

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

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

For The Three Months Ended March 31, 2023 And 2022

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Notice to readers

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

The Board of Director's
YEN SUN TECHNOLOGY CORP.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yen Sun Technology Corporation. (the Company) and subsidiaries as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 for explained in the paragraph "Basis on consolidated financial statements for the three months ended March 31, 2022 for Qualified Conclusion", we conducted our reviews in accordance with TWSRE 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis on consolidated financial statements for the three months ended March 31, 2022 for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$20,883 thousand, constituting 0.7% of consolidated total assets as of March 31, 2022. Total liabilities amounting to \$9,437 thousand, constituting 0.5% of consolidated total liabilities as of March 31, 2022, and total comprehensive loss amounting to \$(164) thousand, constituting (0.4)% of consolidated total comprehensive loss for the three months ended March 31, 2022.

Unqualified opinion and Qualified Conclusion

Based on our reviews, except if independent accountants have reviewed the financial reports of mentioned investee companies explained in the paragraph "Basis on consolidated financial statements for the three months ended March 31, 2022 for Qualified Conclusion", there may be adjustments to the consolidated financial statements for the three months ended March 31, 2022; nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the YEN SUN TECHNOLOGY CORP. and subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' review report are:
Chen-Lung, Hsu and Yung-Hsiang, Chen.

KPMG

Taipei, Taiwan (Republic of China)

May 12, 2023

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

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

		<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>				<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 137,263	4	180,770	6	101,175	3	2100	Short-term borrowings (note 6(12) and 8)	\$ 100	-	100	-	20,000	1
1151	Notes receivables, net (note 6(4) and (22))	26,179	1	29,493	1	34,960	1	2170	Accounts payable	732,263	23	632,576	21	766,260	25
1170	Accounts receivable, net (note 6(4) and (22))	892,071	28	762,025	26	881,442	29	2200	Other payables	290,754	9	166,596	6	310,823	10
130X	Inventories (note 6(6))	858,081	27	815,989	27	999,882	33	2230	Current income tax liabilities	80,321	2	78,974	3	87,608	3
1476	Other current financial assets (note 6(5) and 8)	36,578	1	22,073	1	27,117	1	2280	Current lease liabilities (note 6(15))	32,294	1	31,028	1	29,191	1
1479	Other current assets-other (note 6(11))	49,736	2	39,994	1	45,769	1	2320	Long-term borrowings, current portion (note 6(13) and 8)	24,796	1	41,252	1	39,521	1
Total Current Assets		<u>1,999,908</u>	<u>63</u>	<u>1,850,344</u>	<u>62</u>	<u>2,090,345</u>	<u>68</u>	2399	Other current liabilities (note 6(13)(16) and (22))	58,786	2	35,787	1	38,045	1
Non-Current Assets								Total of current liabilities		<u>1,219,314</u>	<u>38</u>	<u>986,313</u>	<u>33</u>	<u>1,291,448</u>	<u>42</u>
1510	Financial asset at fair value through profit or loss-non-current (note 6(2)(14))	289	-	-	-	2,020	-	Non-current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	34,863	1	32,290	1	26,606	1	2500	Non-current financial liabilities at fair value through profit or loss (note 6(2) and (14))	-	-	548	-	-	-
1600	Property, plant and equipment (note 6(7) and 8)	815,157	26	735,080	25	706,021	23	2530	Bonds payable (note 6(14) and 8)	283,622	9	283,018	10	281,211	9
1755	Right-of-use assets (note 6(8) and 8)	254,108	8	259,677	9	146,423	5	2540	Long-term borrowings (note 6(13) and 8)	332,991	11	206,884	7	251,979	8
1760	Investment Property (note 6(9))	10,141	-	10,171	-	12,562	-	2570	Deferred tax liabilities	3,723	-	3,102	-	2,308	-
1780	Intangible assets (note 6(10))	4,057	-	4,531	-	5,616	-	2580	Non-current lease liabilities (note 6(15))	204,000	6	209,768	7	126,280	4
1840	Deferred income tax assets	10,317	-	10,317	-	15,185	1	2630	Long-Term Deferred Revenue (note 6(13))	3,919	-	1,074	-	-	-
1980	Other non-current financial assets (note 6(5) and 8)	68,325	2	68,110	3	71,463	2	2640	Net defined benefit liability, non-current	6,969	-	7,347	-	18,108	1
1990	Other non-current assets-other (notes 6(11))	3,656	-	5,591	-	14,413	-	2645	Deposits received	1,764	-	1,764	-	6,270	-
Total Non-Current Assets		<u>1,200,913</u>	<u>37</u>	<u>1,125,767</u>	<u>38</u>	<u>1,000,309</u>	<u>32</u>	Total non-current liabilities		<u>836,988</u>	<u>26</u>	<u>713,505</u>	<u>24</u>	<u>686,156</u>	<u>22</u>
								Total liabilities		<u>2,056,302</u>	<u>64</u>	<u>1,699,818</u>	<u>57</u>	<u>1,977,604</u>	<u>64</u>
								Equity attributable to owners of parent (note 6(14)(20)):							
								3100	Capital stock	701,669	22	701,669	24	701,669	23
								3200	Capital surplus	164,367	5	164,367	5	164,367	5
								3300	Retained earnings	261,947	8	396,165	13	233,626	7
								3400	Other equity interest	28,309	1	25,865	1	25,161	1
								3500	Treasury stock	(11,773)	-	(11,773)	-	(11,773)	-
								Total equity		<u>1,144,519</u>	<u>36</u>	<u>1,276,293</u>	<u>43</u>	<u>1,113,050</u>	<u>36</u>
								Total liabilities and equity		<u>\$ 3,200,821</u>	<u>100</u>	<u>2,976,111</u>	<u>100</u>	<u>3,090,654</u>	<u>100</u>
Total Assets		<u>\$ 3,200,821</u>	<u>100</u>	<u>2,976,111</u>	<u>100</u>	<u>3,090,654</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (note 6(22))	\$ 851,279	100	940,467	100
5000	Operating costs (notes 6(6)(18) and 12)	714,966	84	797,631	85
5900	Gross Income (Loss) from Operations	136,313	16	142,836	15
6000	Operating expenses (notes 6(18)(23) and 12):				
6100	Selling expenses	42,905	5	43,745	5
6200	General and administrative expenses	35,685	4	34,129	4
6300	Research and development expenses	35,525	4	40,281	4
6450	Expected credit impairment loss(profit)(note6(4)(5))	1,201	-	254	-
	Total operating expenses	115,316	13	118,409	13
6900	Net operating income	20,997	3	24,427	2
7000	Non-operating income and expenses (notes 6(17)(24)):				
7100	Interest Income	52	-	52	-
7010	Other Income	9,714	1	16,501	2
7020	Other gains and losses	(1,509)	-	18,492	2
7050	Finance costs	(3,184)	(1)	(3,155)	-
	Total non-operating income and expenses	5,073	-	31,890	4
7900	Profit before income tax from continuing operations:	26,070	3	56,317	6
7950	Loss: Income tax expense (notes 6(19))	7,606	1	13,756	1
8200	Net Profit (loss)	18,464	2	42,561	5
8300	Other comprehensive income:				
8310	items that will not be reclassified to profit or loss				
8316	Instruments measured at fair value through other comprehensive income (notes 6(20))	2,573	-	1,746	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(19))	621	-	349	-
	Total items that will not be reclassified to profit or loss	1,952	-	1,397	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation (notes 6(20))	492	-	2,881	-
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	492	-	2,881	-
8300	Other comprehensive income, net	2,444	-	4,278	-
8500	Comprehensive income	<u>\$ 20,908</u>	<u>2</u>	<u>46,839</u>	<u>5</u>
	Basic earnings per share (in dollar, note6(21))				
9750	Total basic earnings per share	<u>\$ 0.27</u>		<u>0.61</u>	
9850	Diluted earnings per share	<u>\$ 0.23</u>		<u>0.54</u>	

See accompanying notes to consolidated financial statements.

