

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

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

For The Nine Months Ended September 30, 2021 And 2020

**Address : No.329, Feng Ren Rd., Ren Wu Dist., Kaohsiung City 814, Taiwan
(R.O.C.)**

Telephone : 886-7-3713588

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.

Contents

Contents	1
Independent Auditors' Review Report	2
Consolidated Balance Sheets.....	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7
1. Company history	7
2. Financial Statements Authorization Date and Authorization Process	7
3. New standards, amendments and interpretations adopted	7
4. Summary of Significant Accounting Policies	8
5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty	9
6. Explanation of significant accounting items	10
7. Related-party transactions	45
8. Pledged assets	45
9. Significant Commitments and Contingencies	46
10. Losses due to major disasters: None	46
11. Subsequent events: None	46
12. Other	46
13. Supplementary Disclosures	48
A. Information on significant transactions:	48
B. Information on investees:	55
C. Information on investments in Mainland China:.....	56
D. Information of major shareholders:	58
14. Segment Information	59

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, 2021 and 2020; and the consolidated statements of comprehensive income, changes in equity and cash flows for the three and nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$41,799 thousand and \$23,829 thousand, both constituting 1% of consolidated total assets as of September 30, 2021 and 2020. Total liabilities amounting to \$10,844 thousand and \$30,706 thousand, both constituting 1% of consolidated total liabilities as of September 30, 2021 and 2020. The total comprehensive income amounting to \$3,651 thousand, \$4,258 thousand, \$6,601 thousand and \$5,620 thousand, constituting 8%, 9%, 4% and 6 % of consolidated total comprehensive loss for the three and nine months ended September 30, 2021 and 2020, respectively.

Qualified Conclusion

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

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

KPMG
Taipei, Taiwan (Republic of China)
November 9, 2021

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

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31, 2020 and September 30, 2020

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

Assets		September 30, 2021		December 31, 2020		September 30, 2020																						
		Amount	%	Amount	%	Amount	%																					
Current assets:								September 30, 2021								December 31, 2020		September 30, 2020										
1100	Cash and cash equivalents (note 6(1))	\$	247,097	8	289,207	11	216,836	8	Amount								%Amount		%Amount									
1151	Notes receivables, net (note 6(4) and (22))		28,976	1	24,056	1	29,224	1	Current liabilities:								September 30, 2021		December 31, 2020		September 30, 2020							
1170	Accounts receivable, net (note 6(4) and (22))		887,512	27	742,484	28	857,567	33	2100	Short-term borrowings (note 6(12) and 8)	\$	56,659	2	101,606	4	183,460	7											
130X	Inventories (note 6(6))		1,007,318	31	699,311	26	625,116	24	2170	Accounts payable		854,967	27	710,441	27	668,137	25											
1476	Other financial assets (note 6(5) and 8)		29,258	1	20,309	1	19,630	1	2200	Other payables		205,797	6	175,154	7	157,356	6											
1479	Other current assets (note 6(11))		50,355	2	36,704	1	31,165	1	2230	Current income tax liabilities		75,457	2	39,278	1	25,344	1											
Total current assets			2,250,516	70	1,812,071	68	1,779,538	68	2280	Current lease liabilities (note 6(15))		28,212	1	22,380	1	21,339	1											
Non-Current Assets								2320								Long-term borrowings, current portion (note 6(13) and 8)												
1510	Non-current financial assets at fair value through profit or loss (note 6(2)(14))		810	-	-	-	-	-	2399	Other current liabilities (note 6(16) and (22))		38,030	1	36,462	1	24,677	1											
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))		23,325	1	4,383	-	2,969	-	Total of current liabilities								1,296,748		401,135,956		431,127,975		43					
1600	Property, plant and equipment (note 6(7) and 8)		685,222	21	660,639	25	660,685	25	2530	Bonds payable (note 6(14) and 8)		291,074	9	-	-	-	-											
1755	Right-of-use assets (note 6(8))		153,847	5	128,284	5	129,133	5	2540	Long-term borrowings (note 6(13) and 8)		317,408	10	315,444	12	328,122	12											
1760	Investment Property (note 6(9))		12,178	-	12,677	-	12,460	-	2570	Deferred tax liabilities		1,135	-	315	-	127	-											
1780	Intangible assets (note 6(10))		5,722	-	3,118	-	3,327	-	2580	Non-current lease liabilities (note 6(15))		133,283	4	111,688	4	112,625	4											
1840	Deferred income tax assets		12,820	-	12,820	-	9,170	-	2640	Net defined benefit liability, non-current		23,815	1	24,872	1	24,463	1											
1980	Other non-current financial assets (note 6(5) and 8)		59,470	2	13,871	1	13,521	1	2670	Other non-current liabilities, others (note 6(16))		6,069	-	6,141	-	6,033	-											
1990	Other non-current assets- Others (notes 6(11))		24,578	1	18,602	1	14,645	1	Total non-current liabilities								772,784		24		458,460		17		471,370		17	
Total non-Current Assets			977,972	30	854,394	32	845,910	32	Total liabilities								2,069,532		64		1,594,416		60		1,599,345		60	
								Equity attributable to owners of parent (note 6(20)):																				
									3100	Capital stock		697,869	22	697,869	26	697,869	26											
									3200	Capital surplus		157,151	5	119,761	4	119,761	5											
									3300	Retained earnings		295,262	9	248,346	9	203,021	8											
									3400	Other equity interest		20,447	-	17,846	1	17,225	1											
									3500	Treasury stock		(11,773)	-	(11,773)	-	(11,773)	-											
								Total equity								1,158,956		36		1,072,049		40		1,026,103		40		
Total Assets								\$ 3,228,488 100 2,666,465 100 2,625,448 100								Total liabilities and equity								\$ 3,228,488 100 2,666,465 100 2,625,448 100				

(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, 2021 and 2020

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (note 6(22))	\$ 1,006,494	100	880,225	100	2,949,706	100	2,527,935	100
5000	Operating costs (notes 6(6)(18))	828,888	82	720,833	82	2,411,059	82	2,098,498	83
5900	Gross Income from Operations	177,606	18	159,392	18	538,647	18	429,437	17
6000	Operating expenses (notes 6(18)(23)):								
6100	Selling expenses	55,390	6	41,156	5	146,234	5	132,155	5
6200	General and administrative expenses	34,537	3	32,715	4	99,057	3	78,584	3
6300	Research and development expenses	40,400	4	33,805	4	105,066	4	98,139	4
6450	Expected credit impairment loss(profit)(note6(4)(5)(25))	263	-	259	-	1,656	-	(3,688)	-
	Total operating expenses	130,590	13	107,935	13	352,013	12	305,190	12
6900	Net operating income	47,016	5	51,457	5	186,634	6	124,247	5
7000	Non-operating income and expenses (notes 6(24)):								
7100	Interest Income	36	-	37	-	171	-	795	-
7010	Other Income	14,261	1	5,573	-	34,944	2	16,936	1
7020	Other gains and losses	(1,208)	-	(3,537)	-	(15,665)	(1)	(15,485)	(1)
7050	Finance costs	(3,336)	-	(3,433)	-	(9,737)	-	(10,714)	-
	Total non-operating income and expenses	9,753	1	(1,360)	-	9,713	1	(8,468)	-
7900	Profit before income tax from continuing operations:	56,769	6	50,097	5	196,347	7	115,779	5
7950	Loss: Income tax expense (notes 6(19))	7,177	1	3,989	-	45,900	2	22,111	1
8200	Net Profit (loss)	49,592	5	46,108	5	150,447	5	93,668	4
8300	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss								
8316	Instruments measured at fair value through other comprehensive income (notes 6(20))	(933)	-	182	-	2,942	-	(1,235)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(19))	(185)	-	-	-	820	-	-	-
	Total items that will not be reclassified to profit or loss	(748)	-	182	-	2,122	-	(1,235)	-
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation (notes 6(20))	(197)	-	(1,409)	-	479	-	1,314	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that will be reclassified to profit or loss	(197)	-	(1,409)	-	479	-	1,314	-
8300	Other comprehensive income, net	(945)	-	(1,227)	-	2,601	-	79	-
8500	Comprehensive income	\$ 48,647	5	44,881	5	153,048	5	93,747	4
	Earnings per share (in dollar, note6(21))								
9750	Basic earnings per share	\$ 0.72		0.67		2.18		1.35	
9850	Diluted earnings per share	\$ 0.72		0.67		2.17		1.35	

