19
Net loss of Discontinuing operation		(0.02)	(0.08)	(0.07)	(0.09)
	\$	<u>0.83</u>	<u>0.70</u>	<u>1.71</u>	<u>2.10</u>

### (23) Revenue from contracts with customers

#### A. Details of revenue

	For the three months ended September 30, 2023		
	Home appliance Department	Electronic cooling Department	Total
<b>Primary geographical markets:</b>			
Domestic	\$ 81,305	327,696	409,001
Mainland China	-	125,304	125,304
Germany	-	340,544	340,544
America	214	73,963	74,177
Japan	2	112	114
South Korea	-	22,963	22,963
Others	26	24,191	24,217
	<u>\$ 81,547</u>	<u>914,773</u>	<u>996,320</u>

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

### Major products services lines:

Cooling fan, Heat sink and thermal module	\$	-	908,160	908,160
Product of home appliances–air series		31,548	-	31,548
Product of home appliances–water series		40,215	-	40,215
Others		9,784	6,613	16,397
	\$	<b>81,547</b>	<b>914,773</b>	<b>996,320</b>

### For the three months ended September 30, 2022

		Home appliance Department	Electronic cooling Department	Total
<b>Primary geographical markets:</b>				
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
	\$	<b>152,421</b>	<b>727,640</b>	<b>880,061</b>

### Major products services lines:

Cooling fan, Heat sink and thermal module	\$	-	721,624	721,624
Product of home appliances–air series		85,004	-	85,004
Product of home appliances–water series		55,342	-	55,342
Others		12,075	6,016	18,091
	\$	<b>152,421</b>	<b>727,640</b>	<b>880,061</b>

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2023			
	Home appliance Department	Electronic cooling Department	Total
<b>Primary geographical markets:</b>			
Domestic	\$ 481,042	847,900	1,328,942
Mainland China	1,011	318,753	319,764
Germany	676	782,208	782,884
America	7,629	183,146	190,775
Japan	10,355	717	11,072
South Korea	-	57,845	57,845
Others	15,566	104,652	120,218
	<b>\$ 516,279</b>	<b>2,295,221</b>	<b>2,811,500</b>
<b>Major products services lines:</b>			
Cooling fan, Heat sink and thermal module	\$ -	2,273,231	2,273,231
Product of home appliances–air series	348,012	-	348,012
Product of home appliances–water series	134,993	-	134,993
Others	33,274	21,990	55,264
	<b>\$ 516,279</b>	<b>2,295,221</b>	<b>2,811,500</b>
For the nine months ended September 30, 2022			
	Home appliance Department	Electronic cooling Department	Total
<b>Primary geographical markets:</b>			
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
	<b>\$ 681,966</b>	<b>2,183,477</b>	<b>2,865,443</b>
<b>Major products services lines:</b>			
Cooling fan, Heat sink and thermal module	\$ -	2,158,919	2,158,919
Product of home appliances–air series	395,751	-	395,751
Product of home appliances–water series	198,019	-	198,019
Others	88,196	24,558	112,754
	<b>\$ 681,966</b>	<b>2,183,477</b>	<b>2,865,443</b>

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

**B. Contract balance**

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes and accounts receivables	\$ 931,450	811,399	888,911
Less: allowance for impairment	<u>(18,889)</u>	<u>(19,881)</u>	<u>(20,050)</u>
Total	<u><b>\$ 912,561</b></u>	<u><b>791,518</b></u>	<u><b>868,861</b></u>
Contract liabilities — unearned revenue	<u><b>\$ 9,899</b></u>	<u><b>13,757</b></u>	<u><b>17,250</b></u>

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

The unearned revenue balance at January 1, 2023 and 2022; have been recognized as revenue for the three and nine months ended at September 30, 2023 and 2022 with total amounts of \$1,849 thousand, \$3,247 thousand, \$8,349 thousand and \$15,160 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.

**(24) 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, 2023 and 2022, the Company accrued the compensation of employees amounted to \$1,656 thousand, \$1,300 thousand, \$3,432 thousand and \$4,058 thousand, respectively. And the remuneration of directors' amounted to \$828 thousand, \$650 thousand, \$1,716 thousand and \$2,029 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, 2022 and 2021, the accrued compensation of employees amounted to \$4,810 thousand and \$4,682 thousand, respectively; and the accrued remuneration of directors' and supervisors' amounted to \$2,405 thousand and \$2,341 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>.