(Reviewed, not audited)
YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
						Other equity interest					
						Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity	
	Share capital	Retained earnings									
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance at January 1, 2022	\$ 697,869	157,151	62,340	3,798	277,264	343,402	17,188	3,695	20,883	(11,773)	1,207,532
Profit	-	-	-	-	42,561	42,561	-	-	-	-	42,561
Other comprehensive income	-	-	-	-	-	-	2,881	1,397	4,278	-	4,278
Total comprehensive income	-	-	-	-	42,561	42,561	2,881	1,397	4,278	-	46,839
Earnings allocation and distribution:											
Cash dividend of common stock	-	-	-	-	(152,337)	(152,337)	-	-	-	-	(152,337)
	-	-		-	(152,337)	(152,337)	-	-	-	-	(152,337)
Convert of convertible Bond	3,800	7,216	-	-	-	-	-	-	-	-	11,016
Balance as of March 31, 2022	\$ 701,669	164,367	62,340	3,798	167,488	233,626	20,069	5,092	25,161	(11,773)	1,113,050
Balance at January 1, 2023	\$ 701,669	164,367	82,199	3,798	310,168	396,165	18,392	7,473	25,865	(11,773)	1,276,293
Profit	-	-	-	-	18,464	18,464	-	-	-	-	18,464
Other comprehensive income	-	-	-	-	-	-	492	1,952	2,444	-	2,444
Total comprehensive income	-	-	-	-	18,464	18,464	492	1,952	2,444	-	20,908
Earnings allocation and distribution:											
Cash dividend of common stock	-	-	-	-	(152,682)	(152,682)	-	-	-	-	(152,682)
	-	-	-	-	(152,682)	(152,682)	-	-	-	-	(152,682)
Balance as of March 31, 2023	\$ 701,669	164,367	82,199	3,798	175,950	261,947	18,884	9,425	28,309	(11,773)	1,144,519

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 26,070	56,317
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	1,201	254
Depreciation expense	30,355	30,689
Amortization expense	475	506
Net profit on financial assets or liabilities at fair value through profit or loss	(837)	(25)
Interest expense	3,184	3,155
Interest revenue	(52)	(52)
Loss (gain) from disposal of investment property, and property, plant and equipment	54	(76)
Increase of provision	136	608
Unrealized foreign exchange loss (gain)	2,776	(7,590)
Deferred income amortized as income	(126)	-
Total adjustments to reconcile profit (loss)	37,166	27,469
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	3,318	(6,154)
Accounts receivable	(136,012)	16,477
Inventories	(41,026)	(42,048)
Other current assets	(9,656)	(3,460)
Other financial assets	(3,299)	(3,442)
Total net changes in operating assets:	(186,675)	(38,627)
Net changes in operating liabilities:		
Accounts payable	100,620	18,719
Other payable	(60,983)	(45,663)
Other current liabilities	25,901	(3,914)
Net defined benefit liability	(378)	(4,155)
Total net changes in operating liabilities	65,160	(35,013)
Total changes in operating assets and liabilities	(121,515)	(73,640)
Total adjustments	(84,349)	(46,171)
Cash inflow generated from operating	(58,279)	10,146
Interest received	54	51
Interest paid	(2,468)	(2,543)
Income taxes paid	(6,503)	(756)
Net cash flows from (used in) operating activities	(67,196)	6,898
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(63,572)	(11,477)
Proceeds from disposal of property, plant and equipment	-	265
Increase in guarantee deposits paid	2,395	(7,129)
Acquisition of intangible assets	-	(877)
Increase in restricted deposit	(13,878)	(4,079)
Increase in prepayments for equipment	(3,656)	(14,413)
Net cash flows from (used in) investing activities:	(78,711)	(37,710)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(10,000)
Proceeds from long-term borrowings	142,800	-
Repayment of long-term borrowings	(30,113)	(6,834)
Decrease in deposits received	(3,302)	-
Payments of lease liabilities	(7,476)	(7,414)
Net cash flows from (used in) financing activities	101,909	(24,248)
Effect of exchange rate changes on cash and cash equivalents	491	(1,059)
Net increase (decrease) in cash and cash equivalents	(43,507)	(56,119)
Cash and cash equivalents at beginning of period	180,770	157,294
Cash and cash equivalents at end of period	\$ 137,263	101,175

See accompanying notes to consolidated financial statements.

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

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

For the three months ended December 31, 2023 and 2022

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

(Reviewed, not audited)

1. Company history

Yen Sun Technology Corporation (the “Company”) was incorporated in March, 1987 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The three months ended consolidated financial statements of March 31, 2023 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 May 12, 2023.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023 :

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

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendment to IFRS 16 “Sale and leaseback transaction”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 4 of 2022 consolidated financial statement for detail information.

(2) Basis of consolidation

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

Name of investor	Name of subsidiary	Business activity	Shareholding			Explanation
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	YEN SUN TECHNOLOGY (BVI) CORP.	Investment holding	100%	100%	100% (Note)	-
The Company	YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	-
The Company	LUCRATIVE INT'L GROUP INC.	Investment holding	100%	100%	100%	-
The Company	YEN JIU TECHNOLOGY CORP. (“YEN JIU”)	Sales and manufacture of home appliances products	100%	100%	100%	-
YEN SUN TECHNOLOGY (BVI) CORP.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD. (“SHANGHAI YENSUN”)	Sales and manufacture of home appliances products	100%	100%	100% Note	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN HUNG INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	Note
YEN HUNG INTERNATIONAL	Y.H. TECH INTERNATIONAL	Investment holding	100%	100%	100%	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Note: Financial reports have not been audited by accountants.

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 2022 consolidated financial statements.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

6. Explanation of significant accounting items

Except as described below, the explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year 2022. Please refer to Note 6 of consolidated financial statements 2022.

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash and cash on hand	\$ 1,830	1,482	2,068
Check deposits	10	10	11
Demand deposits	135,423	179,278	98,796
Time deposits	-	-	300
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 137,263</u>	<u>180,770</u>	<u>101,175</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Derivatives not designated as hedges			
Convertible bond (Embedded derivatives)	<u>\$ 289</u>	<u>-</u>	<u>2,020</u>
Financial liabilities at fair value through profit or loss, mandatorily measured at fair value			
Derivatives not designated as hedges			
Convertible bond (Embedded derivatives)	<u>\$ -</u>	<u>548</u>	<u>-</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks —			
Y.S. Tech U.S.A Inc.	\$ 21,765	18,660	14,652
Domestic un-listed stocks —			
CHENG TA HSIUNG	<u>13,098</u>	<u>13,630</u>	<u>11,954</u>
CONSTRUCTION & DEVELOPMENT CO., LTD.			
Total	<u>\$ 34,863</u>	<u>32,290</u>	<u>26,606</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of from January 1 to March 31, 2023 and 2022.

