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YEN SUN TECHNOLOGY CORP.
2021 Annual Report

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Market Observation Post System: http://mops.twse.com.tw

Company Website: http//www.ystech.com.tw

<u>Notice to readers</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

A. Name, title, phone number and email of spokesperson and acting spokesperson

Spokesperson：Hsien-Wen, Liu
Title：General Manager
Tel.：886-7-3713588
Email：robert@ystech.com.tw

B. Acting spokesperson: Hsiang-Yi, Liang

Title：Department of Operation Management, Vice President
Tel.：886-7-3713588
Email：joyce_liang@ystech.com.tw

C. Location and phone number of Headquarter, branch offices and factories

Headquarter:
No.329, Fengren Rd., Renwu Dist., Kaohsiung City 81449, Taiwan (R.O.C.)
Tel.：886-7-3713588

Guantian factory:
No.421, Guantian, Guantian Dist., Tainan City 72047, Taiwan (R.O.C.)
Tel.：886-6-6903988

Taipei Office:
2F., No. 98, Hougang St., Shilin Dist., Taipei City 11170, Taiwan (R.O.C.)
Tel.：886-2-28833896

Taichung Office:
No. 209, Sec. 2, Jinma Rd., Changhua City, Changhua County 500044, Taiwan (R.O.C.)
Tel.：886-4-7352968

D. Name, location, website and phone of share-transferring institution

Name：Grand Fortunes Securities Co., Ltd Transfer Agency Department
Address:：6F., No. 6, Section 1, Zhongxiao West Road., Zhongzheng District., Taipei City 100405, Taiwan (R.O.C.)
Tel.：886-2-23711658
Website：http://www.gfortune.com.tw/

E. Name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, location, website and telephone number of said person's accounting firm.

Name of the accountant: Po-Jeng, Yang, and Chen-Lung, Hsu
Name of the accounting firm: KPMG Certified Public Accountants
Address：12F.-6, No. 211, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 801006, Taiwan (R.O.C.)
Tel.：886-7-2130888
Website：http://www.kpmg.com.tw/

F. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None.

G. Company website：www.ystech.com.tw

CONTENTS

1. Letter to Shareholders

(1) 2021 Business Report

Founded in 1987, YEN SUN TECHNOLOGY CORP. has been a leading manufacturer of a variety of household and commercial applicances, notebly DC brushless cooling fans, thermal modules, RO water purifiers, air purifiers, dehumidifier, water generators, and tap machines. The company has made its brand resonate internationally thanks to the continuous effort and achievement by the R&D team. Moreover, the recent successful integration of the company’s six core technology, including “hydrodynamic", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat transfer technology" and "IoT and BLDC smart motor control technology", has brought fruitful results in strategizing differenciated products to consumers in a competitive market.

In terms of the outlook of its thermal solution business, the company continues to be a pioneer in global automotive electronics and also an outstanding tier-one provider for major car manufacturers, to jointly develop a series of automotive comfort technology, power/power management and automotive information system cooling fans and thermal modules. In addition, the company also actively seek advancement in high-end computing fields (e-sports, industrial computers), industrial equipment, as well as development of the recently-emerging medical industry related to pandemic prevention.

In terms of the development of intelligent living technology system, the company is actively deploying in three directions:
(1) In private brand, with "quality water purification life" as the core, it actively develops water purifier machine and drinking machine system with the nature of "purification, convenience, and life". Take technology and aesthetic life as the connotation to enhance the product and market value. (2) In the ODM/OEM business, by integration of core technologies to enhance the value and transformation of cooperative products as the main axis. On this main axis, not only cooperate with well-known Japanese brands that have deepened the relationship for many years, it also expanded the customers and projects of international living technology commercial systems. (3) Implement the M2C strategy, actively expand the cooperation energy between new media and international marketing. Based on the existing basis, let brand image, technology, and products be directly promoted by manufacturing to international consumers.

In 2021, the company has simultaneously promoted digital transformation and net-zero carbon emission program; introduced AIoT modules in high-end household technology systems, and introduced digital transformation strategies in business models, products and manufacturing at the same time. In addition, cooperate with the digital transformation to improve the information security mechanism in ESG work promoting, The company also launched the organization and products carbon footprint verification and supported global customers to implement net-zero carbon emissions actions (for example: the implementation of marine recycling material plans, tree planting project, etc.).To align with the goal of operation and sustainable development, the company has strictly required the certification of IATF16949, ISO9001, ISO14001, and ISO45001 by German TUV Rheinland to make sure quality, environmental protection, occupational safety and health, information security management is in line with international quality and social responsibility requirements. Moreover, the company is also committed to legal compliance in corporate governance and internal management, and continuous improvement in investor relationship management, so as to lay a stable foundation for a sound and sustainable development of the company.

In terms of the operating performance in 2021, the net revenue was NT$3,933,781 thousand - an annual increase of 18%. Thermal solution product accounted for 81.4%, whereas living technology products accounted for 18.6%. Growth momentum mainly comes from 3 fields: automotive electronics, high-end computing, and medical care related to pandemic prevention. Living technology products have undergone product line realignment and focused on water purification and air purification product since 2021. The main operating results are as follows:

A. **Operating results of 2021**:

Unit: NT $ in Thousands

Item	2021	2020	Increase(decrease) amount	Increase(decrease) percent
Operating Revenue	3,933,781	3,332,286	601,495	18%
Net Profit	229,098	182,839	46,259	25%
Total	197,066	139,402	57,664	41%

B. **Budget**:

The company’s net revenue for 2021 was NT$3,933,781 thousand and the budget was NT$3,808,160 thousand, with an achievement rate was 103.29%

C. **Profitability analysis**:

Item	2021	2020
ROA (%)	7.25	5.89
ROE (%)	17.29	13.83
Pretax Income/Capital (%)	34.95	25.45
Net Profit Margin (%)	5.01	4.18
EPS (NT$)	2.86	2.01

Looking forward to the future, the company will continue its strategy of specialization, globalization and servitization based on operating results of 2021, continue to integrate the company’s internal and external resources, and keep focus on 5 major markets: automotive electronics, high-end computing, industrial equipment, high-quality water purification, and commercial living technology systems and continue to generate revenue, increase profits, and accumulate momentum for global competition and sustainable development.