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, 2021 and 2020
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital	Retained earnings					Other equity interest		Total	Treasury stock	Total equity
							Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance at January 1, 2020	\$ 697,869	119,761	43,394	3,798	62,161	109,353	16,173	973	17,146	-	944,129
Profit	-	-	-	-	93,668	93,668	-	-	-	-	93,668
Other comprehensive income	-	-	-	-	-	-	1,314	(1,235)	79	-	79
Total comprehensive income	-	-	-	-	93,668	93,668	1,314	(1,235)	79	-	93,747
Earnings appropriation and distribution:											
Legal reserve appropriated	-	-	5,047	-	(5,047)	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(11,773)	(11,773)
Balance as of September 30, 2020	\$ 697,869	119,761	48,441	3,798	150,782	203,021	17,487	(262)	17,225	(11,773)	1,026,103
Balance at January 1, 2021	\$ 697,869	119,761	48,441	3,798	196,107	248,346	16,694	1,152	17,846	(11,773)	1,072,049
Profit	-	-	-	-	150,447	150,447	-	-	-	-	150,447
Other comprehensive income	-	-	-	-	-	-	479	2,122	2,601	-	2,601
Total comprehensive income	-	-	-	-	150,447	150,447	479	2,122	2,601	-	153,048
Earnings allocation and distribution:											
Legal reserve appropriated	-	-	13,899	-	(13,899)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(103,531)	(103,531)	-	-	-	-	(103,531)
Issuance of convertible bonds	-	37,390	-	-	-	-	-	-	-	-	37,390
Balance as of September 30, 2021	\$ 697,869	157,151	62,340	3,798	229,124	295,262	17,173	3,274	20,447	(11,773)	1,158,956

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, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

	For the nine months ended September 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 196,347	115,779
Adjustments:		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss (reversal gain)	1,656	(3,688)
Depreciation expense	79,086	68,899
Amortization expense	1,343	1,083
Interest expense	9,737	10,714
Interest income	(171)	(795)
Loss on disposal of property, plant and equipment	75	415
Unrealized foreign exchange loss (gain)	4,868	6,048
Total adjustments to reconcile profit:	96,594	82,676
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,920)	(8,247)
Accounts receivable	(162,437)	(173,083)
Inventories	(311,686)	36,446
Other current assets	(13,903)	12,429
Other financial assets	(7,314)	10,798
Total net changes in operating assets:	(500,260)	(121,657)
Net changes in operating liabilities:		
Accounts payable	157,632	99,708
Other payable	22,362	18,059
Other current liabilities	1,208	(3,000)
Net defined benefit liability	(1,057)	(3,220)
Other non-current liabilities	-	(72)
Total net changes in operating liabilities	180,145	111,475
Total changes in operating assets and liabilities	(320,115)	(10,182)
Total adjustments	(223,521)	72,494
Cash inflow generated from operating	(27,174)	188,273
Interest received	191	781
Interest paid	(10,075)	(10,698)
Income taxes paid	(9,725)	(13,801)
Net cash flows from (used in) operating activities	(46,783)	164,555
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(16,000)	-
Acquisition of property, plant and equipment	(59,837)	(73,778)
Proceeds from disposal of property, plant and equipment	529	-
(Increase) decrease in guarantee deposits paid	(114)	(1,095)
Acquisition of intangible assets	(3,951)	(711)
(Increase) decrease in restricted deposit	(47,242)	(1,745)
Increase in prepayments for equipment	(21,619)	(14,645)
Net cash flows from (used in) investing activities:	(148,234)	(91,974)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(45,488)	(40,142)
Proceeds from long-term borrowings	315,000	70,000
Repayment of long-term borrowings	(326,045)	(43,653)
Increase of guarantee deposits	-	2,965
Payment of lease liabilities	(18,758)	(13,813)
Cash dividend of common stock	(103,531)	-
Treasury stock buy back	-	(11,773)
Issuance of convertible bond	327,642	-
Net cash flows from (used in) financing activities	148,820	(36,416)
Effect of exchange rate changes on cash and cash equivalents	4,087	2,239
Net increase (decrease) in cash and cash equivalents	(42,110)	38,404
Cash and cash equivalents at beginning of period	289,207	178,432
Cash and cash equivalents at end of period	\$ 247,097	216,836

(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, 2021 and 2020

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

(Reviewed, not audited)

1. Company history

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

2. Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on November 9, 2021.

3. New standards, amendments and interpretations adopted

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions After June 30, 2021”

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

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting policies”
- Amendments to IAS 8 “Definition of accounting estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

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

(2) Basis of consolidation

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

(3) Income tax

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

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

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

(4) Employee benefit

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

6. Explanation of significant accounting items

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

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash and petty cash	\$ 1,926	3,437	2,087
Check deposits	50	50	384
Demand deposits	244,821	283,711	214,065
Time deposits	<u>300</u>	<u>2,009</u>	<u>300</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 247,097</u></u>	<u><u>289,207</u></u>	<u><u>216,836</u></u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial liability held for trading			
Embedded derivative instruments	<u><u>\$ 810</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks —			
Y.S. Tech U.S.A Inc.	\$ 7,334	4,383	2,969
Domestic un-listed stocks —			
CHENG TA HSIUNG			
CONSTRUCTION &	<u>15,991</u>	<u>-</u>	<u>-</u>
DEVELOPMENT CO., LTD.			
Total	<u><u>\$ 23,325</u></u>	<u><u>4,383</u></u>	<u><u>2,969</u></u>

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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, 2021 and 2020.

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

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

(4) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable from operating activities	\$ 28,976	24,056	29,224
Accounts receivables— measured as amortized cost	907,339	766,911	882,168
Less: Allowance for impairment	<u>(19,827)</u>	<u>(24,427)</u>	<u>(24,601)</u>
	<u>\$ 916,488</u>	<u>766,540</u>	<u>886,791</u>

Book as:

Notes receivable	\$ 28,976	24,056	29,224
Net amount of accounts receivable	<u>887,512</u>	<u>742,484</u>	<u>857,567</u>
	<u>\$ 916,488</u>	<u>766,540</u>	<u>886,791</u>

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

	<u>September 30, 2021</u>		
	<u>Carrying amount of Notes and accounts receivable</u>	<u>Weighted-average expected credit loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Not over due	\$ 894,312	0.05%	420
Overdue less than 90 days	22,634	2.85%	646
Overdue 91 to 180 days	847	37.63%	318
Overdue 181 to 240 days	265	70.26%	186
Overdue over 241 days	<u>18,257</u>	<u>100%</u>	<u>18,257</u>
	<u>\$ 936,315</u>		<u>19,827</u>

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

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

	September 30, 2020		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 851,015	0.02%	190
Overdue less than 90 days	35,293	0.56%	197
Overdue 91 to 180 days	1,314	33.97%	446
Overdue 181 to 240 days	10	75.40%	8
Overdue over 241 days	<u>23,760</u>	100.00%	<u>23,760</u>
	<u>\$ 911,392</u>		<u>24,601</u>

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

	For the nine months ended September 31	
	2021	2020
Balance at January 1	\$ 24,427	28,454
Impairment losses recognized (reversed)	1,656	(3,698)
Amounts write-off	(5,935)	-
Effect of changes in foreign exchange rates	<u>(321)</u>	<u>(155)</u>
Balance at September 30	<u>\$ 19,827</u>	<u>24,601</u>

The abovementioned financial assets were not pledged as collateral.