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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable from operating activities	\$ 26,179	29,493	34,960
Accounts receivables—measured as amortized cost	913,228	781,906	901,635
Less: Allowance for impairment	<u>(21,157)</u>	<u>(19,881)</u>	<u>(20,193)</u>
	<u>\$ 918,250</u>	<u>791,518</u>	<u>916,402</u>

Book as:

Notes receivable	\$ 26,179	29,493	34,960
Net amount of accounts receivable	<u>892,071</u>	<u>762,025</u>	<u>881,442</u>
	<u>\$ 918,250</u>	<u>791,518</u>	<u>916,402</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>March 31, 2023</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	\$ 872,178	0.03%	236
Overdue less than 90 days	39,667	0.16%	64
Overdue 91 to 180 days	8,074	19.27%	1,556
Overdue 181 to 240 days	284	34.15%	97
Overdue over 241 days	<u>19,204</u>	<u>100.00%</u>	<u>19,204</u>
	<u>\$ 939,407</u>		<u>21,157</u>

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

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

	March 31, 2022		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 890,870	0.06%	495
Overdue less than 90 days	26,133	0.41%	106
Overdue 91 to 180 days	-	-	-
Overdue 181 to 240 days	-	-	-
Overdue over 241 days	19,592	100.00%	19,592
	<u>\$ 936,595</u>		<u>20,193</u>

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

	For the three months ended March 31	
	2023	2022
Balance at January 1	\$ 19,881	19,424
Impairment losses recognized (reversed)	1,201	245
Effect of changes in foreign exchange rates	75	524
Balance at March 31	<u>\$ 21,157</u>	<u>20,193</u>

The abovementioned financial assets were not pledged as collateral.

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

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

(5) Other financial assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable deposits	\$ 10,081	12,448	17,768
Other receivables — Other	20,701	17,471	18,304
Restricted deposits	74,121	60,264	62,518
Less: Loss allowance-Others	-	-	(10)
	<u>\$ 104,903</u>	<u>90,183</u>	<u>98,580</u>
Book as:			
Other financial assets — current	\$ 36,578	22,073	27,117
Other financial assets — non-current	68,325	68,110	71,463
	<u>\$ 104,903</u>	<u>90,183</u>	<u>98,580</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Raw materials and supplies	\$ 331,250	323,618	397,771
Work in progress	287,088	212,942	345,889
Finished goods and Merchandise inventories	239,743	279,429	256,222
	<u>\$ 858,081</u>	<u>815,989</u>	<u>999,882</u>

For the three months ended March 31, 2023 and 2022, recognition of inventory impairment losses due to write-off of inventories to net realizable value was \$2,359 thousand and \$4,139 thousand, and has been recognize under operating costs.

None abovementioned inventories were 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	Miscellaneo us equipment	Constructio n in progress	Total
Cost or deemed cost:							
Balance at January 1, 2023	\$ 291,848	225,213	312,501	462,977	120,243	57,636	1,470,418
Additions	-	2,972	706	3,548	310	93,874	101,410
Disposals	-	-	(2,761)	(6,521)	(153)	-	(9,435)
Effect of movements in exchange rates	-	106	574	410	80	-	1,170
Balance at March 31, 2023	\$ 291,848	228,291	311,020	460,414	120,480	151,510	1,563,563
Balance at January 1, 2022	\$ 291,848	198,776	301,823	441,792	116,002	4,267	1,354,508
Additions	-	5,082	7,103	5,937	589	14,586	33,297
Reclassification	-	1,352	-	-	-	(1,352)	-
Disposals	-	-	(3,260)	(1,229)	(202)	-	(4,691)
Effect of movements in exchange rates	-	747	4,296	2,592	665	-	8,300
Balance at March 31, 2022	\$ 291,848	205,957	309,962	449,092	117,054	17,501	1,391,414
Accumulated depreciation and Impairment:							
Balance at January 1, 2023	\$ -	73,925	182,661	398,630	80,122	-	735,338
Depreciation for the year	-	3,941	7,602	7,443	2,795	-	21,781
Disposals	-	-	(2,747)	(6,481)	(153)	-	(9,381)
Effect of movements in exchange rates	-	98	249	266	55	-	668
Balance at March 31, 2023	\$ -	77,964	187,765	399,858	82,819	-	748,406
Balance at January 1, 2021	\$ -	56,370	165,281	368,102	72,860	-	662,613
Depreciation for the year	-	4,633	7,333	8,197	2,614	-	22,777
Disposals	-	-	(3,220)	(1,085)	(197)	-	(4,502)
Effect of movements in exchange rates	-	586	1,841	1,617	461	-	4,505
Balance at March 31, 2021	\$ -	61,589	171,235	376,831	75,738	-	685,393
Carrying amounts:							
Balance at January 1, 2023	\$ 291,848	151,288	129,840	64,347	40,121	57,636	735,080
Balance at March 31, 2023	\$ 291,848	150,327	123,255	60,556	37,661	151,510	815,157
Balance at January 1, 2022	\$ 291,848	142,406	136,542	73,690	43,142	4,267	691,895
Balance at March 31, 2022	\$ 291,848	144,368	138,727	72,261	41,316	17,501	706,021

As of three months ended March 31, 2023, the capitalized amount that related to the construction of the new factory of the Group was \$542 thousand, which was calculated based on the capitalization rate of 1.76%.

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

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

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

(8) Right-of-use assets

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

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2023	\$ 139,355	211,565	3,927	354,847
Additions	-	2,496	-	2,496
Effect of movements in exchange rates	-	810	-	810
Balance at March 31, 2023	<u>\$ 139,355</u>	<u>214,871</u>	<u>3,927</u>	<u>358,153</u>
Balance at January 1, 2022	\$ 948	211,204	4,754	216,906
Additions	-	2,125	607	2,732
Decrease	-	(3,167)	(1,434)	(4,601)
Effect of movements in exchange rates	-	3,546	-	3,546
Balance at March 31, 2022	<u>\$ 948</u>	<u>213,708</u>	<u>3,927</u>	<u>218,583</u>
Accumulated Depreciation:				
Balance at January 1, 2023	\$ 1,731	91,460	1,979	95,170
Depreciation for the period	718	7,472	302	8,492
Effect of movements in exchange rates	-	383	-	383
Balance at March 31, 2023	<u>\$ 2,449</u>	<u>99,315</u>	<u>2,281</u>	<u>104,045</u>
Balance at January 1, 2022	\$ 16	64,641	2,176	66,833
Depreciation for the period	24	7,475	331	7,830
Decrease	-	(3,167)	(1,434)	(4,601)
Effect of movements in exchange rates	-	2,098	-	2,098
Balance at March 31, 2022	<u>\$ 40</u>	<u>71,047</u>	<u>1,073</u>	<u>72,160</u>
Carrying amounts:				
Balance at January 1, 2023	<u>\$ 137,624</u>	<u>120,105</u>	<u>1,948</u>	<u>259,677</u>
Balance at March 31, 2023	<u>\$ 136,906</u>	<u>115,556</u>	<u>1,646</u>	<u>254,108</u>
Balance at January 1, 2022	<u>\$ 932</u>	<u>146,563</u>	<u>2,578</u>	<u>150,073</u>
Balance at March 31, 2022	<u>\$ 908</u>	<u>142,661</u>	<u>2,854</u>	<u>146,423</u>

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

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

(9) Investment Property

	<u>Owned property</u>	<u>Building and construction</u>	
	Building and construction	Land	Total
Carrying amounts:			
Balance at January 1, 2023	\$ <u>3,885</u>	<u>6,286</u>	<u>10,171</u>
Balance at March 31, 2023	\$ <u>3,894</u>	<u>6,247</u>	<u>10,141</u>
Balance at January 1, 2022	\$ <u>5,715</u>	<u>6,477</u>	<u>12,192</u>
Balance at March 31, 2022	\$ <u>5,917</u>	<u>6,645</u>	<u>12,562</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of investment property for the three months ended March 31, 2023 and 2022. Please refer Note 6(9) for other related information.