(2) Status of Research & Development

The company's core technology areas cover "hydrodynamic", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat exchange technology" and "IoT and BLDC smart motor control technology". In recent years, the company has integrated core technologies in various fields, and focusing on research and development in 5 major markets: automotive electronics, high-end computing, industrial equipment, high-quality water purification, and commercial living technology systems. The specific results are as follows:

In automotive electronics, high-end computing and industrial equipment, DC brushless cooling fans are particularly focused on high performance, high reliability and high electromagnetic compatibility. The company has conducted in-depth research in the direction of vibration reduction, noise reduction and smart control technology, and has specifically developed and successfully mass-produced "noise reduction/vibration reduction asymmetric dynamic and static impellers", "mechanical active noise suppression", "vibration reduction fan", "vibration reduction composite overlapping high-performance fan", "LIN/CAM controlled smart cooling fan" and "low electromagnetic interfere control cooling fan". At the same time, the company also has patents in major economic regions around the world to enhance the competition threshold. Internally, we have successfully developed a smart automated process that meets the flexible production pattern to improve the quality and enhance the soft power of competition by improving the basic operations and technology.

In the application of living technology products, special emphasis is placed on the research, development and integration of energy efficiency, system ID, water and air quality filtration, heating and cooling, liquid volume control, smart interface and IoT control. In the development of private brand business, the company integrates the existing drinking machine market and products with smart interfaces such as water filtration, heating and cooling, and liquid volume control; by new ID, to innovatively launch a series of RO drinking machine systems and water purifier machine products that meet energy efficiency standards and have the properties of "purification, convenience, and good life". In ODM/OEM business, the company has integrated system ID and air quality technologies such as filtration, smart interface and IOT control to develop high-end air filtration equipment for Japanese customers, and also actively integrate water and air quality filtration, heating and cooling, liquid volume control, smart interface and IOT control to develop commercial equipment for international commercial system customers. Under the continuous development and active integration of core technologies, the company's living technology business is actively adjusting to the direction of high prices and high added value, with a view of laying a good foundation for global competition.

(3) The implementation and the result of management guidelines

A. Business operation

(a) Automotive electronics:

In 2021, the revenue of automotive electronics accounted for 42.2%, of which in-vehicle electronics accounted for about 70%. The development of the electric vehicle market is mainly based on fast-growing China market, and the joint development with international car manufacturers' demands. In the future, the company will continuously cooperate with global automobile brands and their supply chain to develope in-car electronics, car body electronics and smart driving.

(b) High-end computing

The high-end computing includes e-sports, industrial computers and high-end personal computers. In 2021, high-end computing was benefit by the pandemic, and the revenue accounted for 35.3%. For high-end computing market, specialization and servitization will continue to be the core value. Cooling fans will focus on high-performance, noise and vibration suppression; for thermal modules, developing heat dissipation, precision machining and surface treatment & integrating with phase change heat transfer technology to develop higher-end gaming cooling module will be the focus.

(c) Living technology:

Starting from the second half of 2020, the living technology business realigned product lines and manufacturing processes, the revenue accounted for 18.6%. In the future, the development of own brand will focus on drinking machine and water purifier machine. In the ODM/OEM business, the company will enhance cooperation with well-known Japanese brands to develope a series of products.

B. Operating of factory:

(a) Current status of investment in the new plant:
In 2018, the company has invested in Guantian, Tainan and Tagang, Dongguan, China. The products produced by the Guantian factory include living technology products and BLDC cooling fans. After the adjustment of the production line and produce strategy of living technology products, the efficiency has gradually improved. The Tagang factory is a new generation smart manufacturing planning plant of the company, providing a production capacity of 1.2 million units for cooling fans and cooling module systems monthly. It has successfully obtained TUV certification ISO9001, IATF16949 quality system certification, and China and European car manufacturers certification; production and shipment are started. Currently, the capacity utilization rate is about 40%, the break-even point has been exceeded. Not only contributing profit for business development but also provides sufficient growth space for future development.

(b) Other factories including Kaohsiung factory, Dongguan Darson factory and Dongguan Jiaoshe factory continue to introduce new generation smart manufacturing equipment to improve production capacity and process capability.

(c) The Shanghai factory has been leased out; the income is mainly the monthly rental.

C. Operation risk management of the epidemic:

The COVID-19 has had a significant impact on the world economy since March 2020. the company has taken following measures to respond to the impact of factory safety and international economic risks:

(a) Continuously update international and local pandemic information and government regulations, tighten control in accordance with local government regulations.

(b) Strictly control the company's personnel and external visitors, and track physical health, travel history and contact history of the personnel. Dynamically adjust and manage inbound activities of visiting foreign guests and suppliers.

(c) Continue to investigate the local pandemic situation, operation and production status of customers/suppliers around the world to ensure normal operation, financial status, and material supply status, in order to adjust the company's internal operations and various production resources.

(d) Regularly update the future demand of customers, formulate long-term procurement strategies and lock prices for some materials, so as to reduce the shortage of materials and the rising costs due to the impact of the epidemic.

As above, report to all shareholders the overview of YEN SUN TECHNOLOGY CORP’s 2021operating results and the direction of development. On behalf of all colleagues, we sincerely thank all shareholders for your encouragement, and present our best wishes.