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

(5) Other financial assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Refundable deposits	\$ 8,898	8,870	8,521
Other receivables-disposal of operation department in Mainland China	23,754	24,151	23,555
Other receivables— Other	21,386	14,108	11,695
Restricted deposits	58,446	11,204	12,949
Less: Loss allowance- Overdue Receivable	(23,754)	(24,151)	(23,555)
Less: Loss allowance-Others	(2)	(2)	(14)
	<u>\$ 88,728</u>	<u>34,180</u>	<u>33,151</u>
Book as:			
Other financial assets— current	\$ 29,258	20,309	19,630
Other financial assets— non-current	<u>59,470</u>	<u>13,871</u>	<u>13,521</u>
	<u>\$ 88,728</u>	<u>34,180</u>	<u>33,151</u>

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

(6) Inventories

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Raw materials and supplies	\$ 418,301	276,121	226,134
Work in progress	358,556	198,865	199,359
Finished goods and Merchandise	<u>230,461</u>	<u>224,325</u>	<u>199,623</u>
	<u>\$ 1,007,318</u>	<u>699,311</u>	<u>625,116</u>

For the three and nine months ended September 30, 2021 and 2020, recognition of inventory impairment losses due to write-off of inventories to net realizable value was \$5,449 thousand, \$16,808 thousand, \$15,545 thousand and \$54,312 thousand, respectively; And has been recognized under operating costs.

Abovementioned inventories were not pledged as collaterals.

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

(7) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
Cost or deemed cost:							
Balance at January 1, 2021	\$ 291,685	186,408	256,380	421,722	98,267	1,396	1,255,858
Additions	163	9,568	40,904	17,757	10,819	5,489	84,700
Reclassification	-	930	-	-	-	(930)	-
Disposals	-	-	(1,341)	(660)	(513)	-	(2,514)
Effect of movements in exchange rates	-	(291)	(1,662)	(955)	(256)	(5)	(3,169)
Balance at September 30, 2021	\$ 291,848	196,615	294,281	437,864	108,317	5,950	1,334,875
Balance at January 1, 2020	\$ 267,535	182,286	224,997	402,029	95,114	426	1,172,387
Additions	24,150	2,974	26,624	14,775	4,447	404	73,374
Reclassification	-	-	-	-	422	(422)	-
Disposals	-	-	(2,992)	(226)	(2,172)	-	(5,390)
Effect of movements in exchange rates	-	(116)	(555)	(363)	(107)	(3)	(1,144)
Balance at September 30, 2020	\$ 291,685	185,144	248,074	416,215	97,704	405	1,239,227
Accumulated depreciation and Impairment:							
Balance at January 1, 2021	\$ -	39,854	144,651	344,140	66,574	-	595,219
Depreciation	-	12,145	18,575	21,920	5,423	-	58,063
Disposals	-	-	(799)	(648)	(463)	-	(1,910)
Effect of movements in exchange rates	-	(191)	(711)	(636)	(181)	-	(1,719)
Balance at September 30, 2021	\$ -	51,808	161,716	364,776	71,353	-	649,653
Balance at January 1, 2020	\$ -	25,534	125,818	318,270	61,841	-	531,463
Depreciation	-	10,515	15,314	21,572	5,306	-	52,707
Disposals	-	-	(2,788)	(204)	(1,983)	-	(4,975)
Effect of movements in exchange rates	-	(45)	(288)	(254)	(66)	-	(653)
Balance at September 30, 2020	\$ -	36,004	138,056	339,384	65,098	-	578,542
Carrying amounts:							
Balance at January 1, 2021	\$ 291,685	146,554	111,729	77,582	31,693	1,396	660,639
Balance at September 30, 2021	\$ 291,848	144,807	132,565	73,088	36,964	5,950	685,222
Balance at January 1, 2020	\$ 267,535	156,752	99,179	83,759	33,273	426	640,924
Balance at September 30, 2020	\$ 291,685	149,140	110,018	76,831	32,606	405	660,685

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

Please refer to Note 6(24) for detail of disposal gain and loss.

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

(8) Right-of-use assets

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

	Building and construction	Transportation equipment	Total
Right-of-use assets cost:			
Balance at January 1, 2021	\$ 162,889	6,371	169,260
Additions	47,256	803	48,059
Disposals	-	(2,420)	(2,420)
Effect of movements in exchange rates	(2,431)	-	(2,431)
Balance at September 30, 2021	<u>\$ 207,714</u>	<u>4,754</u>	<u>212,468</u>
Balance at January 1, 2020	\$ 139,850	3,855	143,705
Additions	1,998	-	1,998
Remeasurement of contract rent movement	18,455	-	18,455
Effect of movements in exchange rates	(1,060)	-	(1,060)
Balance at September 30, 2020	<u>\$ 159,243</u>	<u>3,855</u>	<u>163,098</u>
Accumulated Depreciation:			
Balance at January 1, 2021	\$ 38,059	2,917	40,976
Depreciation	19,396	1,334	20,730
Disposals	-	(2,420)	(2,420)
Effect of movements in exchange rates	(665)	-	(665)
Balance at September 30, 2021	<u>\$ 56,790</u>	<u>1,831</u>	<u>58,621</u>
Balance at January 1, 2020	\$ 16,778	1,377	18,155
Depreciation	14,811	1,092	15,903
Effect of movements in exchange rates	(93)	-	(93)
Balance at September 30, 2020	<u>\$ 31,496</u>	<u>2,469</u>	<u>33,965</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 124,830</u>	<u>3,454</u>	<u>128,284</u>
Balance at September 30, 2021	<u>\$ 150,924</u>	<u>2,923</u>	<u>153,847</u>
Balance at January 1, 2020	<u>\$ 123,072</u>	<u>2,478</u>	<u>125,550</u>
Balance at September 30, 2020	<u>\$ 127,747</u>	<u>1,386</u>	<u>129,133</u>

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

(9) Investment Property

	Owne property	Right-of-use	
	Building and	assets	
	construction	Land	Total
Carrying amounts:			
Balance at January 1, 2021	\$ 5,868	6,809	12,677
Balance at September 30, 2021	\$ 5,690	6,488	12,178
Balance at January 1, 2020	\$ 5,880	6,976	12,856
Balance at September 30, 2020	\$ 5,749	6,711	12,460

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

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

Investment property were not pledged as collateral.

(10) Intangible assets

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

	Computer software	Other	Total
Cost:			
Balance at January 1, 2021	\$ 43,300	17,531	60,831
Acquisition	3,951	-	3,951
Effect of movements in exchange rates	(5)	-	(5)
Balance at September 30, 2021	\$ 47,246	17,531	64,777
Balance at January 1, 2020	\$ 42,434	17,531	59,965
Acquisition	711	-	711
Effect of movements in exchange rates	(3)	-	(3)
Balance at September 30, 2020	\$ 43,142	17,531	60,673
Amortization and impairment losses:			
Balance at January 1, 2021	\$ 40,667	17,046	57,713
Amortization	1,208	135	1,343
Effect of movements in exchange rates	(1)	-	(1)
Balance at September 30, 2021	\$ 41,874	17,181	59,055

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

	<u>Computer software</u>	<u>Other</u>	<u>Total</u>
Balance at January 1, 2020	\$ 39,397	16,866	56,263
Amortization	947	136	1,083
Balance at September 30, 2020	<u>\$ 40,344</u>	<u>17,002</u>	<u>57,346</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 2,633</u>	<u>485</u>	<u>3,118</u>
Balance at September 30, 2021	<u>\$ 5,372</u>	<u>350</u>	<u>5,722</u>
Balance at January 1, 2020	<u>\$ 3,037</u>	<u>665</u>	<u>3,702</u>
Balance at September 30, 2020	<u>\$ 2,798</u>	<u>529</u>	<u>3,327</u>

There were no intangible assets were pledged as collateral.