### (25) Non-operating income and expenses

#### A. Interest income:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Bank deposit	\$ 290	49	1,346	203
Other interest income	1	1	8	11
Less: Interest income belonging to discontinuing operation	-	4	4	8
	<u><u>\$ 291</u></u>	<u><u>46</u></u>	<u><u>1,350</u></u>	<u><u>206</u></u>

#### B. Other income:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Sample income	\$ 2,398	1,342	4,400	3,872
Rent income	237	1,695	4,055	7,920
Mold income	(201)	1,683	4,179	8,431
Others	4,992	4,418	14,557	19,525
Less: Other income belonging to discontinuing operation	(7)	1,579	3,153	11,085
	<u><u>\$ 7,433</u></u>	<u><u>7,559</u></u>	<u><u>24,038</u></u>	<u><u>28,663</u></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, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Net profit on foreign				
exchange gains	\$ 17,748	25,558	22,457	56,116
Net loss on disposal of				
investment property and				
property, plant and				
equipment	(28)	192	(90)	(1,262)
Net loss on financial liability				
at fair value through profit				
or loss	-	-	-	(1,883)
Net loss on Callable/ Putable				
bonds payable value	359	(520)	1,619	(2,255)
Others	(23)	(922)	(179)	(4,060)
Less: Other income belonging				
to discontinuing operation	414	(7,434)	(5,230)	(16,894)
	<u>\$ 17,642</u>	<u>31,742</u>	<u>29,037</u>	<u>63,550</u>

D. Finance costs

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest expenses				
Bank loan	\$ (803)	(1,487)	(2,996)	(3,828)
Lease liability	(1,457)	(1,702)	(4,576)	(4,878)
Amortization of discount on				
bonds payable & Others	(408)	(602)	(1,591)	(1,809)
	<u>\$ (2,668)</u>	<u>(3,791)</u>	<u>(9,163)</u>	<u>(10,515)</u>

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

(26) 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 2022 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, 2023, December 31, 2022 and September 30, 2022, major customers of the Company was significant focus on certain customer; one of the customer accounted for 27.52%, 20.15% and 21.17% 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, 2023			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 9,251	-	-
Other receivable	9,158	5,955	6
Restricted Deposit	319,244	-	-
Loss allowance	-	-	(6)
Amortized cost	<u>\$ 337,653</u>	<u>5,955</u>	<u>-</u>
Carrying amount	<u>\$ 337,653</u>	<u>5,955</u>	<u>-</u>

  

December 31, 2022			
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 12,448	-	-
Other receivable	11,440	6,031	-
Restricted Deposit	60,264	-	-
Loss allowance	-	-	-
Amortized cost	<u>\$ 84,152</u>	<u>6,031</u>	<u>-</u>
Carrying amount	<u>\$ 84,152</u>	<u>6,031</u>	<u>-</u>

  

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>



**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, 2023 and 2022 were as follows:

<b>For the nine months ended September 30, 2023</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL- unimpaired</b>	<b>Lifetime ECL-impaired</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ -	-	-	-
Impairment loss recognized	-	-	6	6
<b>Balance at September 30, 2023</b>	<u>\$ -</u>	<u>-</u>	<u>6</u>	<u>6</u>

<b>For the nine months ended September 30, 2022</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL-unimpaired</b>	<b>Lifetime ECL-impaired</b>	<b>Total</b>
<b>Balance at January 1, 2022</b>	\$ -	-	1	1
Effect of changes in foreign currency exchange rates	-	-	9	9
<b>Balance at September 30, 2022</b>	<u>\$ -</u>	<u>-</u>	<u>10</u>	<u>10</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.