Chairman： *CHEN, GUAN-HONG*

2. Company Profile

(1) Date of Establishment:

March 10, 1987

(2) Company History

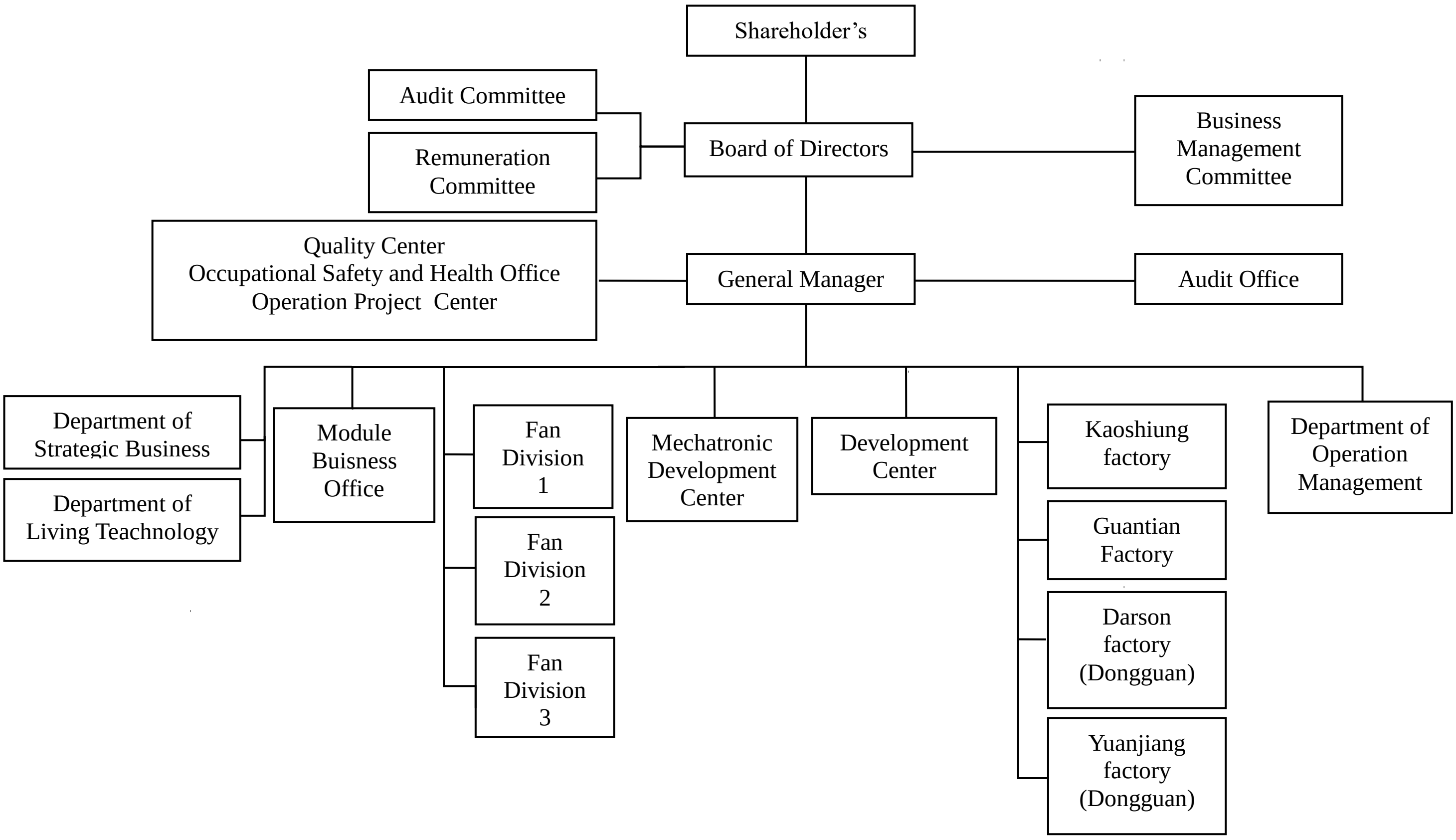
- 1987/03: Established “Yen Sun Technology Corp.” to undertake the manufacturing and selling of small household electrical with a capital of NT$28 million.
- 1987/04: Won the CNS mark of the fan category from the Central Bureau of Standard of the Ministry Economic Affairs
- 1991/04: Consign the CPC org to carry out the computerized operation planning
- 1993/01: The steam type water dispenser won the first Taiwan Excellent Award from the Ministry of Economic Affairs.
- 1993/03: Won the excellent supplier award from TECO Corporation to recognize the superiority of product quality.
- 1993/05: Passed Japan T-Mark safety certification
- 1996/06: Passed Japan S-Mark safety certification
- 1997/02: Passed ISO 9002 International Quality Assurance certification
- 1997/04: Established the Cooling Fan department to undertake the manufacturing and selling of heat cooling components
- 1997/04: The capital was increased by NT$23 million in cash, and the capital was expanded to NT$51 million.
- 1997/06: Reinvest to establish the “Shanghai Yen Sun Electric Industrial Co. Ltd “ in Shanghai, China
- 1998/08: The capital was increased by NT$30 million in cash, and the capital was expanded to NT$81 million.
- 1998/10: The capital was increased by NT$70 million in cash, and the capital was expanded to NT$151 million.
- 1998/12: The capital was increased by NT$47 million in cash, and the capital was expanded to NT$198 million.
- 1998/12: The products passed UL safety certification
- 1999/07: Replenish hold public issue
- 1999/07: The capital was increased by NT$122 million in cash, and the capital was expanded to NT$320 million.
- 1999/12: The Cooling Fan Division passed the TUV ISO 9001 International quality assurance certification
- 2002/02: Announced new products such as external magnetic drive fans and non-blade wet towel dispenser etc
- 2002/12: Listed company at emerging stock market
- 2003/03: Approved by the Ministry of Economic Affair “Assisting Traditional Industrial Technology Development Program”
- 2003/04: Reinvest to establish the “Y.S. TECH USA “