There is no material difference between the fair value of investment property and the information disclosed in Note 6 (9) of the consolidated financial report for the year ended December 31, 2022.

Investment property were not pledged as collateral.

(10) Intangible assets

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

	<u>Computer software</u>	<u>Other</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2023	\$ <u>4,397</u>	<u>134</u>	<u>4,531</u>
Balance at March 31, 2023	\$ <u>3,965</u>	<u>92</u>	<u>4,057</u>
Balance at January 1, 2022	\$ <u>4,931</u>	<u>307</u>	<u>5,238</u>
Balance at March 31, 2022	\$ <u>5,353</u>	<u>263</u>	<u>5,616</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the three months ended March 31, 2023 and 2022. Please refer Note 6(10) of the consolidated financial report for the year ended December 31, 2022 for other related information.

None intangible assets pledged as collateral.

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

(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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prepayment for purchases	\$ 2,071	4,957	4,475
Prepaid expense	6,959	5,112	8,447
Prepayments for equipment	3,656	5,591	14,413
Income tax refund receivable	38,385	26,874	30,155
Assets for right to recover product to be returned	<u>2,321</u>	<u>3,051</u>	<u>2,692</u>
	<u>\$ 53,392</u>	<u>45,585</u>	<u>60,182</u>
Current	\$ 49,736	39,994	45,769
Non-current	<u>3,656</u>	<u>5,591</u>	<u>14,413</u>
	<u>\$ 53,392</u>	<u>45,585</u>	<u>60,182</u>

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank loans	<u>\$ 100</u>	<u>100</u>	<u>20,000</u>
Unused short-term credit lines	<u>\$ 964,025</u>	<u>806,622</u>	<u>800,192</u>
Range of interest rates	<u>2.03%</u>	<u>1.73%</u>	<u>1.12%~1.20%</u>

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

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

(13) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank borrowings	\$ 143,913	124,498	56,500
Secured bank loans	<u>213,874</u>	<u>123,638</u>	<u>235,000</u>
	357,787	248,136	291,500
Less: current portion	<u>24,796</u>	<u>41,252</u>	<u>39,521</u>
Total	<u>\$ 332,991</u>	<u>206,884</u>	<u>251,979</u>
Unused long-term credit lines	<u>\$ 555,200</u>	<u>96,000</u>	<u>-</u>
Range of interest rates	<u>1.38%~1.98%</u>	<u>1.38%~1.94%</u>	<u>1.20%~1.35%</u>

A. There is no major issuance, repurchase, or repayment of long-term borrowing from January 1 to March 31, 2023 and 2022. Please refer to Note 6 (24) for interest expenses. For other related information, please refer to Note 6 (13) of the consolidated financial report for the year ended December 31, 2022.

In 2022, the Group acquired low-interest loan from “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which host by Executive Yuan, R.O.C. (Taiwan). As of three months ended March 31, 2023 and the year ended December 31, 2022, the loan amount was \$232,800 thousand and \$90,000 thousand, respectively; the loan is recognized and measured at market interest rates, the difference between the actual repayment preferential interest rate shall be handled according to government subsidy, please refer to Note 4(16) of the consolidated financial report for the year ended December 31, 2022 for other related information.

As of March 31, 2023 and December 31, 2022, the deferred subsidy benefits amounted to \$4,567 thousand and \$1,502 thousand, respectively, and were recognized as other current liabilities in the balance sheet, which is amounted to \$648 thousand and \$428 thousand, respectively. The long-term deferred revenue amounted to \$3,919 thousand and \$1,074 thousand

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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2023</u>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Add: Interest payable refund	1,082	902	360
Less: Unamortized discounted bonds payable	(11,400)	(11,400)	(11,400)
Issued bonds payable balance at year-end	<u>(6,060)</u>	<u>(6,484)</u>	<u>(7,749)</u>
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	<u>\$ 283,622</u>	<u>283,018</u>	<u>281,211</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 289</u>	<u>(548)</u>	<u>2,020</u>
Total convertible corporate bonds issued	<u>\$ 35,970</u>	<u>35,970</u>	<u>35,970</u>

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

For the information of bondholder exercise puttable option that converts bonds payable into ordinary shares from January 1 to March 31, 2022, please refer to Note 6 (20).

(15) Lease liabilities

The details of lease liabilities were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 32,294</u>	<u>31,028</u>	<u>29,191</u>
Non-current	<u>\$ 204,000</u>	<u>209,768</u>	<u>126,280</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 March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Interest on lease liabilities	<u>\$ 1,606</u>	<u>1,509</u>
Expenses relating to short-term leases	<u>\$ 443</u>	<u>164</u>
Expenses relating to leases of low-value assets	<u>\$ 104</u>	<u>120</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 three months ended March 31,2023	For the three months ended March 31,2022
Total cash outflow for leases	\$ 9,629	9,207

A. Lease of land, Building and construction

Group leases buildings for its factory and warehouse. The leases typically run for a period of 3 to 50 years. Some leases include an option to renew the lease after the end of the contract term.

B. Other leases

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

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

(16) Other current and non-current liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Advance receipts	\$ 21,833	13,757	13,547
Provision for warranties	1,134	4,408	-
Refund liability	1,207	1,071	1,802
Receipts under custody	6,023	6,942	5,317
Others	28,589	9,609	17,379
	\$ 58,786	35,787	38,045

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

(17) Operating lease

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

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

(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, 2022 and 2021.

Cost recognized in expense was as below:

	For the three months ended March 31,2023	For the three months ended March 31,2022
Operating cost	\$ 48	58
Selling expenses	13	15
Total	\$ 61	73

B. Defined contribution plans

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Operating cost	\$ 3,266	3,541
Selling expenses	622	612
General and administrative expenses	671	662
Research and development expenses	943	939
Total	\$ 5,502	5,754

(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 March 31,2023	For the three months ended March 31,2022
Current tax expense	\$ 7,606	13,756

The Group recognize income tax which under other comprehensive income for the three months ended March 31, 2023 and 2022 was \$621 thousand and \$ 349 thousand, respectively. The Company's income tax returns for all fiscal years up to 2021 (except the year 2020) have been examined and approved by the tax authority.

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

(20) Capital and other equity

A. Common stock

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

Reconciliation of shares outstanding for the three months ended March 31, 2023 and 2022 was as follows (The 766 thousand shares of treasury stock buyback has been deducted):

(in thousands of shares)	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Balance on January 1	69,401	69,021
Converting of convertible bonds	-	380
Balance on March 31	<u>69,401</u>	<u>69,401</u>

From January 1 to March 31, 2023, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$11,400 thousand into 380 thousand common shares and issued with the par value of \$3,800 thousand; considering the discount of bonds payable and interest compensation of \$309 thousand and the amount of financial assets measured at fair value through profit and loss: \$75 thousand and additional paid-in capital - bond payable stock option of \$1,420 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$8,636 thousand. The related legal registration procedures has been completed.

B. Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Premium on conversion of convertible bonds	\$ 95,613	95,613	95,613
Expired share option	18,643	18,643	18,643
Treasury share transactions	14,141	14,141	14,141
Conversion option of convertible bonds	35,970	35,970	35,970
	<u>\$ 164,367</u>	<u>164,367</u>	<u>164,367</u>

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

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

C. Retained earnings

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

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

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

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

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

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on March 8, 2023 and March 8, 2022. The relevant dividend distributions to shareholders were as follows:

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

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

D. Other equity (Net amount after tax)

	<u>Foreign exchange differences arising from foreign operation</u>	<u>Unrealized gains (losses) on financial assets measured at FVOCI</u>	<u>Total</u>
Balance at January 1, 2023	\$ 18,392	7,473	25,865
Changes of the Group	492	1,952	2,444
Balance at March 31, 2023	<u>\$ 18,884</u>	<u>9,425</u>	<u>28,309</u>
Balance at January 1, 2022	\$ 17,188	3,695	20,883
Changes of the Group	2,881	1,397	4,278
Balance at March 31, 2022	<u>\$ 20,069</u>	<u>5,092</u>	<u>25,161</u>

E. Treasury stock

In accordance with Article 28-2 of the Securities and Exchange Act, the company bought back a total of 766,000 treasury shares for the transfer of shares to employees, at a cost of \$ 11,773 thousand. As of March 31, 2023, December 31, 2022 and March 31, 2022, the total number of shares that haven't transfer to employees was 766 thousand shares, respectively.

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

(21) Earnings per share

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

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 18,464</u>	<u>42,561</u>
Weighted-average number of common shares at end of year	<u>69,401</u>	<u>69,256</u>
Earnings per share	<u>\$ 0.27</u>	<u>0.61</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Diluted earnings per share

Profit attributable to ordinary shareholders of the Company	\$	18,464	42,561
Effect of potentially dilutive common stock-Convertible Bonds		(186)	464
Profit(loss) attributable to ordinary shareholders of the Company	\$	<u>18,278</u>	<u>43,025</u>
(After adjusted effected amount of potentially dilutive common stock)			
Weighted-average number of common shares(thousand)		69,401	69,256
Effect of convertible bonds		127	116
Effect of employee share bonus		<u>10,344</u>	<u>9,765</u>
Weighted average number of ordinary shares outstanding during the period(After adjusted effected amount of potentially dilutive common stock)(thousand)		<u>79,872</u>	<u>79,137</u>
Diluted earnings per share	\$	<u>0.23</u>	<u>0.54</u>

(22) Revenue from contracts with customers

A. Details of revenue

For the three months ended March 31, 2023			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 200,069	249,213	449,282
Mainland China	1,011	92,929	93,940
Germany	676	185,580	186,256
America	956	47,870	48,826
Japan	6,201	78	6,279
South Korea	-	14,671	14,671
Others	13,389	38,636	52,025
	<u>\$ 222,302</u>	<u>628,977</u>	<u>851,279</u>
Major products services lines:			
Cooling fan and module	\$ -	622,226	622,226
Product of home appliances–air series	156,427	-	156,427
Product of home appliances–water series	57,581	-	57,581
Others	8,294	6,751	15,045
	<u>\$ 222,302</u>	<u>628,977</u>	<u>851,279</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	For the three months ended March 31, 2022		
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 254,575	273,279	527,854
Mainland China	-	95,178	95,178
Germany	613	180,047	180,660
America	-	43,601	43,601
Japan	10,337	4,021	14,358
South Korea	2,370	17,660	20,030
Others	5,451	53,335	58,786
	\$ 273,346	667,121	940,467
Major products services lines:			
Cooling fan and module	\$ -	659,130	659,130
Product of home appliances–air series	169,416	-	169,416
Product of home appliances–water series	93,233	-	93,233
Others	10,697	7,991	18,688
	\$ 273,346	667,121	940,467

B. Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivables	\$ 939,407	811,399	936,595
Less: allowance for impairment	(21,157)	(19,881)	(20,193)
Total	\$ 918,250	791,518	916,402
Contract liabilities — unearned revenue	\$ 21,833	13,757	13,547

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

The unearned revenue balance at January 1, 2023 and 2022; have been recognized as revenue for the three months ended at March 31, with total amounts of \$5,443 thousand and \$9,432 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.

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

(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 months ended at March 31, 2023 and 2022, the Company accrued the compensation of employees amounted to \$401 thousand and \$1,131 thousand, respectively and the remuneration of directors' amounted to \$200 thousand and \$565 thousand, respectively. The compensation of employees, remuneration of directors were estimated as the Company's net income before tax, excluding compensation of employees and remuneration of directors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses recognized under operating costs or operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the compensation of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

For the year ended December 31, 2022 and 2021, the accrued compensation of employees amounted to \$4,810 thousand and \$4,682 thousand, respectively; and the accrued remuneration of directors' and supervisor's amounted to \$2,405 thousand and \$2,341 thousand, respectively. Actual distribution amount had no difference with approved amounts by Board of Directors; for related information, please go to website: <http://emops.twse.com.tw>.

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

(24) Non-operating income and expenses

A. Interest income:

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Bank deposit	\$ 46	43
Other interest income	6	9
	<u>\$ 52</u>	<u>52</u>

B. Other income:

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Sample income	\$ 984	1,032
Rent income	3,629	3,065
Mold income	2,022	6,312
Other	3,079	6,092
	<u>\$ 9,714</u>	<u>16,501</u>

C. Other gains and losses:

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Net profit on foreign exchange gains	\$ (2,150)	18,985
Net loss on disposal of investment property and property, plant and equipment	(54)	76
Putable option of bonds payable/Net profit on value of putable option	837	25
Others	(142)	(594)
	<u>\$ (1,509)</u>	<u>18,492</u>

D. Finance costs

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Interest expenses		
Bank loan	\$ (974)	(1,040)
Lease liability	(1,606)	(1,509)
Amortization of discount on bonds payable	(604)	(606)
	<u>\$ (3,184)</u>	<u>(3,155)</u>

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

(25) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below mentioned. For related information, please refer to Note 6(25) of 2022 consolidated financial statements.

A. Credit risk

a. Exposures of credit risk

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

b. Concentration of credit risk

The major customers of the Company are centralized in industries within similar areas and dealers. To reduce concentration of credit risk, the Company evaluates those customers' financial positions and requires customers to provide collateral, if necessary. In addition, the Company evaluates the possibility of collecting the notes and accounts receivable periodically.

As of March 31, 2023, December 31, 2022 and March 31, 2022, major customers of the Company was significant focus on certain customer; one of the customer accounted for 18.20%, 20.15% and 15.94% of the notes and accounts receivable, respectively.

c. Credit risk of receivable and debt instrument investment

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

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

	March 31, 2023		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,081	-	-
Other receivable	12,591	8,110	-
Restricted Deposit	74,121	-	-
Loss allowance	-	-	-
Amortized cost	\$ 96,793	8,110	-
Carrying amount	\$ 96,793	8,110	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	December 31, 2022		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 12,448	-	-
Other receivable	11,440	6,031	-
Restricted Deposit	60,264	-	-
Loss allowance	-	-	-
Amortized cost	<u>\$ 84,152</u>	<u>6,031</u>	<u>-</u>
Carrying amount	<u>\$ 84,152</u>	<u>6,031</u>	<u>-</u>
	March 31, 2022		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 17,768	-	-
Other receivable	14,107	4,187	10
Restricted Deposit	62,518	-	-
Loss allowance	-	-	(10)
Amortized cost	<u>\$ 94,393</u>	<u>4,187</u>	<u>-</u>
Carrying amount	<u>\$ 94,393</u>	<u>4,187</u>	<u>-</u>