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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayment for purchases	\$ 6,146	10,504	2,280
Prepaid expense	4,442	4,135	5,733
Prepayments for equipment	24,578	18,602	14,645
Income tax refund receivable	36,730	17,894	19,218
Assets for right to recover product to be returned	2,299	3,437	3,200
Other	738	734	734
	<u>\$ 74,933</u>	<u>55,306</u>	<u>45,810</u>
Current	\$ 50,355	36,704	31,165
Non-current	24,578	18,602	14,645
	<u>\$ 74,933</u>	<u>55,306</u>	<u>45,810</u>

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

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Letters of credit	\$ 659	1,606	-
Unsecured bank loans	56,000	60,000	133,460
Secured bank loans	<u>-</u>	<u>40,000</u>	<u>50,000</u>
Total	<u>\$ 56,659</u>	<u>101,606</u>	<u>183,460</u>
Unused short-term credit lines	<u>\$ 779,405</u>	<u>810,204</u>	<u>669,726</u>
Range of interest rates	<u>1.00%~1.224%</u>	<u>1.00%~1.4823%</u>	<u>1.00%~1.72%</u>

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

(13) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank borrowings	\$ 90,034	85,969	43,534
Secured bank loans	<u>265,000</u>	<u>280,110</u>	<u>332,250</u>
	355,034	366,079	375,784
Less: current portion	<u>37,626</u>	<u>50,635</u>	<u>47,662</u>
Total	<u>\$ 317,408</u>	<u>315,444</u>	<u>328,122</u>
Unused long-term credit lines	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of interest rates	<u>1.20%~1.70%</u>	<u>1.35%~1.70%</u>	<u>1.35%~1.73%</u>

A. The amount of long-term borrowing of the Group for the nine months ended September 30, 2021 and 2020, was \$315,000 thousand and \$70,000 thousand, respectively. The interest rate is 1.20%~1.25% and 1.35%~1.6%; the repayment amount was \$326,045 thousand (\$280,110 thousand was repaid in advance on September 30, 2021) and \$43,653 thousand, respectively.

Please refer to Note 6 (24) for interest expenses. For other related information, please refer to Note 6 (12) of the consolidated financial report for the year ended December 31, 2020.

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

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

(14) Bonds payable

The details of secured convertible bonds were as follows:

	<u>September 30, 2021</u>
Total convertible corporate bonds issued	\$ 300,000
Unamortized discounted bonds payable	<u>8,926</u>
Issued bonds payable balance at year-end	<u>\$ 291,074</u>
Embedded derivative instruments – call and put rights, included in financial assets	
at fair value through profit or loss	<u>\$ 810</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 37,390</u>

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

The company issued the sixth domestic secured convertible bonds on September 30, 2021, with a total amount of \$300,000 thousands. The main terms are as follows:

1. Total issuance: \$300,000 thousand.
2. Issued price: issued at 110.95% of par value
3. Maturity date: 5 years, expired date will be September 30, 2026
4. Interest rate: 0%
5. Conversion target: common shares of the Company
6. Conversion price and its adjustment:

The conversion price at the time of issuance is set at \$30 per share. However, after the issuance, if one of the following conditions is met, the conversion price shall be adjusted according to the formula stipulated in the issuance terms:

- a. When an increase in the company's issued or private offering shares of common stock. Except for various securities issued or private offering by the company that have conversion rights or options for exchange or new issued shares for employees' compensation.
- b. When the company pays cash dividends of ordinary shares.
- c. When the company re-issues or private offering various value securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share.

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

- d. When the reduction of the ordinary shares is not caused by capital reduction that is due to decrease in treasury stock.

The conversion price on September 30, 2021 was \$30.00 per share.

7. Conversion period:

Started from the next day since the convertible bonds have issued for three months until the maturity date, except for following condition: (1) suspension period of the transfer of ordinary shares which according to law; (2) the period of before fifteen business days of the date of the transfer suspension of stock dividend, cash dividends and cash capital increase subscription till interest distribute reference date.;(3) started from capital reduction reference date until the day before the share exchange trade date;(4) The period from the start date of the suspension of conversion/subscription of the stock change nominal value to the day before the trading day before the start of the exchange of new shares, the creditor may not request conversion, may request the company to convert the convertible bonds into ordinary shares of the company in accordance with these measures at any time.

8. Bondholder's puttable option:

Three years after the issued date of the convertible bonds will be seen as reference date on which the holders sold back in advance. The company shall send a letter to the TPEx to announce the exercise of the bondholder's puttable option 40 days before the reference date. The holders of the bonds may inform the company's stock agency, to redeem the bonds held by it in cash at 100.75% of the bond's nominal value (with an annual yield of 0.25%).

9. The company's redemption option:

- (1) The conversion of the bonds from the next day of three months from the issuance day to 40 days before the expiry of the issue period, if the closing price of the company's ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive) or more. In the case, the company may redeem the circulating convertible bonds in cash at the bond nominal value.
- (2) From the next day of three months from the issuance day to 40 days before the expiry of the issue period, when the circulating bonds is less than 10% of the original issuance total, the company may recover the convertible bonds in cash with the nominal value of the bonds.

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

10. Repayment at maturity:

Except the convertible bonds that have been redeemed, sold back, converted or purchased and cancelled by the company at the securities firm, interest compensation will be added as bond's nominal value at maturity (interest compensation at maturity is 1.256% of the nominal value, the real yield rate is 0.25%), which will be repaid in cash in lump sum.

11. Collateral:

The First Commercial Bank acts as the guarantor for the convertible bonds. The real estates, plants, equipment and deposits will be provided as the collaterals of the First Commercial Bank.

Please refer to Note 8 for details.

(15) Lease liabilities

The details of lease liabilities were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30 30, 2020</u>
Current	\$ <u>28,212</u>	<u>22,380</u>	<u>21,339</u>
Non-current	\$ <u>133,283</u>	<u>111,688</u>	<u>112,625</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30, 2021</u>	<u>For the three months ended September 30, 2020</u>	<u>For the nine months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2020</u>
Interest on lease liabilities	\$ <u>1,521</u>	<u>2,832</u>	<u>4,609</u>	<u>5,649</u>
Expenses relating to short-term leases	\$ <u>124</u>	<u>264</u>	<u>464</u>	<u>804</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>126</u>	<u>99</u>	<u>354</u>	<u>321</u>
COVID-19-Related Rent Concessions (Recognized as Other income)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>279</u>

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

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

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Total cash outflow for leases	<u>\$ 24,185</u>	<u>20,308</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 10 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.

(16) Other current and non-current liabilities

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Advance receipts	\$ 14,127	7,395	3,130
Guarantee deposit received	6,069	6,141	6,033
Provision for warranties	1,147	1,224	1,108
Refund liabilities	5,325	8,018	6,533
Other	<u>17,431</u>	<u>19,825</u>	<u>13,906</u>
	<u>\$ 44,099</u>	<u>42,603</u>	<u>30,710</u>
Current	\$ 38,030	36,462	24,677
Non-Current	<u>6,069</u>	<u>6,141</u>	<u>6,033</u>
	<u>\$ 44,099</u>	<u>42,603</u>	<u>30,710</u>

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

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

(17) Operating lease

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

(18) Employee benefits

A. Defined benefit plans

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

Cost recognized in expense was as below:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Operating cost	\$ 51	72	154	217
Selling expenses	22	36	66	108
Total	\$ 73	108	220	325

B. Defined contribution plans

The Company and its subsidiary YEN JIU Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group's subsidiaries defined contribution plans based on their respective local regulation; cost recognized in expense are as follow:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Operating cost	\$ 3,510	1,468	9,894	4,969
Selling expenses	630	531	1,931	1,787
General and administrative expenses	747	375	2,154	991
Research and development expenses	769	453	2,215	1,702
Total	\$ 5,656	2,827	16,194	9,449

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

(19) Income tax

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

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Current portion	\$ 7,177	3,609	46,021	21,401
Adjusted current income tax of previous period	-	380	(121)	710
Current income tax expense	<u>\$ 7,177</u>	<u>3,989</u>	<u>45,900</u>	<u>22,111</u>

The Group recognize income tax which under other comprehensive income for the nine months ended September 30, 2021 and 2020 was \$820 thousand and \$0 thousand, respectively. The Company's income tax returns for all fiscal years up to 2018 have been examined and approved by the tax authority

(20) Capital and other equity

A. Share capital

The Company's share capital approved by the competent authority on September 30, 2021, December 31, and September 30, 2020 were \$1,500,000 thousand, \$1,000,000 thousand and \$1,000,000 thousand, respectively, a nominal value of \$10 per share. 69,787 thousand ordinary shares were issued, respectively. All receivables of issued shares have been received.