- 2004/12: The Company's common shares were listed on the Taipei Exchange (TPEX)
- 2007/01: The Cooling Fan Division passed the TS16949 International quality assurance certification
- 2007/03: Approved by the Ministry of Economic Affair "Small Enterprise Innovation R&D Program"
- 2008/03: Approved by the Ministry of Economic Affair "Assisting Traditional Industrial Technology Development Program"
- 2008/10: Won the Industrial Technology Development Award of the Ministry of Economic Affairs
- 2009/08: The first issuance of NT$120 million in unsecured convertible corporate bonds
- 2010/01: Obtained the trademark right of SUNPENTOWN
- 2010/10: The 2nd issuance of NT$198 million in secured convertible corporate bonds
- 2010/10: The 3rd issuance of NT$152 million in unsecured convertible corporate bonds
- 2011/12: "FMD Flat Magnetic Motion Series Fans" won the right to use the 20th "Taiwan Excellence Award "logo and become the high-quality image of Taiwan's industry" .
- 2012/04: Passed TUV Rheinland OHSAS 18001 certification
- 2013/07: The 4th issuance of NT$220 million in secured convertible corporate bonds
- 2013/08: Divided and transferred the Changhua plant of Home Appliance Division into a 100% owned subsidiary Yen Jiu Technology Corp.
- 2013/12: The Cooling Fan Division became the Tier 1 supplier of European automakers.
- 2014/01: The air purifier won the 22th "Taiwan Excellence Award" and was exhibited in their pavilion set up in Taipei City Art Museum in April of the same year.
- 2014/12: The DC air purifier won the honor of "Golden Dot Design Award" in "Product Design Category" in 2014. The Golden Dot Award entered the asian market for the first time this year.
- 2015/10: New product "Full Nutrition Machine" to the market.
- 2016/03: The 5th issuance of NT$200 million in secured convertible corporate bonds
- 2016/09: The car air purifier won the "Golden Dot Design Award"
- 2016/11: The Cooling Fan Division became the Tier 1 supplier of mainland China automakers.
- 2018/09: Complete the construction of Tainan Guantian Plant
- 2019/01: Tainan Guantian plant officially begin mass production
- 2019/11: The new plant in Dongguan completed the IATF16949 certification
- 2020/02: Passed ISO 45001 occupational safety and health management system certification.
- 2021/09: Issued the sixth domestic secured convertible bonds with a total amount of $300,000 thousands.

3. Corporate Governance

(1) Organization

(a) Organizational Chart



(b) Business operations of major departments

Department	Business operations
General Manager	1. Setting the company's business philosophy, business strategy, business goals. 2. Implementation of operation objectives. 3. Evaluate, analysis and improve the business performance. 4. Verify, supervise, evaluate and execute of reinvestment projects. 5. Execute resolutions of Board of Directors
Audit Office	1. Inspect and evaluate whether the internal control system is robust, and provide analysis, evaluation and other suggestions. 2. Promote effective management control with reasonable cost and improve the efficiency of operations.

Department of Business	1. Compilation of business strategies, business plans, formulation of business goals, policies, and management of business performance. 2. Coordinate and manage the business of product sales. 3. Maintenance and expansion of customers, establish information of market and data. 4. Confirm the quality requirements of customer 's contract or order. 5. Ensure the integrity of the contract or order review items. 6. Prepare the annual operating budget. 7. Formulate customer service and marketing strategies, promotion of new products and technical services.
Mechatronic Development Center	1.Responsible for the group's electromechanical, electronic, software/hardware design, verification and resource integration tasks. 2.Research and development of forward-looking technology of the group's electromechanical, electronic, soft/hardware. 3.Electromagnetic interference and electrical safety regulations research and solution development design. 4.Analysis, verification and recognition of key components. 5.Management and maintenance of electromechanical, electronic, soft/hardware product data.
Development Center	1.Responsible for the group's R&D resource integration, product and technical data management tasks. 2.Foresight and innovative technology research and development. 3.Innovative development and platform management of R&D and measurement equipment. 4.Industry-University Cooperation and R&D Talent Development Tasks. 5.Intellectual property rights management. 6.Major abnormal technical analysis, verification and engineering confirmation.
Manufacturing Factory	1.Implementation of the production plan and mastering the progress. 2.Maintenance and repair of production equipment. 3.The management of production scheduling, and the formulation of operating procedures related to procurement, handling, storage, packaging and delivery. 4.Warehouse management and inventory counting. 5.Drafting of production operation standards. 6.Production plan scheduling and production capacity deployment.
Department of Business Management	1.Integrate the business of the financial department, information room and general affairs comprehensively. 2.Formulation of various internal management methods and follow-up implementation tracking. 3.Perform company accounting processing and review financial statements. 4. Management of company funds. 5.Responsible for the communication and coordination of important meetings such as board meetings and shareholder meetings. 6.Responsible for corporate governance related affairs. 7.Investor relationship.