The movement in the provision for impairment with respect to the financial assets measured at amortized cost as of March 31, 2023 and 2022 were as follows:

	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2023	\$ -	-	-	-
Impairment loss recognized	-	-	-	-
Balance at March 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2022	\$ -	-	1	1
Impairment loss recognized	-	-	9	9
Balance at March 31, 2022	<u>\$ -</u>	<u>-</u>	<u>10</u>	<u>10</u>

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

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract ed 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>March 31, 2023</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 357,887	390,563	13,275	14,683	24,441	153,664	184,500
Accounts payable (non-interest bearing)	732,263	732,263	732,263	-	-	-	-
Other payables (non-interest bearing)	290,754	290,754	290,754	-	-	-	-
Bonds payable (fixed interest rate)	283,622	292,225	-	-	-	292,225	-
Lease liability (maturity within one year) (fixed interest rate)	236,294	281,891	19,721	18,224	36,658	62,697	144,591
Guarantee deposits (non-interest bearing)	2,898	2,898	-	1,134	1,764	-	-
	<u>\$ 1,903,718</u>	<u>1,990,594</u>	<u>1,056,013</u>	<u>34,041</u>	<u>62,863</u>	<u>508,586</u>	<u>329,091</u>
<u>December 31, 2022</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 248,236	266,977	20,458	24,386	31,412	93,530	97,191
Accounts payable (non-interest bearing)	632,576	632,576	632,576	-	-	-	-
Other payables (non-interest bearing)	166,596	166,596	166,596	-	-	-	-
Bonds payable (fixed interest rate)	283,018	292,225	-	-	-	292,225	-
Lease liability (maturity within one year) (fixed interest rate)	240,796	287,693	19,152	17,707	36,313	69,111	145,410
Guarantee deposits (non-interest bearing)	6,172	6,172	-	4,408	1,764	-	-
	<u>\$ 1,577,394</u>	<u>1,652,239</u>	<u>838,782</u>	<u>46,501</u>	<u>69,489</u>	<u>454,866</u>	<u>242,601</u>
<u>March 31, 2022</u>							
Non-derivative financial liabilities							
Long- and Short-term borrowing (floating rate)	\$ 311,500	331,747	38,491	24,417	46,242	67,563	155,034
Accounts payable (non-interest bearing)	766,260	766,260	766,260	-	-	-	-
Other payables (non-interest bearing)	310,823	310,823	310,823	-	-	-	-
Bonds payable (fixed interest rate)	281,211	292,225	-	-	-	292,225	-
Lease liability (maturity within one year) (fixed interest rate)	155,471	170,971	17,324	17,324	35,350	86,279	14,694
Guarantee deposits (non-interest bearing)	6,270	6,270	-	-	1,764	4,506	-
	<u>\$ 1,831,535</u>	<u>1,878,296</u>	<u>1,132,898</u>	<u>41,741</u>	<u>83,356</u>	<u>450,573</u>	<u>169,728</u>

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Market Risk

I. Exchange rate risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchan ge rate	TWD amount	Foreign currency	Exchan ge rate	TWD amount	Foreign currency	Exchan ge rate	TWD amount
Financial assets									
<u>Monetary items</u>									
USD	\$ 34,884	30.45	1,062,224	28,992	30.71	890,413	25,858	28.625	741,142
EUR	806	33.15	26,714	871	32.72	28,487	1,065	31.92	33,991
CNY	25,893	4.431	114,730	30,798	4.408	135,758	34,677	4.506	156,254
<u>Non-monetary item</u>									
USD	715	30.45	21,765	608	30.71	18,660	512	28.625	14,652
Financial liabilities									
<u>Monetary items</u>									
USD	23,529	30.45	716,434	16,366	30.71	495,339	16,028	28.625	458,869
EUR	59	33.15	1,950	75	32.72	2,453	100	31.92	3,200
CNY	23,923	4.431	106,001	33,289	4.408	146,739	32,201	4.506	145,101
TWD	27,098	1	27,098	19,834	1	19,834	42,165	1	42,165

The foreign currency risk of Group was mainly incurred from the translation cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, accounts payable, and other payables. As of the three months end of March 31, 2023 and 2022, the exchange rate of the TWD versus the USD, CNY and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$3,034 thousand and \$2,594 thousand, respectively. The analysis adopt same assumes of variables.

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

	For the three months ended March 31,2023		For the three months ended March 31,2022	
	Profit(loss) of exchange	Average exchange rate	Profit(loss) of exchange	Average exchange rate
TWD	\$ (2,815)	-	17,371	-
CNY	665	4.44	1,614	4.41
	<u>\$ (2,150)</u>		<u>18,985</u>	

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Interest rate analysis

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

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

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

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

	Interest increase 0.25%	Interest decrease 0.25%
Net profits after tax, January to March, 2023	Net profit decrease \$181 thousand	Net profit increase \$181 thousand
Net profits after tax, January to March, 2022	Net profit decrease \$156 thousand	Net profit increase \$156 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 three months ended March 31,2023		For the three months ended March 31,2022	
Equity price at reporting date	Other comprehensive income After tax	Net income	Other comprehensive income After tax	Net income
Increase 3%	\$ 915	-	711	-
Decrease 3%	\$ (915)	-	(711)	-

D. Fair value

I. Categories and fair values of financial instruments

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

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

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

March 31, 2023					
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	\$ <u>289</u>	-	289	-	289
Financial assets at FVOCI					
Foreign unlisted stock	\$ 21,765	-	-	21,765	21,765
Domestic unlisted stock	<u>13,098</u>	-	-	13,098	13,098
Subtotal	<u>\$ 34,863</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 137,263	-	-	-	-
Notes and accounts receivables	918,250	-	-	-	-
Other Financial assets -current	36,578	-	-	-	-
Other Financial assets -non current	<u>68,325</u>	-	-	-	-
Subtotal	<u>\$ 1,160,416</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 100	-	-	-	-
Account payable	732,263	-	-	-	-
Other payable	290,754	-	-	-	-
Long- term borrowing (Current portion)	24,796	-	-	-	-
Lease liability — current	32,294	-	-	-	-
Long -term borrowing	332,991	-	-	-	-
Lease liability — non current	204,000	-	-	-	-
Bonds payable	283,622	-	277,402	-	277,402
Deposits received	<u>2,898</u>	-	-	-	-
Subtotal	<u>\$ 1,903,718</u>				
December 31, 2022					
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Foreign unlisted stock	\$ 18,660	-	-	18,660	18,660
Domestic unlisted stock	<u>13,630</u>	-	-	13,630	13,630
Subtotal	<u>\$ 32,290</u>	-	-		-
Financial assets at amortized cost					
Cash and cash equivalent	\$ 180,770	-	-	-	-
Notes and accounts receivables	791,518	-	-	-	-
Other Financial assets -current	22,073	-	-	-	-
Other Financial assets -non current	<u>68,110</u>	-	-	-	-
Subtotal	<u>\$ 1,062,471</u>	-	-	-	-
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	\$ <u>548</u>	-	548	-	548
Financial liabilities at amortized cost					
Short-term borrowing	\$ 100	-	-	-	-

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

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

March 31, 2023					
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	<u>\$ 2,020</u>	-	2,020	-	2,020
Financial assets at FVOCI					
Foreign unlisted stock	\$ 14,652	-	-	14,652	14,652
Domestic unlisted stock	<u>11,954</u>	-	-	11,954	11,954
Subtotal	<u>\$ 26,606</u>	-	-	-	-
Financial assets at amortized cost		-	-	-	-
Cash and cash equivalent	\$ 101,175				
Notes and accounts receivables	916,402				
Other Financial assets -current	27,117	-	-	-	-
Other Financial assets -non current	<u>71,463</u>	-	-	-	-
Subtotal	<u>\$ 1,116,157</u>	-	-	-	-
Financial liabilities at amortized cost		-	-	-	-
Short-term borrowing	\$ 20,000	-	-	-	-
Account payable	766,260	-	-	-	-
Other payable	310,823	-	-	-	-
Long- term borrowing (Current portion)	39,521	-	-	-	-
Lease liability— current	29,191	-	-	-	-
Long -term borrowing	251,979	-	-	-	-
Lease liability— non current	126,280	-	-	-	-
Bonds payable	281,211	-	280,923	-	280,923
Deposits received	<u>6,270</u>	-	-	-	-
Subtotal	<u>\$ 1,831,535</u>				

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.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

III. Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments:

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

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

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

IV. Transfers between Level 1 and Level 2

For the three months ended March 31, 2023 and 2022, there was no transfer in the fair value grade of financial instruments assessed by the Group.