	<b>Carrying amount</b>	<b>Contract ed cash flow</b>	<b>Within 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>over 5 years</b>
<b><u>September 30, 2023</u></b>							
<b>Non-derivative financial liabilities</b>							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 438,166	473,676	8,187	16,057	40,546	235,463	173,423
Accounts payable (non-interest bearing)	782,973	782,973	782,973	-	-	-	-
Other payables (non-interest bearing)	175,413	175,413	175,413	-	-	-	-
Bonds payable (fixed interest rate)	169,855	174,262	-	-	-	174,262	-
Lease liability (maturity within one year) (fixed interest rate)	220,472	263,321	18,189	19,519	36,077	48,390	141,146
Guarantee deposits (non-interest bearing)	1,568	1,568	-	-	1,568	-	-
	<b><u>\$ 1,788,447</u></b>	<b><u>1,871,213</u></b>	<b><u>984,762</u></b>	<b><u>35,576</u></b>	<b><u>78,191</u></b>	<b><u>458,115</u></b>	<b><u>314,569</u></b>
<b><u>December 31, 2022</u></b>							
<b>Non-derivative financial liabilities</b>							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 248,236	266,977	20,458	24,386	31,412	93,530	97,191
Accounts payable (non-interest bearing)	632,576	632,576	632,576	-	-	-	-
Other payables (non-interest bearing)	166,596	166,596	166,596	-	-	-	-
Bonds payable (fixed interest rate)	283,018	292,225	-	-	-	292,225	-
Lease liability (maturity within one year) (fixed interest rate)	240,796	287,693	19,152	17,707	36,313	69,111	145,410
Guarantee deposits (non-interest bearing)	6,172	6,172	-	4,408	1,764	-	-
	<b><u>\$ 1,577,394</u></b>	<b><u>1,652,239</u></b>	<b><u>838,782</u></b>	<b><u>46,501</u></b>	<b><u>69,489</u></b>	<b><u>454,866</u></b>	<b><u>242,601</u></b>
<b><u>September 30, 2022</u></b>							
<b>Non-derivative financial liabilities</b>							
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	-	-
	<b><u>\$ 1,647,143</u></b>	<b><u>1,735,682</u></b>	<b><u>825,503</u></b>	<b><u>48,853</u></b>	<b><u>85,430</u></b>	<b><u>477,271</u></b>	<b><u>298,625</u></b>

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, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<b>Financial assets</b>									
<u>Monetary items</u>									
USD	\$ 41,703	32.27	1,345,748	28,992	30.71	890,413	30,866	31.75	979,960
EUR	581	33.91	19,709	871	32.72	28,487	999	31.26	31,229
CNY	9,492	4.415	41,867	30,798	4.408	135,758	47,229	4.473	211,254
<u>Non-monetary item</u>									
USD	767	32.27	24,758	608	30.71	18,660	413	31.75	13,103
<b>Financial liabilities</b>									
<u>Monetary items</u>									
USD	28,085	32.27	906,285	16,366	30.71	495,339	20,034	31.75	635,972
EUR	21	33.91	704	75	32.72	2,453	70	31.26	2,192
CNY	9,306	4.415	41,056	33,289	4.408	146,739	45,925	4.473	205,423
TWD	33,259	1	33,259	19,834	1	19,834	35,343	1	35,343

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, 2023 and 2022, 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 \$3,674 thousand and \$3,031 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 30, 2023		For the nine months ended September 30, 2022	
	Profit(loss) of exchange	Average exchange rate	Profit(loss) of exchange	Average exchange rate
TWD	\$ 19,482	-	54,712	-
CNY	2,975	4.391	1,404	4.430
	<u>\$ 22,457</u>		<u>56,116</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:

	<b>Interest increase 0.25%</b>	<b>Interest decrease 0.25%</b>
<b>Net profits after tax, January to September, 2023</b>	Net profit decreases \$668 thousand	Net profit increase \$668 thousand
<b>Net profits after tax, January to September, 2022</b>	Net profit decreases \$506 thousand	Net profit increase \$506 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:

	<b>For the nine months ended September 30, 2023</b>		<b>For the nine months ended September 30, 2022</b>	
	<b>Other comprehensive income After tax</b>	<b>Net income</b>	<b>Other comprehensive income After tax</b>	<b>Net income</b>
<b>Equity price at reporting date</b>				
Increase 3%	<b>\$ 1,016</b>	-	<b>726</b>	-
Decrease 3%	<b>\$ (1,016)</b>	-	<b>(726)</b>	-