(2) Directors and Management Team:

(a) Information of directors

April 2, 2022; Units: shares;

Title	National	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Current shared held by spouse and children of minor age		Shareholding under the name of a third party		Experience (Education)	Other Position	Other chiefs, supervisors or directors with spouses or relatives within the second degree of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	CHEN, GUAN-HONG	Male 41-50	2021.07.15	3	2015.06.26	2,500,477	3.58%	2,500,477	3.56%	320,000	0.46%	0	0	Chairman of Yen Sun Technology CORP.	-Chairman of Yen Jiu Technology CORP	Director	CHEN, CHIEN-JUNG	Lineal descendant	(Note1)
Director	R.O.C	CHEN, CHIEN-JUNG	Male 71-80	2021.07.15	3	1987.03.10	6,106,739	8.75%	6,106,739	8.70%	2,254,244	3.21%	0	0	- Executive MBA program, NSYSU - engineer of Foxconn Technology Co.,Ltd.	-Special Assistant to CEO	Chairman	CHEN, GUAN-HONG	Lineal descendant	
Director	R.O.C	LI, YING-CHEN	Male 61-70	2021.07.15	3	2003.06.24	1,000	0	1,000	0	0	0	0	0	- Doctor of science in electrical engineer,NTU - Chairperson of Litemax Electronics Inc -.CSO of AAEON Technology Inc.	- Chairman of Litemax Electronics Inc. -.CSO of AAEON Technology Inc. - Director (Legal Representative) of AAEON Technology Inc. - Director of AAEON Technology（Suzhou） Inc. - Director of Litemax Technology, Inc. - Director of Eutech Microelectronics Inc. - Independent Director of Arcadyan Technology Corporation - Independent Director of axis Corporation	None	None	None	(Note2)
Director	R.O.C	XIE, TENG-LONG	Male 71-80	2021.07.15	3	2015.06.26	0	0	0	0	52,037	0.07%	0	0	- Bachelor of the Department of Insurance and Finance. - General Manager Of Bank of Taiwan	-Independent Director of Hi-Lai Foods Co., Ltd	None	None	None	(Note3)

Title	National	Name	Gender Age	Date Elected	Term (Years)	Date (First Elected)	shareholding when elected		Current shareholding		Current shared held by spouse and children of minor age		Shareholding under the name of a third party		Experience (Education)	Other Position	Other chiefs, supervisors or directors with spouses or relatives within the second degree of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	FANG, ZHI-MIN	Male 61-70	2021.07.15	3	2018.06.14	0	0	0	0	0	0	0	0	Associate Professor of the Department of Business Administration, NSYSU	-Associate Professor of the Department of Business Administration, NSYSU -Independent Director of NEW ADVANCED ELECTRONICS TECHNOLOGIES COMPANY LIMITED. -Independent Director of Jong Shyn Shipbuilding Company	None	None	None	
Independent Director	R.O.C	CHEN, GUAN-LIANG	Male 41-50	2021.07.15	3	2018.06.14	0	0	0	0	0	0	0	0	-CPA of PKF Taiwan	-CPA of PKF Taiwan –Supervisor ofHC PHOTONICS CORPORATION (Legal Representative) - Chairman of KAO CHIAO company management corp. (Legal Representative) - Director of LIANG-YU Establishment, Ltd.	None	None	None	
Independenn Director	R.O.C	LI, WEN-BAR	Male 61-70	2021.07.15	3	2020.06.16	0	0	0	0	0	0	0	0	-Master of Business Studies, National Taiwan University -General Manager of First Securities	None	None	None	None	

Note 1: Mr. CHEN, GUAN-HONG was elected as a chairman on July 15, 2021.

Note 2: Mr. LI, YING-ZHEN served as independent director of the company on June 24, 2003 to June.13, 2018 and was elected as a director on June 14, 2018.

Note 3: Mr. XIE, TENG-LONG served as the supervisor from June 26, 2015 to June 13, 2018, and was elected as a director on June 14, 2018.

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(b) Major Shareholders of Major Corporate Shareholders：None.

(c) Information on Directors in Professionalism and impartiality

<table>
<tr><th>Condition
Name</th><th>Professional qualifications and Experience</th><th>Status of independence</th><th>Number of public companies where the person holds the title as independent director</th></tr>
<tr><td>CHEN, GUAN-HONG</td><td rowspan="7">・ For Directors' Professional qualifications and Experience, please refers to page 11-12

・ None of the directors has any of the conditions of Article 30 of the Company Law (Note 1)</td><td rowspan="4">Not applicable</td><td>0</td></tr>
<tr><td>CHEN, CHIEN-JUNG</td><td>0</td></tr>
<tr><td>LI, YING-ZHEN</td><td>2</td></tr>
<tr><td>XIE, TENG-LONG</td><td>1</td></tr>
<tr><td>FANG, ZHI-MIN</td><td rowspan="3">All independent directors meet the following conditions:
・ Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2)
・ The person (or in the name of others), spouse and minor children do not hold any shares of the company
・ None amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years</td><td>2</td></tr>
<tr><td>CHEN, GUAN-LIANG</td><td>0</td></tr>
<tr><td>LI, WEN-BAR</td><td>0</td></tr>
</table>

Note1: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

(1) Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(2)Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(3)Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

(4)Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;

(5)Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;

(6)Having no or only limited disposing capacity.

(7)Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note2:(1)Not a government, a juristic person, or a representative thereof in Article 27 of the Company Act

(2)No independent director of a public company may concurrently serve as an independent director of more than three other public companies.

(3)During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

a. An employee of the company or any of its affiliates.

b. A director or supervisor of the company or any of its affiliates.

c. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

d. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

e. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.

f. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.

g. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

h. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

i. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(d) Diversity and Independence of the Board:

i. The company has established the "Code of Corporate Governance" to regulate the diversity policy of board members. The nomination and selection of board members of are in accordance with the provisions of the company's articles of association. And comply with the "Director Election Method" and "Code of Corporate Governance" to ensure the diversity and independence of board members.

ii. The members of the board shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities as a whole: A. Operational judgment. B. Accounting and financial analysis skills. C. Management ability. D. Crisis handling capacity. E. Industry knowledge. F. International Market View. G. Leadership. H. Decision-making capability.

iii. The company currently has 7 directors (including 3 independent directors) with professional backgrounds which cover industry, academia, finance, accounting, business management and other fields to implement the policy of diversifying the composition of the board of directors.