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

	Financial assets measured at fair value through other comprehensive income Equity investment without an active market
Balance at January 1, 2023	\$ 32,290
Profit or loss-Recognized in other comprehensive profit or loss	<u>2,573</u>
Balance at March 31, 2023	<u>\$ 34,863</u>
Balance at January 1, 2022	\$ 24,860
Profit or loss-Recognized in other comprehensive profit or loss	<u>1,746</u>
Balance at March 31, 2022	<u>\$ 26,606</u>

The benefits or losses are reported in the unrealized valuation benefits (losses) of financial assets measured at fair value, which is the outcome of assets that still hold by Group in January 1 to March 31, 2023 and 2022.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	<ul style="list-style-type: none"> • Lack of market liquidity discount (March 31, 2023: 30.00% December 31, 2022: 29.12% March 31, 2022: 32.58%) • Valuation multiples (March 31, 2023: 1.62 December 31, 2022: 1.36 March 31, 2022: 1.79) • Stock price volatility (March 31, 2023: 47.11% December 31, 2022: 44.50% March 31, 2022: 39.72%) 	<ul style="list-style-type: none"> ·The higher the lack of market liquidity discount is, the lower the fair value will be. ·The higher the valuation multiples is, the higher the fair value will be. ·The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	The Assets Value Method	<ul style="list-style-type: none"> • Net assets value • Discount for minority interest (As of March 31, 2023 and 2022, December 31, 2022: 16.64%, respectively.) • Lack of market liquidity discount interest (As of March 31, 2023 and 2022, December 31, 2021: 10%, respectively) 	<ul style="list-style-type: none"> The higher the net assets value is, the higher the fair value will be. The higher the discount for minority interest is, the lower the fair value will be. The higher the lack of market liquidity discount is, the lower the fair value will be.

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

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

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

			Changes in fair value reflected in OCI	
			Favorable	Unfavorable
	Inputs	Fluctuation in inputs		
Balance at March 31, 2023				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market: Y.S.Tech U.S.A Inc.	Market illiquidity discount rate 30.00%	10%	\$ 3,117	(3,103)
	Valuation multiples 1.62	5%	1,112	(1,076)
	Stock price volatility 47.11%	5%	1,562	(1,562)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 157	(157)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD				
	Market illiquidity discount rate 10%	10%	1,455	(1,455)
Balance at December 31, 2022				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 29.12%	10%	\$ 2,633	(2,633)
Y.S.Tech U.S.A Inc.	Valuation multiples 1.36	5%	946	(945)
	Stock price volatility 44.50%	5%	1,051	(1,015)

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

Financial assets at fair value through
other comprehensive income-

Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$	182	(182)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,514	(1,514)

Balance at March 31, 2022

Financial assets at fair value
through other
comprehensive income-

Investment of equity instruments without an active market	Market illiquidity discount rate 32.58%	10%	\$	2,173	(2,173)
Y.S.Tech U.S.A Inc.	Valuation multiples 1.79	5%		751	(750)
	Stock price volatility 39.72%	5%		1,012	(946)
Financial assets at fair value through other comprehensive income-					
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$	159	(159)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,328	(1,328)

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

(26) Financial risk management

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

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

(27) Capital management

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

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

The reconciliation of liabilities from financing activities is as follows:

	January 1, 2023	Non-cash changes					March 31, 2023
		Cash flows	Foreign exchange movement	Amortized interest	Increased in lease liabilities	Converted to ordinary shares (Note1)	
Short-term borrowings	\$ 100	-	-	-	-	-	100
Long-term borrowings (including current portion)	248,136	112,687	-	155	-	(3,191)	357,787
Bonds payable	283,018	-	-	604	-	-	283,622
Lease liabilities (current and non-current)	240,796	(7,476)	478	-	2,496	-	236,294
Guarantee deposit received	6,172	(3,302)	28	-	-	-	2,898
Total liabilities from financing activities	<u>\$ 778,222</u>	<u>101,909</u>	<u>506</u>	<u>759</u>	<u>2,496</u>	<u>(3,191)</u>	<u>880,701</u>

Note1: Recognized as deferred income: \$3,191 thousand.

	January 1, 2022	Non-cash changes					March 31, 2022
		Cash flows	Foreign exchange movement	Amortized interest	Increased in lease liabilities	Converted to ordinary shares	
Short-term borrowings	\$ 30,000	(10,000)	-	-	-	-	20,000
Long-term borrowings (including current portion)	298,334	(6,834)	-	-	-	-	291,500
Bonds payable	291,696	-	-	606	-	(11,091)	281,211
Lease liabilities (current and non-current)	158,390	(7,414)	1,763	-	2,732	-	155,471
Guarantee deposit received	6,108	-	162	-	-	-	6,270
Total liabilities from financing activities	<u>\$ 784,528</u>	<u>(24,248)</u>	<u>1,925</u>	<u>606</u>	<u>2,732</u>	<u>(11,091)</u>	<u>754,452</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 March 31, 2023, December 31, 2022 and March 31, 2022. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which were \$ 80,000 thousand, respectively.

B. Compensation of major management staff

The information on major management staff compensation was as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	\$ 5,350	5,768
Post-employment benefits	47	45
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 5,397</u>	<u>5,813</u>

On March 31, 2023, December 31, 2022 and March 31, 2022, the Group provided 2 rental cars for the use of main management and been recognized as right of use assets of transportation equipment, the originally cost were \$3,319 thousand, respectively.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	March 31, 2023	December 31, 2022	March 31, 2022
Deposit account (Reserve account)	Long-term/short-term borrowing, customs taxes, company debt and other repayment accounts	\$ 46,004	46,004	51,212
Time deposit	Guarantee of sales channel and short-term borrowing	14,266	14,260	11,306
Land	Guarantee of long-term/short- term borrowing	291,848	291,848	291,848
Buildings	Guarantee of long-term/short- term borrowing	112,116	114,330	121,643
Right-of-use assets (Note)	Guarantee of long-term borrowing	<u>27,117</u>	<u>-</u>	<u>-</u>
		<u>\$ 491,351</u>	<u>466,442</u>	<u>476,009</u>

Note: The Group prepaid the royalties to obtain the superficial rights of Taiwan Sugar Corporation as guarantee.