#### 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, 2023				
		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>706</u>	-	706	-	706
Financial assets at FVOCI						
Foreign unlisted stock	\$	24,758	-	-	24,758	24,758
Domestic unlisted stock		<u>14,054</u>	-	-	14,054	14,054
Subtotal	\$	<u>38,812</u>				
Financial assets at amortized cost						
Cash and cash equivalent	\$	244,272	-	-	-	-
Notes and accounts receivables		912,561	-	-	-	-
Other Financial assets -current		293,077	-	-	-	-
Other Financial assets -non current		<u>50,531</u>	-	-	-	-
Subtotal	\$	<u>1,500,441</u>				
Financial liabilities at amortized cost						
Account payable	\$	782,973	-	-	-	-
Other payable		175,413	-	-	-	-
Long- term borrowing (Current portion)		18,655	-	-	-	-
Lease liability— current		32,621	-	-	-	-
Long -term borrowing		419,511	-	-	-	-
Lease liability— non current		187,851	-	-	-	-
Bonds payable		169,855	-	166,765	-	166,765
Deposits received		<u>1,568</u>	-	-	-	-
Subtotal	\$	<u>1,788,447</u>				
		December 31, 2022				
		Carrying Amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at FVOCI						
Foreign unlisted stock	\$	18,660	-	-	18,660	18,660
Domestic unlisted stock		<u>13,630</u>	-	-	13,630	13,630
Subtotal	\$	<u>32,290</u>				
Financial assets at amortized cost						
Cash and cash equivalent	\$	180,770	-	-	-	-
Notes and accounts receivables		791,518	-	-	-	-
Other Financial assets -current		22,073	-	-	-	-
Other Financial assets -non current		<u>68,110</u>	-	-	-	-
Subtotal	\$	<u>1,062,471</u>				
Financial liabilities at fair value through profit or loss						
Sold back option/ Buy back option of convertible bond	\$	<u>548</u>	-	548	-	548

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

**Financial liabilities at amortized cost**

Short-term borrowing	\$ 100	-	-	-	-
Account payable	632,576	-	-	-	-
Other payable	166,596	-	-	-	-
Long- term borrowing (Current portion)	41,252	-	-	-	-
Lease liability— current	31,028	-	-	-	-
Long -term borrowing	206,884	-	-	-	-
Lease liability— non current	209,768	-	-	-	-
Bonds payable	283,018	-	275,036	-	275,036
Deposits received	<u>6,172</u>	-	-	-	-
Subtotal	<u>\$ 1,577,394</u>				

**September 30, 2022**

		September 30, 2022			
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at FVOCI</b>					
Foreign unlisted stock	\$ 13,103	-	-	13,103	13,103
Domestic unlisted stock	13,733	-	-	13,733	13,733
Subtotal	<u>\$ 26,836</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	\$ 157,711	-	-	-	-
Notes and accounts receivables	868,861	-	-	-	-
Other Financial assets -current	29,097	-	-	-	-
Other Financial assets -non current	69,038	-	-	-	-
Subtotal	<u>\$ 1,124,707</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Sold back option/ Buy back option of convertible bond	<u>\$ 260</u>	-	260	-	260
<b>Financial liabilities at amortized cost</b>					
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— noncurrent	218,197	-	-	-	-
Bonds payable	282,414	-	275,382	-	275,382
Deposits received	6,237	-	-	-	-
Subtotal	<u>\$ 1,647,143</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, 2023 and 2022, 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.

	<b>Financial assets measured at fair value through other comprehensive income</b>
	<b>Equity investment without an active market</b>
<b>Balance at January 1, 2023</b>	\$ 32,290
Purchase	1,500
Profit or loss-Recognized in other comprehensive profit or loss	<u>5,022</u>
<b>Balance at September 30, 2023</b>	<b><u>\$ 38,812</u></b>
<b>Balance at January 1, 2022</b>	\$ 24,860
Purchase	2,500
Profit or loss-Recognized in other comprehensive profit or loss	<u>(524)</u>
<b>Balance at September 30, 2022</b>	<b><u>\$ 26,836</u></b>

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, 2023 and 2022.