Title	Chairman	Director			Independent Director		
Name	CHEN, GUAN-HONG	CHEN, CHIEN-JUNG	LI, YING-CHEN	XIE, TENG-LONG	FANG, ZHI-MIN	CHEN, GUAN-LIANG	LI, WEN-BAR
Nationality	R.O.C	R.O.C	R.O.C	R.O.C	R.O.C	R.O.C	R.O.C
Gender	Male	Male	Male	Male	Male	Male	Male
Age	41-50	71-80	61-70	71-80	61-70	41-50	61-70
Concurrently employee of the Company	V	V					
Professional qualifications and Experience							
Management, Leadership & Decision-making	V	V	V	V	V	V	V
Decision making	V	V	V	V		V	V
Finance				V		V	
Accounting				V		V	
Industry knowledge	V	V	V		V		V
Environment		V	V				

iv. Diversity management objectives:

The company currently has 3 independent directors, with the proportion of independent directors accounting for 42.85%. The term of office of the 3 independent directors is less than 3 years, and the term of office has not exceeded 3 consecutive terms. In order to fulfill the goal of diversity industry knowledge of board, the target ratio of professionals in the field is above 40%. When the board of directors is re-elected after the term of office expires, it is planned to nominate and appoint at least one female director. The company's 7 directors include 5 professionals in the field of industry knowledge, with a ratio of 71.42%. The members of the board of directors actively attended the board meetings. In 2021, 7 directors attended the meeting with 100% attendance rate, and effectively monitored and understood the implementation of the business plan.

(2) Information of management team:

April 2, 2022；Units: shares

Title	Nationality or Registry	Name	Gender	Date Effective	Status of Shareholding (Note 1)		Current Shares Held by Children of Minor Age (Note 1)		Shareholding Under the Name of A Third Party (Note 1)		Experience (Education)	Other Position	Managerial Officers with Spouses or Relatives Within the Second Degree of Kinship			Note
					Shares	Ratio for shareholding (%)	Shares	Ratio for shareholding (%)	Shares	Ratio for shareholding (%)			Title	Name	Relation	
General Manager	R.O.C	LIU, HSIEN-WEN	Male	2020.06.01	241,149	0.34%	34,052	0.05%	0	0	- Doctor of Psychology, FJU. - Electronics Cooling Division R&D Director - Electronics Cooling Division Sales Director	None	None	None	None	
Home Appliances Division Director	R.O.C	CIA, JIN-JIN	Male	2013.01.01	98,969	0.14%	1,353	0	0	0	-Master,Industrial Engineering and Management,KUAS -Section Manager of Noya CORP. -R&D Manager of Y.S. Tech Home Appliances -Product Planning Specialist Manager	None	None	None	None	
Electronics Cooling Division Director	R.O.C	SUN, XIN-CHENG	Male	2010.01.14	487	0	987	0	0	0	- Bachelor of Dept. of Electronic Engineering ,Tung Fang Design University -Manager of Liang Herng Elec. Mach. Co Ltd -R&D Managerof Y.S. Tech Electronics Cooling Division	None	None	None	None	
Home Appliances Division R&D vice Director	R.O.C	WANG, JIA-REN	Male	2011.11.24	0	0	0	0	0	0	-Doctor ,KUAS -R&D Account Manager of ALL RING TECH CO., LTD. -R&D Manager of Sean&Stephen CO.,Ltd.	None	None	None	None	
Thermal Module Business Director	R.O.C	ZHANG, ZHENG-DA	Male	2011.11.24	2,000	0	0	0	0	0	Department of mechanical engineering,St. John's University -Marketing Director of Abyte Electronics Limited -Marketing Director of AMA PRECISION INC.	None	None	None	None	
Chief financial officer /Operation Management Manager	R.O.C	LIANG, HSIANG-YI	Female	2008.12.26	62,000	0.09%	0	0	0	0	-Master department of Administration,YunTech. -Finance Manager of Sino-American Electronics Co., Ltd.	-Supervisor of Yen Jiu Technology Corp.	None	None	None	

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(3) Remuneration paid during the most recent fiscal year (2021) to directors (Independent Director), the general manager, and assistant general managers

A. Remuneration paid to directors

Unit: NT$ thousands

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to Earnings After		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G to Earnings after Tax (%)		Remuneration received from invested companies other than subsidiaries or the parent company
		Remuneration(A)		Pension(B)		Bonus to Directors(C)		Allowances (D)				Salaries, bonus and special subsidies(E)		Pension(F)		Repay for employee(G)						
																The Company		All companies included into the financial statement				
		The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	Cash dividend	Stock dividend	Cash dividend	Stock dividend	The Company	All companies included into the financial statement	
Chairman	CHEN, GUAN-HONG	0	0	0	0	1,338	1,338	654	654	1.01%	1.01%	4,373	4,373	0	0	0	0	0	0	3.23%	3.23%	None
Director	CHEN, CHIEN-JUNG																					
Director	LI, YING-ZHEN																					
Director	XIE, TENG-LONG																					
Independent Director	CHEN, GUAN-LIANG	0	0	0	0	1,003	1,003	504	504	0.76%	0.76%	0	0	0	0	0	0	0	0	0.76%	0.76%	None
Independent Director	FANG, ZHI-MIN																					
Independent Director	LI, WEN-BAR																					

1.The policy, system, standard, and structure of remuneration for independent directors should be stated, and the amount of remuneration should be justified with an illustration of the person's duty, risk, and devoted time: The evaluation of the company's independent directors is proposed by remuneration committee and resolved by the Board of Directors with consideration of the director's performance and devotion to the company.

2.Other than the content revealed in the table above, any remuneration received by the chairperson of the company for offering service (e.g. serving as an external consultant) to any company mentioned in the financial statement: None.