B. Capital surplus

The content of capital surplus was as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Convertible bonds- premium from conversion	\$ 86,977	86,977	86,977
Expired share option	18,643	18,643	18,643
Treasury stock transactions	14,141	14,141	14,141
Conversion option of convertible bonds	<u>37,390</u>	<u>-</u>	<u>-</u>
	<u>\$ 157,151</u>	<u>119,761</u>	<u>119,761</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset 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 and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

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

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

The dividends policy shall first take into consideration its operating environment, financial program, company's sustainable operation and development and the biggest interests of stockholders as follows:

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

The distribution of dividends of the company's shareholders will be based on the stock dividends, cash dividends, or both two ways of issuance. When dividends

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

being distribute, an appropriate ratio of cash and stock dividends shall be set up. Only cash dividends shall be paid at a rate not less than 10% of the current year's distribution.

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

The amounts of cash dividends on the appropriations of earnings had been approved during the board meeting on March 9, 2021. The relevant distributions were as follows:

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

D. Other equity (Net amount after tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	\$ 16,694	1,152	17,846
Changes of the Group	479	2,122	2,601
Balance at September 30, 2021	<u><u>\$ 17,173</u></u>	<u><u>3,274</u></u>	<u><u>20,447</u></u>
Balance at January 1, 2020	\$ 16,173	973	17,146
Changes of the Group	1,314	(1,235)	79
Balance at September 30, 2020	<u><u>\$ 17,487</u></u>	<u><u>(262)</u></u>	<u><u>17,225</u></u>

E. Treasury stock

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

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

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

(21) Earnings per share

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

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 49,592</u>	<u>46,108</u>	<u>150,447</u>	<u>93,668</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<u>69,021</u>	<u>69,021</u>	<u>69,021</u>	<u>69,339</u>
Earnings per share	<u>\$ 0.72</u>	<u>0.67</u>	<u>2.18</u>	<u>1.35</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 49,592</u>	<u>46,108</u>	<u>150,447</u>	<u>93,668</u>
Weighted-average number of ordinary shares at end of year	69,021	69,021	69,021	69,339
Effect of convertible bonds(expressed in thousands of shares)	109	-	37	-
Effect of employee share bonus (expressed in thousands of shares)	<u>125</u>	<u>128</u>	<u>152</u>	<u>169</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	<u>69,255</u>	<u>69,149</u>	<u>69,210</u>	<u>69,508</u>
Earnings per share (Diluted)	<u>\$ 0.72</u>	<u>0.67</u>	<u>2.17</u>	<u>1.35</u>

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

(22) Revenue from contracts with customers

A. Details of revenue

For the three months ended September 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 161,363	371,860	533,223
Mainland China	-	92,454	92,454
Germany	-	250,664	250,664
America	305	42,844	43,149
Japan	-	2,803	2,803
South Korea	-	19,017	19,017
Others	5,736	59,448	65,184
	\$ 167,404	839,090	1,006,494
Major products services lines:			
Cooling fan	\$ -	715,345	715,345
Product of home appliances—air series	97,609	-	97,609
Product of home appliances—water series	59,233	-	59,233
Heat sink and thermal module	-	112,549	112,549
Others	10,562	11,196	21,758
	\$ 167,404	839,090	1,006,494
For the three months ended September 30, 2020			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 124,276	418,043	542,319
Mainland China	-	88,306	88,306
Germany	-	135,842	135,842
America	1,698	47,755	49,453
Japan	1,971	2,703	4,674
South Korea	-	13,985	13,985
Others	178	45,468	45,646
	\$ 128,123	752,102	880,225
Major products services lines:			
Cooling fan	\$ -	589,307	589,307
Product of home appliances—air series	62,037	-	62,037
Product of home appliances—water series	54,516	-	54,516
Heat sink and thermal module	-	155,964	155,964
Others	11,570	6,831	18,401
	\$ 128,123	752,102	880,225

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2021			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 526,739	1,058,133	1,584,872
Mainland China	738	327,097	327,835
Germany	-	652,414	652,414
America	320	107,474	107,794
Japan	15,386	9,407	24,793
South Korea	2,145	52,405	54,550
Others	20,920	176,528	197,448
	\$ 566,248	2,383,458	2,949,706
Major products services lines:			
Cooling fan	\$ -	1,927,477	1,927,477
Product of home appliances–air series	374,391	-	374,391
Product of home appliances–water series	158,321	-	158,321
Heat sink and thermal module	-	420,280	420,280
Others	33,536	35,701	69,237
	\$ 566,248	2,383,458	2,949,706
For the nine months ended September 30, 2020			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 542,032	848,752	1,390,784
Mainland China	1,803	228,138	229,941
Germany	-	562,773	562,773
America	7,081	128,947	136,028
Japan	22,153	5,740	27,893
South Korea	-	57,252	57,252
Others	4,908	118,356	123,264
	\$ 577,977	1,949,958	2,527,935
Major products services lines:			
Cooling fan	\$ -	1,591,508	1,591,508
Product of home appliances–air series	361,895	-	361,895
Product of home appliances–water series	176,355	-	176,355
Heat sink and thermal module	-	336,575	336,575
Others	39,727	21,875	61,602
	\$ 577,977	1,949,958	2,527,935

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

B. Contract balance

	<u>September 30, 2021</u>	<u>September 31, 2020</u>	<u>September 30, 2020</u>
Notes and accounts receivables	\$ 936,315	790,967	911,392
Less: allowance for impairment	<u>(19,827)</u>	<u>(24,427)</u>	<u>(24,601)</u>
Total	<u>\$ 916,488</u>	<u>766,540</u>	<u>886,791</u>
Contract liabilities — unearned revenue	<u>\$ 14,127</u>	<u>7,395</u>	<u>3,130</u>

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

The unearned revenue balance at January 1, 2021 and 2020; have been recognized as revenue for the three and nine months ended at September 30, 2021 and 2020 with total amounts of \$323 thousand, \$1,000 thousand, \$6,197 thousand and \$4,914 thousand, respectively.

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

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

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

For the three and nine months ended at September 30, 2021 and 2020, the Company accrued the compensation of employees amounted to \$1,120 thousand, \$1,000 thousand, \$3,689 thousand and \$2,313 thousand, respectively. And the remuneration of directors' amounted to \$559 thousand, \$499 thousand, \$1,844 thousand and \$1,156 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

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

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.

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

(24) Non-operating income and expenses

A. Interest income:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Bank deposit	\$ 34	33	161	779
Other interest income	2	4	10	16
	<u>\$ 36</u>	<u>37</u>	<u>171</u>	<u>795</u>

B. Other income:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Sample income	\$ 1,963	955	4,120	3,733
Mold income	5,263	1,228	12,510	2,843
Others	7,035	3,390	18,314	10,360
	<u>\$ 14,261</u>	<u>5,573</u>	<u>34,944</u>	<u>16,936</u>

C. Other gains and losses:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Foreign exchange gains(losses)	\$ (1,092)	(4,330)	(14,520)	(14,449)
Gains(losses) on financial				
liability at fair value through	(36)	-	(432)	-
profit or loss				
Gains(losses) on disposal of				
property, plant and equipment	(25)	(382)	(75)	(415)
Others	(55)	1,175	(638)	(621)
	<u>\$ (1,208)</u>	<u>(3,537)</u>	<u>(15,665)</u>	<u>(15,485)</u>

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

D. Finance costs

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Interest expenses				
Bank loan	\$ (1,803)	(601)	(5,116)	(5,065)
Lease liability	(1,521)	(2,832)	(4,609)	(5,649)
Others	(12)	-	(12)	-
	<u><u>\$ (3,336)</u></u>	<u><u>(3,433)</u></u>	<u><u>(9,737)</u></u>	<u><u>(10,714)</u></u>

(25) Financial instruments

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

A. Credit risk

a. Credit risk exposure

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

b. Concentration of credit risk

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

c. Credit risk of receivable and debt instrument investment

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

The following table presents whether assets measured at amortized cost were subject to a 12-month ECL or lifetime ECL allowance, and in the latter case, whether were credit-impaired:

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

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

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

September 30, 2020			
	At amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 8,521	-	-
Other receivable	9,317	2,225	23,708
Restricted Deposit	12,949	-	-
Loss allowance	-	-	(23,569)
Amortized cost	<u>\$ 30,787</u>	<u>2,225</u>	<u>139</u>
Carrying amount	<u>\$ 30,787</u>	<u>2,225</u>	<u>139</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 at amortized cost as of nine months ended September 30, 2021 and 2020 were as follows:

For the nine months ended September 30,2021				
	12-month	Lifetime	Lifetime	
	ECL	ECL-unimpaired	ECL-impaired	Total
Balance at January 1, 2021	\$ -	-	24,153	24,153
Net Remeasurement of loss allowance	-	-	2	2
Foreign exchange rates	-	-	(399)	(399)
Balance at September 30, 2021	\$ -	-	23,756	23,756

For the nine months ended September 30,2020				
	12-month	Lifetime	Lifetime	
	ECL	ECL-unimpaired	ECL-impaired	Total
Balance at January 1, 2020	\$ -	-	22,837	22,837
Impairment loss recognized	-	-	10	10
The amount of discount reversing	-	-	911	911
Foreign exchange rates	-	-	(189)	(189)
Balance at September 30, 2020	\$ -	-	23,569	23,569

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

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contracted cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<u>September 30, 2021</u>							
Non-derivative financial liabilities							
Borrowings (floating rate)	\$ 411,693	440,878	78,472	25,081	51,611	99,888	185,826
Accounts payable (non-interest bearing)	854,967	854,967	854,967	-	-	-	-
Other payables (non-interest bearing)	205,797	205,797	205,797	-	-	-	-
Bonds payable (fixed interest rate)	291,074	303,768	-	-	-	303,768	-
Lease liability (fixed interest rate)	161,495	179,286	17,079	16,876	33,216	92,956	19,159
Guarantee deposits (non-interest bearing)	6,069	6,069	-	-	1,764	4,305	-
	<u>\$ 1,931,095</u>	<u>1,990,765</u>	<u>1,156,315</u>	<u>41,957</u>	<u>86,591</u>	<u>500,917</u>	<u>204,985</u>
<u>December 31, 2020</u>							
Non-derivative financial liabilities							
Borrowings (floating rate)	\$ 467,685	495,051	129,888	27,909	72,134	117,665	147,455
Accounts payable (non-interest bearing)	710,441	710,441	710,441	-	-	-	-
Other payables (non-interest bearing)	175,154	175,154	175,154	-	-	-	-
Lease liability (fixed interest rate)	134,068	153,078	14,258	13,843	26,813	78,308	19,856
Guarantee deposits (non-interest bearing)	6,141	6,141	-	-	1,764	4,377	-
	<u>\$ 1,493,489</u>	<u>1,539,865</u>	<u>1,029,741</u>	<u>41,752</u>	<u>100,711</u>	<u>200,350</u>	<u>167,311</u>
<u>September 30, 2020</u>							
Non-derivative financial liabilities							
Borrowings (floating rate)	\$ 559,244	588,125	208,951	27,984	75,359	120,756	155,075
Accounts payable (non-interest bearing)	668,137	668,137	668,137	-	-	-	-
Other payables (non-interest bearing)	157,356	157,356	157,356	-	-	-	-
Lease liability (fixed interest rate)	133,964	153,943	13,693	13,418	26,109	75,323	25,400
Guarantee deposits (non-interest bearing)	6,033	6,033	-	-	1,764	4,269	-
	<u>\$ 1,524,734</u>	<u>1,573,594</u>	<u>1,048,137</u>	<u>41,402</u>	<u>103,232</u>	<u>200,348</u>	<u>180,475</u>

The Group does not expect the cash flows included in the maturity analysis to 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. Foreign exchange rate risk

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

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets									
<u>Monetary items</u>									
USD	\$ 36,362	27.85	1,012,697	36,370	28.48	1,035,860	35,204	29.10	1,024,471
EUR	1,314	32.32	42,458	944	35.02	33,054	806	34.15	27,512
CNY	50,160	4.305	215,953	50,175	4.337	219,616	42,386	4.269	180,975
<u>Non-monetary item</u>									
USD	263	27.85	7,334	154	28.48	4,383	102	29.10	2,969
Financial liabilities									
<u>Monetary items</u>									
USD	22,574	27.85	628,719	24,257	28.48	690,939	23,371	29.10	680,176
EUR	106	32.32	3,433	86	35.02	3,000	69	34.15	2,360
CNY	45,596	4.305	196,292	40,795	4.337	178,556	34,861	4.269	148,822
TWD	43,359	1	43,359	42,834	1	42,834	58,963	1	58,963

The foreign exchange rate risk of Group was mainly incurred from the translation of 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, 2021 and 2020, the exchange rate of the TWD versus the USD, CNY and EUR increases or decreases by 1%, given no changes in other factors, net profit will increase or decrease by \$3,541 thousand and \$3,213 thousand, respectively. The analysis adopt same assumptions 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, 2021		For the nine months ended September 30, 2020	
	Gains(losses) of exchange	Average exchange rate	Gains(losses) of exchange	Average exchange rate
TWD	\$ (11,545)	-	(9,675)	-
CNY	(2,975)	4.3397	(4,774)	4.2579
	<u>\$ (14,520)</u>		<u>(14,449)</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.

The following 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 assumptions that the amount of liabilities outstanding at the reporting date was outstanding through the year.

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

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

	Interest increase 0.25%	Interest decrease 0.25%
Net profits, January to September, 2021	Net profit decreases \$618 thousand	Net profit increase \$618 thousand
Net profits, January to September, 2020	Net profit decreases \$839 thousand	Net profit increase \$839 thousand

III. Other price risk

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

	For the nine months ended September 30, 2021		For the nine months ended September 30, 2020	
	Other comprehensive income After tax	Net income	Other comprehensive income After tax	Net income
Equity price at reporting date				
Increase 3%	\$ 656	-	71	-
Decrease 3%	\$ (656)	-	(71)	-

D. Fair value of financial instruments

I. Fair value hierarchy

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 lease liabilities, disclosure of fair value information is not required:

September 30, 2021					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVOCI					
Foreign unlisted stock	\$ 7,334	-	-	7,334	7,334
Domestic unlisted stock	15,991	-	-	15,991	15,991
Subtotal	<u>\$ 23,325</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 247,097	-	-	-	-
Notes and accounts receivables	916,488	-	-	-	-
Other Financial assets -current	29,258	-	-	-	-
Other Financial assets -non current	59,470	-	-	-	-
Subtotal	<u>\$ 1,252,313</u>				
Financial liability at fair value through profit or loss					
Convertible bonds - option	<u>\$ 810</u>	-	810	-	810
Financial liabilities at amortized cost					
Short-term borrowings	\$ 56,659	-	-	-	-
Account payable	854,967	-	-	-	-
Other payable	205,797	-	-	-	-
Long- term borrowings (Current portion)	37,626	-	-	-	-
Lease liability— current	28,212	-	-	-	-
Long -term borrowings	317,408	-	-	-	-
Lease liability— noncurrent	133,283	-	-	-	-
Bonds payable	291,074	-	295,920	-	295,920
Deposits received	6,069	-	-	-	-
Subtotal	<u>\$ 1,931,095</u>				
December 31, 2020					
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVOCI					
Foreign unlisted stock	<u>\$ 4,383</u>	-	-	4,383	4,383
Financial assets at amortized cost					
Cash and cash equivalent	\$ 289,207	-	-	-	-
Notes and Account receivables	766,540	-	-	-	-
Other Financial assets -current	20,309	-	-	-	-
Other Financial assets -noncurrent	13,871	-	-	-	-
Subtotal	<u>\$ 1,089,927</u>				

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

December 31, 2020					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	\$ 101,606	-	-	-	-
Account payable	710,441	-	-	-	-
Other payable	175,154	-	-	-	-
Long- term borrowings (Current portion)	50,635	-	-	-	-
Lease liability— current	22,380	-	-	-	-
Long -term borrowings	315,444	-	-	-	-
Lease liability— noncurrent	111,688	-	-	-	-
Deposits received	<u>6,141</u>	-	-	-	-
Subtotal	<u>\$ 1,493,489</u>				
September 30, 2020					
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Foreign unlisted stock	<u>\$ 2,969</u>	-	-	2,969	2,969
Financial assets at amortized cost					
Cash and cash equivalent	\$ 216,836	-	-	-	-
Notes and Account receivables	886,791	-	-	-	-
Other Financial assets -current	19,630	-	-	-	-
Other Financial assets -noncurrent	<u>13,521</u>	-	-	-	-
Subtotal	<u>\$ 1,136,778</u>				
Financial liabilities at amortized cost					
Short-term borrowings	\$ 183,460	-	-	-	-
Account payable	668,137	-	-	-	-
Other payable	157,356	-	-	-	-
Long- term borrowings (Current portion)	47,662	-	-	-	-
Lease liability— current	21,339	-	-	-	-
Long -term borrowings	328,122	-	-	-	-
Lease liability— noncurrent	112,625	-	-	-	-
Deposits received	<u>6,033</u>	-	-	-	-
Subtotal	<u>\$ 1,524,734</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.