# 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	<ul style="list-style-type: none"> <li>·Lack of market liquidity discount (September 30, 2023: 27.16% December 31, 2022: 29.12% September 31, 2022: 27.74%)</li> <li>·Valuation multiples (September 30, 2023: 1.67 December 31, 2022: 1.36 September 30, 2022: 1.35)</li> <li>·Stock price volatility (September 30, 2023: 45.85% December 31, 2022: 44.50% September 30, 2022: 42.45%)</li> </ul>	<ul style="list-style-type: none"> <li>·The higher the lack of market liquidity discount is, the lower the fair value will be.</li> <li>·The higher the valuation multiples is, the higher the fair value will be.</li> <li>·The lower the stock price volatility is, the higher the fair value will be.</li> </ul>
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	<ul style="list-style-type: none"> <li>·Net assets value</li> <li>·Discount for minority interest (September 30, 2023: 16.64% December 31, 2022: 16.64% September 31, 2022: 16.64% respectively.)</li> <li>·Lack of market liquidity discount interest (September 30, 2023: 10% December 31, 2022: 10% September 31, 2022: 10%, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>·The higher the net assets value is, the higher the fair value will be.</li> <li>·The higher the discount for minority interest is, the lower the fair value will be.</li> <li>·The higher the lack of market liquidity discount is, the lower the fair value will be.</li> </ul>

# 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, 2023				
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 27.16%	10%	\$ 3,399	(3,399)
	Valuation multiples 1.67	5%	1,250	(1,251)
	Stock price volatility 45.85%	5%	1,287	(1,214)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 169	(169)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD	Market illiquidity discount rate 10%	10%	1,562	(1,562)
Balance at December 31, 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 29.12%	10%	\$ 2,633	(2,633)
	Valuation multiples 1.36	5%	946	(945)
	Stock price volatility 44.50%	5%	1,051	(1,015)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 182	(182)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD	Market illiquidity discount rate 10%	10%	1,514	(1,514)

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

### Balance at September 30, 2022

Financial assets at fair value through other comprehensive income-

Investment of equity instruments without an active market	Market illiquidity discount rate 27.74%	10%	\$	1,813	(1,813)
Y.S. Tech U.S.A Inc.	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%		1,526	(1,526)

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

### (27) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2022 consolidated financial report. Please refer to Note 6(26) of 2022 consolidated financial statements.

### (28) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2022 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2022 consolidated financial statements. Please refer to Note 6(27) of 2022 consolidated financial statements for more information.

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

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

The reconciliation of liabilities from financing activities is as follows:

	January 1, 2023	Cash flows	Non-cash changes				September 30, 2023
			Foreign exchange movement	Amortized interest	Increased in lease liabilities	Other income statement (Note 1)	
Short-term borrowings	\$ 100	(100)	-	-	-	-	-
Long-term borrowings (including current portion)	248,136	196,025	-	1,026	-	(7,021)	438,166
Bonds payable	283,018	-	-	1,591	-	(114,754)	169,855
Lease liabilities (current and non- current)	240,796	(23,614)	55	-	4,812	(1,577)	220,472
Guarantee deposit received	6,172	(4,202)	(15)	-	-	(387)	1,568
Total liabilities from financing activities	<b>\$ 778,222</b>	<b>168,109</b>	<b>40</b>	<b>2,617</b>	<b>4,812</b>	<b>(123,739)</b>	<b>830,061</b>

Note 1: Recognized as deferred income: \$7,021 thousand; bond convert to shares: \$114,754 thousand; lease adjustments: \$1,577 thousand; liabilities directly related classified as non-current assets (or disposal groups): \$387 thousand

	January 1, 2022	Cash flows	Non-cash changes				September 30, 2022
			Foreign exchange movement	Amortized interest	Increased in lease liabilities	Other income statement (Note 2)	
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	<b>\$ 784,528</b>	<b>(44,090)</b>	<b>3,162</b>	<b>1,809</b>	<b>140,315</b>	<b>(12,589)</b>	<b>873,135</b>

Note 2: Recognized as Deferred revenue: \$ 1,498 thousand & Corporate bonds converted as shares: \$ 11,091 thousand

**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, 2023, December 31, 2022 and September 30, 2022. 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, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	\$ 2,468	4,706	10,227	13,150
Post-employment benefits	46	47	140	141
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 2,514</u>	<u>4,753</u>	<u>10,367</u>	<u>13,291</u>

On September 30, 2023, December 31, 2022 and September 30, 2022. 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, 2023	December 31, 2022	September 30, 2022
Deposit account (Reserve account)	Long-term/short-term borrowing, customs taxes, company debt and other repayment accounts	\$ 29,024	46,004	51,221
Time deposit	Guarantee of sales channel and short- term borrowing	14,282	14,260	14,254
Land	Guarantee of long-term/short-term borrowing	291,848	291,848	291,848
Buildings	Guarantee of long-term/short-term borrowing	107,734	114,330	116,768
Right-of-use assets (Note)	Guarantee of long-term borrowing	<u>27,781</u>	<u>-</u>	<u>-</u>
		<u>\$ 470,669</u>	<u>466,442</u>	<u>474,091</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, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 250,289</u>	<u>455,767</u>	<u>460,185</u>