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

9. Significant Commitments and Contingencies

A. Unrecognized contingencies of contracts:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 362,246</u>	<u>455,767</u>	<u>19,907</u>

B. Standby letter of credit:

	March 31, 2023	December 31, 2022	March 31, 2022
Purchases of raw materials	<u>\$ 47,875</u>	<u>36,333</u>	<u>72,807</u>

10. Losses due to major disasters

: None

11. Subsequent events

: Based on the Group's operational strategy and asset revitalization considerations, on May 3, 2023, the Board of Directors decided to dispose of 100% equity of Shanghai Yensun Electric Industry Co., Ltd, which is held by its subsidiary: Yen Sun Technology (BVI) Corp. The total transaction amount is CNY 62,500 thousand.

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 March 31,2023			For the three months ended March 31,2022		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits:						
Salary	63,496	42,509	106,005	65,832	42,718	108,550
Labor and health insurance	5,320	4,632	9,952	5,179	4,680	9,859
Pension expense	3,314	2,249	5,563	3,599	2,228	5,827
Remuneration of directors	-	566	566	-	859	859
Other personnel cost	4,441	2,006	6,447	4,690	2,011	6,701
Depreciation	16,943	13,412	30,355	17,510	13,179	30,689
Amortization	4	471	475	4	502	506

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 three months ended March 31, 2023.

I. Loans extended to other parties:

Number	Lender	Counter- party	Financial statement account	Financial statement account	Highest balance for the period (Note3)	Ending balance (Note 3)	Actual usage amount during the period (Note1,3)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reason for financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	value		
0	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable – related parties	Yes	104,829 (USD 3,442,673)	104,829 (USD 3,442,673)	104,829 (USD 3,442,673)	-	(Note 4)	-	Working capital	-	-	-	435,904 (Note 2)	435,904 (Note 2)

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

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

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

(Note 4) The Company held directly and indirectly 100% of the voting right shares foreign subsidiaries, their financing period is not restricted by 1 year or one business cycle. The loan period is 3 years from the date of actual allocation.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Guarantees and endorsements for other parties: None

III. Securities owned as of March 31, 2023 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship with company	Account title	March 31, 2023				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
Yen Tong Tech International (Samoa) Corp.	SHANGHAI CHANSON WATER CO., LTD.	-	Financial assets at FVTPL — non-current	-	-	17.75%	-	-
The Company	Y.S. Tech U.S.A Inc. stock	-	Financial assets at FVOCI — non-current	114,000	21,765	19.00%	21,765	-
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI — non-current	1,850,000	13,098	5.00%	13,098	

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:

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables(payables)		remarks
			Purchase (sale)	Amount (Note3)	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance (Note3)	% of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	178,046	26.03%	(Note 1)	Single supplier	(Note 1)	2,349 (Note 2)	7.37% (Note 4)	
The Company	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Purchase	168,654	24.66%	(Note 1)	Single supplier	(Note 1)	(167,562)	33.75%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Subsidiary of the Company (indirectly hold)	Purchase	166,056	98.81%	(Note 1)	Single supplier	(Note 1)	(160,615)	100.00%	
YEN JIU TECHNOLOGY CORP.	The Company	Ultimate parent company	Sale	178,046	100.00%	(Note 1)	Single supplier	(Note 1)	(2,349) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	168,654	100.00%	(Note 1)	Single supplier	(Note 1)	167,562	100.00%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	166,056	100.00%	(Note 1)	Single supplier	(Note 1)	160,615	100.00%	

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Subsidiary to Son Company	Other receivable 101,829 (Note 2)	- (Note 1)	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Son Company to Subsidiary	receivable 160,615 (Note 2)	5.09%	-	-	52,293	-	
Y.H. Tech International Corp.	The Company	Son Company to Ultimate parent company	receivable 167,562 (Note 2)	4.92%	-	-	51,403	-	

(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 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			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	1	Account receivables	12,164	Overdue accounts receivable None comparable terms	0.38%
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	168,654 18,251 167,562	None comparable terms The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	19.81% 2.14% 5.23%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	88,348 110 28,071 56,414 19,853	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	10.38% 0.01% 0.88% 1.76% 2.33%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	311	None comparable terms	0.01%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase Procurement of raw materials Prepayment of purchase Rental income	178,046 5,618 2,349 1,260	None comparable terms ; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	20.92% 0.66% 0.07% 0.15%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Long-term accounts receivable-Interest	13,816	Financial intermediation. No interest since 2017	0.43%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase Procurement of raw materials Accounts payable	166,056 15,826 160,615	None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	19.51% 1.86% 5.02%
2	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other receivables — Loans to other parties	104,829	Financial intermediation. No interest	3.28%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Sales Accounts receivable Procurement of raw materials Prepayment of purchase Other receivables	86,933 2,864 53,477 17,896 37,316 311	None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	10.21% 0.34% 1.67% 2.10% 1.17% 0.01%

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Accounts payable	942 2,452	None comparable terms.	0.11% 0.08%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Receipts under custody	20,974	Entrusted collection, None comparable terms	0.66%
5	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Payment on behalf of others	271	Entrusted collection, None comparable terms	0.01%

Note: Relationship notes as follows:

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Information on investees:

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

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee (Note)	investment income (less) recognized (Note)	Remarks
				March 31,2023	December 31,2022	Shares owned	Percentage owned	Carrying value (Note)			
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	284,844	284,844	500,000	100%	(82,181)	3,800	3,800	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	100,933	(13,938)	(13,938)	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	225,284	8,919	8,919	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	117,900	8,200	10,651	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	217,961	9,454	9,454	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%	217,952	9,454	9,454	Sub-Subsidiary

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Information on investments in Mainland China:

I. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan.1,2023	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of Mar. 31, 2023	Net income Of investee (Note 3)	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group (Note 3)	Book value of the investment as of Mar. 31, 2023 (Note 3)	Accumulated investment income repatriated to Taiwan as of Mar. 31, 2023
					Remittance	Repatriation						
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	280,680 (USD9,500,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	280,680 (USD 9,500,000)	-	-	280,680 (USD9,500,000)	3,919	100%	3,919 (Note 4)	(96,039) (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)	9,801	100%	9,946 (Note 1)	92,283 (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)	(11,780)	100%	(13,938) (Note 1)	100,932 (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 March 31, 2023	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
330,233 (Note 2) (USD 10,845,000)	330,233 (Note 2) (USD 10,845,000)	686,711

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

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

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

III. Significant transactions:

The significant inter-company transactions (direct or indirect) with the investees in Mainland China for the three months ended March 31, 2023 are disclosed in “Information on significant transactions”. (When prepared this consolidated financial report, it was eliminated in the consolidation.)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

D. Information of major shareholders:

Shares		Shares held	Shares held ratio
Name of major shareholders			
CHEN-CHIEN-JUNG		6,106,739	8.70%

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

14. Segment Information

Reportable segment information is as follows:

	For the three months ended March 31, 2023			
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 222,302	628,977	-	851,279
Total revenue	\$ 222,302	628,977	-	851,279
Reportable segment income	\$ (410)	22,680	3,800	26,070

	For the three months ended March 31, 2022			
	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Revenue:				
Revenue from external customers	\$ 273,346	667,121	-	940,467
Total revenue	\$ 273,346	667,121	-	940,467
Reportable segment income	\$ (3,211)	56,899	2,629	56,317

	Home Appliances	Electronics Cooling	Adjustments and elimination	Total
Segment Assets				
March 31, 2023	\$ 998,223	2,187,839	14,759	3,200,821
December 31, 2022	\$ 929,600	2,029,273	17,238	2,976,111
March 31, 2022	\$ 960,144	2,097,693	32,817	3,090,654