Derivative financial instruments:

The redemption right and the puttable right of the convertible bond of the Company are evaluated by binary tree method.

IV. Transfers between Level 1 and Level 2

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

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

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

	Financial assets measured at fair value through other comprehensive income
	<u>Equity investment without an active market</u>
Balance at January 1, 2021	\$ 4,383
Purchase	16,000
Profit or loss-Recognized in other comprehensive profit or loss	<u>2,942</u>
Balance at September 30, 2021	<u>\$ 23,325</u>
Balance at January 1, 2020	\$ 4,204
Profit or loss-Recognized in other comprehensive profit or loss	<u>(1,235)</u>
Balance at September 30, 2020	<u>\$ 2,969</u>

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	<p>·Lack of market liquidity discount</p> <p>(September 30, 2021: 47.97%</p> <p>December 31, 2020: 65.99%</p> <p>September 30, 2020: 48.83%)</p> <p>·Valuation multiples</p> <p>(September 30, 2021: 1.53</p> <p>December 31, 2020: 1.37</p> <p>September 30, 2020: 1.06)</p> <p>·Stock price volatility</p> <p>(September 30, 2021: 52.35%</p> <p>December 31, 2020: 70.61%</p> <p>September 30, 2020: 46.62%)</p>	<p>·The higher the lack of market liquidity discount is, the lower the fair value will be.</p> <p>·The higher the valuation multiples is, the higher the fair value will be.</p> <p>·The lower the stock price volatility is, the higher the fair value will be.</p>
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	<p>·Net assets value</p> <p>·Discount for minority interest</p> <p>(September 30, 2021: 33.98%)</p>	<p>·The higher the net assets value is, the higher the fair value will be.</p> <p>The higher the discount for minority interest is, the lower the fair value will be.</p>

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, 2021				
Financial assets at fair value through other comprehensive income-				
Equity investment without an active market –Y.S.Tech U.S.A Inc	Market illiquidity discount rate 47.97%	10%	\$ 1,410	(1,410)
Financial assets at fair value through other comprehensive income-	Valuation multiples 1.53	5%	381	(381)
Equity investment without an active market	Stock price volatility 52.35%	5%	604	(603)
–CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD				
	Discount for minority interest 33.98%	1%	160	(160)
Balance at December 31, 2020				
Financial assets at fair value through other comprehensive income-				
Equity investment without an active market	Market illiquidity discount rate 65.99%	10%	\$ 1,299	(1,299)
	Valuation multiples 1.37	5%	277	(228)
	Stock price volatility 70.61%	5%	454	(391)
Balance at June 30, 2020				
Financial assets at fair value through other comprehensive income-				
Equity investment without an active market	Market illiquidity discount rate 48.83%	10%	\$ 581	(581)
	Valuation multiples 1.06	5%	157	(151)
	Stock price volatility 46.62%	5%	277	(261)

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

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

(26) Financial risk management

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

(27) Capital management

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

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

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			Septembe r 30, 2021
			Foreign exchange movemen t	Right-of-use asset addition amount	Other movemen t	
Short-term borrowings	\$ 101,606	(45,488)	541	-	-	56,659
Long-term borrowings	366,079	(11,045)	-	-	-	355,034
Bonds payable	-	327,642	-	-	(36,568)	291,074
Lease liability	134,068	(18,758)	(1,874)	48,059	-	161,495
Guarantee deposits received	6,141	-	(72)	-	-	6,069
Total liabilities from financing activities	<u>\$ 607,894</u>	<u>252,351</u>	<u>(1,405)</u>	<u>48,059</u>	<u>(36,568)</u>	<u>870,331</u>

	January 1, 2020	Cash flows	Non-cash changes			Septembe r 30, 2020
			Foreign exchange movemen t	Right-of-use asset addition amount		
Short-term borrowings	\$ 224,574	(40,142)	(972)	-	-	183,460
Long-term borrowings	349,437	26,347	-	-	-	375,784
Lease liability	128,309	(13,813)	(985)	20,453		133,964
Guarantee deposits received	3,057	2,965	11	-		6,033
Total liabilities from financing activities	<u>\$ 705,377</u>	<u>(24,643)</u>	<u>(1,946)</u>	<u>20,453</u>		<u>699,241</u>

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

7. Related-party transactions

A. Endorsement and guarantee

The Group loan from financial institutions on September 30, 2021, December 31, 2020 and September 30, 2020. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which is \$80,000 thousand, \$130,000 thousand and \$130,000 thousand, respectively.

B. Compensation of major management staff

The information on major management staff compensation was as follows:

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Short-term employee benefits	\$ 3,178	2,464	12,264	6,331
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u><u>\$ 3,178</u></u>	<u><u>2,464</u></u>	<u><u>12,264</u></u>	<u><u>6,331</u></u>

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

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	September 30, 2021	December 31, 2020	September 30, 2020
Deposit account	Long-term/short-term borrowings, customs			
(Reserve account)	taxes, company debt and other repayment			
	accounts	\$ 55,775	10,204	10,203
Time deposit	Guarantee of sales channel and short-term			
	borrowings	2,671	1,000	2,746
Land	Guarantee of long-term/short-term borrowings			
		291,848	267,535	267,535
Buildings	Guarantee of long-term/short-term borrowings	126,550	132,508	134,932
		<u><u>\$ 476,844</u></u>	<u><u>411,247</u></u>	<u><u>415,416</u></u>

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

9. Significant Commitments and Contingencies

A. Unrecognized contractual commitments:

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisition of property, plant and equipment	<u>\$ 19,825</u>	<u>17,750</u>	<u>12,554</u>

B. Outstanding standby letter of credit:

	September 30, 2021	December 31, 2020	September 30, 2020
Purchases of raw materials	<u>\$ 53,936</u>	<u>47,749</u>	<u>28,528</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, 2021			For the three months ended September 30, 2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salary	68,624	58,245	126,869	61,580	46,887	108,467
Labor and health insurance	4,841	3,501	8,342	3,866	3,321	7,187
Pension expense	3,562	2,167	5,729	1,540	1,395	2,935
Remuneration of directors	-	759	759	-	878	878
Other personnel cost	5,202	1,799	7,001	5,093	1,911	7,004
Depreciation	15,383	12,152	27,535	12,562	11,146	23,708
Amortization	4	535	539	3	334	337

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

By function	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salary	208,451	142,251	350,702	173,176	126,676	299,852
Labor and health insurance	14,114	10,976	25,090	11,232	10,184	21,416
Pension expense	10,049	6,365	16,414	5,186	4,588	9,774
Remuneration of directors	-	3,282	3,282	-	2,628	2,628
Other personnel cost	14,754	5,659	20,413	13,276	5,341	18,617
Depreciation	43,747	35,339	79,086	36,150	32,749	68,899
Amortization	11	1,332	1,343	3	1,080	1,083