**B. Standby letter of credit:**

	September 30, 2023	December 31, 2022	September 30, 2022
Purchases of raw materials	<u>\$ 33,165</u>	<u>36,333</u>	<u>41,673</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, 2023				For the three months ended September 30, 2022			
	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total
<b>Employee benefits:</b>								
Salary	72,586	61,382	1,822	135,790	64,852	43,243	199	108,294
Labor and health insurance	6,225	3,771	64	10,060	5,457	3,642	101	9,200
Pension expense	3,843	2,411	-	6,254	3,424	2,261	-	5,685
Remuneration of directors	-	1,086	-	1,086	-	968	-	968
Other personnel cost	5,095	1,961	-	7,056	4,854	1,706	-	6,560
<b>Depreciation</b>	16,962	12,762	-	29,724	17,185	12,930	82	30,197
<b>Amortization</b>	4	573	-	577	4	527	-	531

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

By function  By item	For the nine months ended September 30, 2023				For the nine months ended September 30, 2022			
	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total
<b>Employee benefits:</b>								
Salary	206,890	146,837	2,272	355,999	199,780	131,781	596	332,157
Labor and health insurance	16,901	11,961	273	29,135	16,124	11,827	273	28,224
Pension expense	10,642	6,919	-	17,561	10,829	6,766	-	17,595
Remuneration of directors	-	2,658	-	2,658	-	2,917	-	2,917
Other personnel cost	14,363	6,023	-	20,386	14,989	5,740	-	20,729
<b>Depreciation</b>	50,775	39,046	163	89,984	52,310	39,133	246	91,689
<b>Amortization</b>	11	1,537	-	1,548	11	1,544	-	1,555

### B. Discontinuing operation

On May 3, 2023, the board of directors approved to dispose of its subsidiary, Yen Sun Technology (BVI) Corp.'s 100% equity interest in SHANGHAI YENSUN. Since this department was not a discontinuing operation or an asset held for sale on September 30, 2022, the consolidated profit and loss statement for the previous period was recompiled to list the discontinuing operation with the continuing operation separately.

The operating results and cash inflows (outflows) of the discontinued operation are as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<b>Operating results of the discontinuing operation</b>				
operating revenue	\$ -	-	-	-
operating costs	-	10	-	20
Gross operating loss	-	(10)	-	(20)
Operating expenses	(2,012)	(302)	(3,586)	(1,669)
net operating loss	(2,012)	(312)	(3,586)	(1,689)
Operating income (expenditure)	407	(5,851)	(2,073)	(5,801)
Net loss before tax	(1,605)	(6,163)	(5,659)	(7,490)
Income tax expense	-	-	-	-
<b>Net loss of discontinuing operation</b>	<b><u><u>\$ (1,605)</u></u></b>	<b><u><u>(6,163)</u></u></b>	<b><u><u>(5,659)</u></u></b>	<b><u><u>(7,490)</u></u></b>
<b>Basic earnings per share</b>	<b><u><u>\$ (0.02)</u></u></b>	<b><u><u>(0.09)</u></u></b>	<b><u><u>(0.08)</u></u></b>	<b><u><u>(0.11)</u></u></b>
<b>Diluted earnings per share</b>	<b><u><u>\$ (0.02)</u></u></b>	<b><u><u>(0.08)</u></u></b>	<b><u><u>(0.07)</u></u></b>	<b><u><u>(0.09)</u></u></b>

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

**Net cash inflows (outflows) of**

**discontinuing operation**

Net cash outflow from	\$	(2,469)	(13,521)
operating activities			
Net cash inflows (outflows)		-	-
from investing activities			
Net cash inflows (outflows)		(4,021)	22,330
from financing activities			
exchange rate impact		473	(2,980)
<b>Net cash inflow (out)</b>	<b>\$</b>	<b>(6,017)</b>	<b>5,829</b>

**C. 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, 2023.

##### 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	111,095 (USD 3,442,673)	-	-	-	(Note 4)	-	Working capital	-	-	-	453,866 (Note 2)	453,866 (Note 2)
1	YEN SUN TECHNOLOGY (BVI) CORP	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable – related parties	Yes	111,095 (USD 3,442,673)	-	-	-	Short term financing	-	Working capital	-	-	-	551,901 (Note 5)	551,901 (Note 5)

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

(Note 2) If financing is necessary, the loan limit shall not exceed 200% of Y.H. Tech International Corp.'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.

(Note 5) If necessary, for financing, the loan limit shall not exceed 40% of the company's net equity

## YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (Continued)

#### II. Guarantees and endorsements for other parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements/ guarantees to third parties on behalf of subsidia	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the endorser/ guarantor										
1	DARSON ELECTRONICS (DONGGUAN) LTD.	Yen Sun Technology (BVI) Corp.	Subsidiary	46,453 (Note 1)	27,594 (CNY 6,250,000)	27,594	-	-	2.00%	46,453 (Note 2)	N	N	N

(Note 1) For a single enterprise, the limit is not more than 50% of the DARSON ELECTRONICS (DONGGUAN) LTD.'s net worth.

(Note 2) Not exceeding 50% of the DARSON ELECTRONICS (DONGGUAN) LTD.'s net worth.

#### III. Securities owned as of September 30, 2023 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship with company	Account title	September 30, 2023				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	24,758	19.00%	24,758	-
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI — non-current	2,000,000	14,054	5.00%	14,054	-

## YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (Continued)

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.

The company that acquires the real estate	Title of the property	Date	Transaction amount	Payment situation	Counterparty	Relation	If the counterparty is a related party, the previous transfer data:				Reference basis for price determination	Purpose of acquisition and usage	Other agreement
							Holder	Relation with the issuers	Date of transfer	Amount			
The Company	Building	September 13, 2022	500,000 thousand (tax included)	Monthly payment after acceptance according to project progress	DARMAW CONSTRUCTION CO., LTD.	-	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	New factory	None

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

## YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements (Continued)

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

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables(payables)		remarks
			Purchase (sale)	Amount (Note3)	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance (Note3)	% of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	409,717	20.88%	(Note 1)	Single supplier	(Note 1)	4,245 (Note 2)	4.82% (Note 4)	
The Company	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Purchase	621,130	31.65%	(Note 1)	Single supplier	(Note 1)	(230,484)	38.70%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	228,551	11.65%	(Note 1)	Single supplier	(Note 1)	81,832 (Note 2)	92.95% (Note 4)	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Subsidiary of the Company (indirectly hold)	Purchase	614,897	99.51%	(Note 1)	Single supplier	(Note 1)	(225,440)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Subsidiary of the Company (indirectly hold)	Purchase	224,339	98.13%	(Note 1)	Single supplier	(Note 1)	91,274 (Note 2)	100.00% (Note 4)	
YEN JIU TECHNOLOGY CORP.	The Company	Ultimate parent company	Sale	409,717	100.00%	(Note 1)	Product sales	(Note 1)	(4,245) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	621,130	100.00%	(Note 1)	Product sales	(Note 1)	234,484	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	228,551	98.62%	(Note 1)	Product sales	(Note 1)	(81,832) (Note 2)	100.00% (Note 4)	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	614,897	100.00%	(Note 1)	Product sales	(Note 1)	225,440	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	224,339	44.88%	(Note 1)	Product sales	(Note 1)	(91,274) (Note 2)	99.73% (Note 4)	

(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.	Yen Sun Technology (BVI) Corp.	Subsidiary to Son Company	Other receivable 111,095 (Note)	-	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Son Company to Subsidiary	Account receivable 225,440 (Note)	5.04%	-	-	80,674	-	
Y.H. Tech International Corp.	The Company	Son Company to parent company	Account receivable 234,484 (Note)	4.86%	-	-	84,008	-	