B. Seasonality of operation

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

13. Supplementary Disclosures

A. Information on significant transactions:

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

I. Loans to other parties:

Number	Lender	Borrower	Financial statement account	Related Party	Highest balance during 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 short term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	value		
0	The Company	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	41,775 (USD 1,500,000)	-	-	-	short - term financing	-	Working capital	-	-	-	463,582 (Note 2)	463,582 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts – related parties	Yes	119,948 (USD 4,306,943)	-	-	-	short - term financing	-	Working capital	-	-	-	463,582 (Note 2)	463,582 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts – related parties	Yes	25,830 (RMB 6,000,000)	-	-	-	short - term financing	-	Working capital	-	-	-	463,582 (Note 2)	463,582 (Note 2)
2	Y.H. Tech International Corp.	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	46,833 (USD 1,681,614)	--	--	-	short - term financing	-	Working capital	-	-	-	295,714 (Note 4)	295,714 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	119,814 (USD 4,302,111)	119,814 (USD 4,302,111)	119,814 (USD 4,302,111)	-	(Note 5)	-	Working capital	-	-	-	295,714 (Note 4)	295,714 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	25,830 (RMB 6,000,000)	25,830 (RMB 6,000,000)	25,830 (RMB 6,000,000)	-	(Note 5)	-	Working capital	-	-	-	295,714 (Note 4)	295,714 (Note 4)

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

(Note 2) The loan limit shall not exceed 40% of the company's net equity

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

(Note 4) The loan limit shall not exceed 200% of Y.H. Tech International Corp.'s net equity.

(Note 5) The Company held directly and indirectly 100% of the voting right shares foreign subsidiaries, their financing period is not restricted by 1 year or one business cycle. The loan period is 3 years from the date of actual allocation.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Guarantees and endorsements for other parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsement (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the endorser/ guarantor										
0	The Company	Yen Sun Technology (BVI) Corp.	Subsidiary	347,687 (Note 1)	41,775 (USD 1,500,000)	-	-	-	-	579,478 (Note 3)	Y	-	-
0	The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	231,791 (Note 2)	36,000	36,000	-	-	3.11%	579,478 (Note 3)	Y	-	-

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Name of security holder	Name of security and type	Relationship with company	Account title	June 30, 2021				Note
				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	7,334	19.16%	7,334	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI — non-current	1,600,000	15,991	5.00%	15,991	-

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

VII. Related parties transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of capital stock were as follows:

Company	Realsted-party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Note receivables(payables)		Note
			Purchase /sale	Amount (Note3)	% of total purchase /sales	Credit line	Unit price	Credit line	Balance (Note3)	% of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	515,807	22.11%	(Note 1)	Single supplier	(Note 1)	92,605 (Note 2)	95.96% (Note 4)	
The Company	Y.H. Tech International Corp.	Sub-Subsidiary	Purchase	683,778	29.31%	(Note 1)	Single supplier	(Note 1)	(61,337)	12.00%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	354,005	15.18%	(Note 1)	Single supplier	(Note 1)	(67,021)	13.11%	
The Company	DARSON ELECTRONICS (DONGGUAN) LTD.	Sub-Subsidiary	Purchase	684,906	93.67%	(Note 1)	Single supplier	(Note 1)	(106,692)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Sub-Subsidiary	Purchase	348,805	75.73%	(Note 1)	Single supplier	(Note 1)	(55,089)	38.84%	
YEN JIU TECHNOLOGY CORP.	The Company	Ultimate parent company	Sale	515,807	100.00%	(Note 1)	Product sales	(Note 1)	(92,605) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	683,778	100.00%	(Note 1)	Product sales	(Note 1)	61,337	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	354,005	97.26%	(Note 1)	Product sales	(Note 1)	67,021	45.49%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	684,906	100.00%	(Note 1)	Product sales	(Note 1)	106,692	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	348,805	62.66%	(Note 1)	Product sales	(Note 1)	55,089	39.33%	

(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 with amounts exceeding the lower of \$100 million or 20% of capital stock were as follows:

Name of company the has the receivables	Realsted-party	Relationship	Balance	Turnover ratio	Overdue		Amount collected in the subsequent period	Loss allowance	Note
					Amount	Status			
Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Subsidiary to Sub-Subsidiary	Other receivable 145,644 (Note 2)	- (Note 1)	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Sub-Subsidiary to Subsidiary	Accounts receivable 106,692 (Note 2)	10.83%	-	-	42,332	-	

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

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

IX. Trading in derivative instruments: Please refer to Note 6(2) and Note 6(14).

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

X. Business relationships and significant intercompany transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Account	Amount	Term of trading	% of total consolidated net revenue or total asset
0	The Company	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	1	Account receivables	11,125	Overdue accounts receivable None comparable terms	0.34%
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	683,778 48,627 61,337	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	23.18% 1.51% 1.90%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	354,005 9,341 102,782 86,746 67,021	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	12.00% 0.32% 3.48% 2.69% 2.08%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	477	None comparable terms	0.01%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase Procurement of raw materials Prepayment Rental income	515,807 7,231 92,605 3,780	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	17.49% 0.25% 2.87% 0.13%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Endorsement/Guarantee	36,000	None comparable terms	1.12%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Long-term accounts receivable-Interest	12,637	Financial intermediation. No interest since 2017	0.39%

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD	3	Purchase	684,906	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	23.22%
				Procurement of raw materials	44,870		1.52%
				Accounts payable	106,692		3.30%
2	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other receivables — Loans to other parties	145,644	Financial intermediation. No interest.	4.51%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	348,805	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	11.83%
				Sales	9,960		0.34%
				Accounts receivable	80,294		2.49%
				Procurement of raw materials	101,004		3.42%
				Account payable	55,089		1.71%
				Other receivable	477		0.01%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	8,641	None comparable terms.	0.29%
				Accounts payable	5,814		0.18%
				Other receivable	114		-
4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other payables	2,225	Entrusted collection, None comparable terms	0.07%

Note: Relationship notes as follows:

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Information on investees:

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

Name of investor	Name of investee	Location	Business Scope	Original investment amount		Balance			Net income (loss) of Investee (Note1)	investment income (less) recognized (Note1)	Note
				September 30,2021	December 31,2020	Shares owned	Percentage owned	Carrying value (Note1)			
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	259,842	259,842	500,000	100%	(122,972)	3,946	3,946	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	127,808	31,582	31,582	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	157,421	15,538	15,538	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	94,078	6,191	4,869	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	147,865	10,450	10,450	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%	147,857	10,450	10,450	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 Outflow of investment from Taiwan as of Jan.1,2021	Investment flow		Accumulated outflow of investment form Taiwan as of September 30, 2021	Net income (losses) Of investee (Note 3)	% of ownership	Investment Income(losses) (Note 3)	Book value as of September 30, 2021 (Note 3)	Accumulated Remittance in current period
					Outflow	Inflow						
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	233,347 (USD7,800,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	233,347 (USD 7,800,000)	-	-	233,347 (USD 7,800,000)	5,403	100%	5,403 (Note 4)	(155,981) (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)	6,556	100%	6,647 (Note 1)	35,917 (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)	31,582	100%	31, 582 (Note 1)	127,808 (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, 2021	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
254,688 (Note 2) (USD 9,145,000)	302,033 (Note 2) (USD 10,845,000)	695,374

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

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

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

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

III. Significant transactions:

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

D. Information of major shareholders:

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

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

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

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

14. Segment Information

Reportable segment information is as follows:

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

	For the three months ended September 30, 2020			
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 128,122	752,103	-	880,225
Total revenue	\$ 128,122	752,103	-	880,225
Reportable segment income	\$ (34,598)	79,370	5,325	50,097

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the nine months ended September 30, 2021				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 566,248	2,383,458	-	2,949,706
Total revenue	\$ 566,248	2,383,458	-	2,949,706
Reportable segment income	\$ (47,771)	239,150	4,968	196,347
For the nine months ended September 30, 2020				
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 577,977	1,949,958	-	2,527,935
Total revenue	\$ 577,977	1,949,958	-	2,527,935
Reportable segment income	\$ (71,140)	184,949	1,970	115,779
Segment Assets				
September 30, 2021	\$ 726,148	2,471,703	30,637	3,228,488
December 31, 2020	\$ 859,578	1,787,443	19,444	2,666,465
September 30, 2020	\$ 771,068	1,832,169	22,211	2,625,448