(Note) 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 (Note1)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	621,130 63,623 234,484	(Note 2)	22.09% 2.26% 6.55%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Prepayment of purchase Accounts receivable Procurement of raw materials Other receivable	228,551 110 81,832 4,377 26,377 1,831	(Note 2)	8.13% - 2.28% 0.12% 0.94% 0.05%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase  Sale Procurement of raw materials Rental income Prepayment of purchase	409,717  52 6,848 3,780 4,245	(Note 2)	14.57%  - 0.24% 0.13% 0.12%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase  Procurement of raw materials Accounts payable	614,897  53,442 225,440	(Note 2)	21.87%  1.90% 6.29%
2	Y.H. Tech International Corp.	Yen Sun Technology (BVI) Corp.	3	Other receivable	111,095	None comparable terms	3.10%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase  Sale Accounts receivable Procurement of raw materials Accounts payable Other receivable	224,339  3,199 2,505 24,798 91,274 1,763	(Note 2)	7.98%  0.11% 0.07% 0.88% 2.55% 0.05%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase  Accounts payable	6,754  4,237	None comparable terms	0.24%  0.12%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Payment on behalf of others	8,510	Entrusted collection, None comparable terms	0.24%
5	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Payment on behalf of others	1,589	Entrusted collection, None comparable terms	0.04%

Note1: Relationship notes as follows:

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

Note 2: None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.

## 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 30,2023	December 31,2022	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%	(91,514)	(6,548)	(6,548)	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	105,890	(8,419)	(8,419)	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	234,482	18,744	18,744	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	120,396	9,626	13,147	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	226,943	18,917	18,917	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%	226,933	18,917	18,917	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 January.1,2023	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of September 30, 2023	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, 2023 (Note 3)	Accumulated investment income repatriated to Taiwan as of September 30, 2023
					Remittance	Repatriation						
SHANGHAI YENSUN 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	280,680 (USD9,500,000)	-	-	280,680 (USD 9,500,000)	6,559	100%	(6,559) (Note 4)	19,537 (Note 4)	-
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD 1,000,000)	-	-	30,179 (USD 1,000,000)	10,649	100%	11,051 (Note 1)	92,906 (Note 1)	-
SHANGHAI CHANSON WATER CO., LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700 ,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD 60,000)	-	-	1,916 (USD 60,000)	-	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacturing and sales of electronic cooling fan and heat sink	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China (Note 5)	8,583 (USD 285,000)	-	-	8,583 (USD 285,000)	(6,260)	100%	(8,419) (Note 1)	105,890 (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, 2023	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
349,971 (Note 2) (USD 10,845,000)	349,971 (Note 2) (USD 10,845,000)	827,853

(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.

#### III. Significant transactions:

The significant inter-company transactions (direct or indirect) with the investees in Mainland China for the nine months ended September 30, 2023 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	8.22%

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, 2023					
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 81,547	914,773	-	-	996,320
<b>Total revenue</b>	<b>\$ 81,547</b>	<b>914,773</b>	<b>-</b>	<b>-</b>	<b>996,320</b>
<b>Reportable segment income</b>	<b>\$ (22,786)</b>	<b>103,526</b>	<b>(1,605)</b>	<b>(1,083)</b>	<b>78,052</b>

  

For the three months ended September 30, 2022					
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 152,421	727,640	-	-	880,061
<b>Total revenue</b>	<b>\$ 152,421</b>	<b>727,640</b>	<b>-</b>	<b>-</b>	<b>880,061</b>
<b>Reportable segment income</b>	<b>\$ (17,494)</b>	<b>92,849</b>	<b>(6,163)</b>	<b>2,607</b>	<b>71,799</b>

# YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2023

	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 516,279	2,295,221	-	-	2,811,500
<b>Total revenue</b>	<b>\$ 516,279</b>	<b>2,295,221</b>	<b>-</b>	<b>-</b>	<b>2,811,500</b>
<b>Reportable segment income</b>	<b>\$ (24,171)</b>	<b>204,086</b>	<b>(5,659)</b>	<b>(888)</b>	<b>173,368</b>

For the nine months ended September 30, 2022

	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 681,966	2,183,477	-	-	2,865,443
<b>Total revenue</b>	<b>\$ 681,966</b>	<b>2,183,477</b>	<b>-</b>	<b>-</b>	<b>2,865,443</b>
<b>Reportable segment income</b>	<b>\$ (20,412)</b>	<b>238,402</b>	<b>(7,490)</b>	<b>2,034</b>	<b>212,534</b>

	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
<b>Segment Assets</b>					
September 30, 2023	\$ 888,983	2,682,090	10,410	44	3,581,527
December 31, 2022	\$ 929,600	2,029,273	17,195	43	2,976,111
September 30, 2022	\$ 915,712	2,081,811	17,997	44	3,015,564