Range of Remuneration	Name of Directors			
	Total of A, B, C and D		Total of A, B, C, D, E, F and G	
	The Company	All companies included into the financial statement	The Company	All companies included into the financial statement
Less than NT$1,000,000	CHEN, CHIEN-JUNG/ CHEN, GUAN-HONG LI, YING-ZHEN / XIE, TENG-LONG /CHEN, GUAN-LIANGG/FANG, ZHI-MIN /LI, WEN-BAR	CHEN, CHIEN-JUNG/ CHEN, GUAN-HONG LI, YING-ZHEN / XIE, TENG-LONG /CHEN, GUAN-LIANGG/FANG, ZHI-MIN /LI, WEN-BAR	LI, YING-ZHEN / XIE, TENG-LONG /CHEN, GUAN-LIANGG/FANG, ZHI-MIN /LI, WEN-BAR	LI, YING-ZHEN / XIE, TENG-LONG /CHEN, GUAN-LIANGG/FANG, ZHI-MIN /LI, WEN-BAR
NT$1,000,000 thousand (inclusive) ~ NT$2,000,000 (exclusive)				
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)			CHEN, GUAN-HONG / CHEN, CHIEN-JUNG	CHEN, GUAN-HONG / CHEN, CHIEN-JUNG
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				
NT$100,000,000 or more				
Total	7	7	7	7

B. Remuneration paid to general manager and vice general manager

Unit: NT$ thousands

Title	Name	Salaries(A)		Pension (B)		Cash incentives and special discretionary allowance etc.(C)		The amount of employee repay(D)				The sum of A, B, C and D in proportion to Earnings After Tax (%)		Remuneration received from invested companies other thansubsidiaries or the parent company
		The Company	All companies included into the financial statement	The Company	All companies included into the financial statement	The Company	All companies included into the financialstatement	The Company		All companies included into the financial statement		The Company	All companies included into the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
General Manager	LIU, HSIEN-WEN	2,378	2,378	-	-	4,800	4,800	200	0	200	0	3.74%	3.74%	None

C. Name of managers distributing remunerations to employees and the distribution of remunerations

April 29, 2022; Unit: NT$ thousands

Title	Name	Stock dividend	Cash dividend (Note 1)	Total	Proportion to Earnings After Tax (%)
General Manger	LIU, HSIEN-WEN	0	882	882	0.45%
Home Appliances Strategy Division Director	CIA, JIN-JIN				
Electronics Cooling Divison Deputy Director	SUN, XIN-CHENG				
Home Appliances Division R&D Deputy Director	WANG, JIA-REN				
Thermal Module Business Director	ZHANG, ZHENG-DA				
Chief financial officer /Operation Management Manager	LIANG, HSIANG-YI				

Note：Which indicates the remuneration for employee (shares and cash), distributed to managers which approved by the board of directors.

D. The following section illustrates the ratios of remuneration paid to directors, supervisors, general managers and Deputy General Managers of the Company and the companies in the consolidated financial statements in the last two years, to net income. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and the risk in future are also illustrated in this section.

(a) Analysis on the ratios of remuneration paid to directors, general managers and Deputy General Managers of the Company and the companies in the consolidated financial statements to net income in the financial statements in the last two years

Item		**2021**	**2020**
The remuneration paid to Directors (Independent Directors)	Amount (NT$thousands)	3,499	2,574
	In proportion to Earnings After Tax (%)	1.77%	1.85%
The remuneration paid to presidents and vice presidents	Amount (NT$thousands)	7,378	5,959
	In proportion to Earnings After Tax (%)	3.74%	4.27%
Total	Amount (NT$thousands)	10,877	8,533
	In proportion to Earnings After Tax (%)	5.51%	6.12%

(b) The policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk.

i. The remuneration of directors of the company includes business execution fees and managers' remuneration. Business execution fees are paid in according with industry standards and the actual situation of attendance at the board of directors. The remuneration of directors shall be distributed in accordance with the article 29-1of Incorporation, based on the profit status of the year and not exceed more than 5%. And there is no ther remuneration.

ii. The general manager's and vice general manager's remunerations are divided into salary, awards, and employee compensation; which are based on the company's relevant regulations and the salary level of the position in the same industry market, the scope of the position's responsibility within the company and its contribution to the company's operating goals. In addition, to refer to the company's overall operating performance, industry's future business risks and development trends, and also the individual's performance achievement rate and contribution to the company's. Employee compensation is based on the percentage of the current year's profitability, 1-10% is distributed by the resolution of the board of directors, and the relevant performance evaluation and the rationality of remuneration are reviewed by the remuneration committee and the board of directors.

iii. The amount of remuneration is positively related to the performance of the operation and based on the assessment of future environmental changes and operational risks.

(4) Implementation of Corporate Governance

A. Board of Directors

A total of 10 meetings of the Board of Directors were held in 2021. The attendance of directors was as follows:

Title	Name	Actual attendance	By proxy	Actual attendance rate (%)	Remarks
Chairman	CHEN, GUAN-HONG	10	0	100%	2021.07.15 Elected as new Chairman
Director	CHEN, CHIEN-JUNG	10	0	100%	Continue in office
Director	LI, YING-ZHEN	10	0	100%	Continue in office
Director	XIE, TENG-LONG	10	0	100%	Continue in office
Independent Director	CHEN, GUAN-LIANG	10	0	100%	Continue in office
Independent Director	FANG, ZHI-MIN	10	0	100%	Continue in office
Independent Director	LI, WEN-BAR	10	0	100%	Continue in office

Other mentionable items:

(1) If there are circumstances as follows, the date on which the meetings, sessions, contents of motion, all independent director's opinions and the company's responses should be specified:

A. Matters specified in Article 14-3 of the Securities and Exchange Act.

Board Meeting	Content of motion	Matters specified in Article 14-3 of the Securities and Exchange Act	The independent director's retained opinion or position against the motion
The 2nd meeting in 2021. (March 9,2021)	1. 2020 Directors' Remuneration Distribution Proposal. 2. Amend the "Articles of Association" of the company. 3. Revise the company's "Procedures for acquiring or disposing assets". 4.The case of Changing of CPA 5.The evaluation of the independence and competency of CPAs appointed in 2021 is submitted for approval.	V	None
		V	None

The 7th meeting in 2021. (July 26,2021)	The case of issuance of sixth domestic secured convertible bonds.		
The 5th meeting in 2021. (August 12,2021)	The case of Company intends to lease the land of the "Renwu Industrial Park, Kaohsiung City ".	V	None
The 2nd meeting in 2022. (March 8,2022)	1. 2021 Directors' Remuneration Distribution Proposal. 2. Amend the "Articles of Association" of the company. 3. Revise the company's "Procedures for acquiring or disposing assets". 4.The case of Changing of CPA 5.The evaluation of the independence and competency of CPAs appointed in 2022 is submitted for approval.	V	None

Handling of the opinions of independent directors: None

B. Except for the above-mentioned matters, other directors' meeting resolutions opposed or reserved by independent directors with records or written statements: None.

(2) The measure for directors’ withdrawal from conflict of interest:None。

(3) The board of directors’ evaluation:

A．The company has established “Guidelines for Evaluation of the Board’s Performance”, which is implemented in 2020.05.13.

B. The evaluation was completed in 2022.03.08, the result was as follow:

Evaluation cycle	Period of Evaluation	Evaluation Range	Evaluation Method	Content of evaluation
Once a year	January 1, 2021-December 31, 2021	Board of Directors	Internal evaluation by the board of directors	1. The degrees of participation in the company's operations; 2. Improve the quality of board's decision-making; 3. The composition and structure of the board of directors; 4. The election and continuing education of directors; 5. Internal control.
Once a year	January 1, 2021-December 31, 2021	Individual members of the board	Self-evaluation by board member	1. Aknowlege the company's goals and tasks; 2. Awareness of directors' duties; 3. The degree of participation in the company's operations; 4. Internal relationship management and communication; 5. Professional and continuous education of directors; 6. Internal control.

The evaluation method is carried out by questionnaire, including the internal self-evaluation of the board of directors and the self-evaluation of board members. The results of the 2021 annual board performance self-evaluation were reported to the board of directors on March 8, 2022. The rate of achievement of the evaluation results was over 90%.

(4) Implementation and Assessment of measures to enhance functionality of the Board (e.g. the foundation of Audit Committee, enhancement of information transparency, etc.)

A. The company has established audit committee to replace the system of supervisors in conducts to follow regulations in Securities and Exchange Act, Company Law, and other relevant laws.

B. The company has established “Management of Operation of Board Meeting” to improve professional competence of the Board, and enhance the positive effectiveness of the Board’s participation in decision making.

C. The company’s directors fulfill the requirement of authorities regarding minimum on-the-job training hours.

D. The company has designated personnel to reveal corporate information, update data on the official website, and deal with other relevant matters.

B. Audit Committee

A total of 5 meetings of Audit Committee were held in 2021. The attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	Delegated attendance	Attendance rate (%) (B/A)	Note
Independent Director	CHEN, GUAN-LIANG	5	0	100%	-
Independent Director	FANG, ZHI-MIN	5	0	100%	-
Independent	LI, WEN-BAR	5	0	100%	-

Director					

Other mentionable items:

(1) If there are circumstances as follows, it should be specified: the date on which the audit committee meetings helds, sessions, contents of motion, objections of independent directors', reservations or major proposals, audit committee's result and the company's responses based on the suggestion.

A. Matters that were referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Contents	Result	Treatment of the Board to the opinion of the Audit Committee:
The 12th meeting of the 1st session March 9,2021	1. The company's 2020 annual business report and financial statement 2. The case of Changing of CPA 3. Evaluation of the Independence and Competency of CPA and Appointment Remuneration 4. The company's 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" 5. Revise the company's "Procedures for acquiring or disposing of assets"	No objection	The proposals were adopted by all attendees with unanimous consent.
The 13th meeting of the 1st session May 11, 2021	2021 Q1 financial report of the company	No objection	The proposals were adopted by all attendees with unanimous consent.
The 1st meeting of the 2nd session July 26, 2021	The case of issuance of sixth domestic secured convertible bonds.	No objection	The proposals were adopted by all attendees with unanimous consent.
The 2nd meeting of the 2nd session August 10, 2021	2021 Q2 financial report of the company	No objection	The proposals were adopted by all attendees with unanimous consent.
The 3rd meeting of the 2nd session Novamber 9, 2021	1. The case of company's 2021audit plan application. 2. The case of Company intends to lease the land of "Renwu Industrial Park, Kaohsiung City "	No objection	The proposals were adopted by all attendees with unanimous consent.
The 5th meeting of the 2nd session March 8, 2022	1. The company's 2021 annual business report and financial statement 2. Revise the company's "Procedures for acquiring or disposing of assets" 3. The case of Changing of CPA 4. Evaluation of the Independence and Competency of CPA and Appointment Remuneration 5. The company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement"	No objection	The proposals were adopted by all attendees with unanimous consent.

B. Other than the above-mentioned matters, the matters which have not been adopted by the audit committee but resolved with consent of over two-thirds of all members of the board of directors: None

(2) Considering the measure for withdrawal from conflict of interest, the names of directors, contents of proposals, reasons to avoid conflict interest, and participation for voting should be specified: None.

(3) The communication between independent directors and director of internal audit as well as the CPAs (aspects such as the company's finance, significant maters, methods, and outcomes regarding business communication should be included).

A. According to the audit plan, when the audit project is completed, the audit supervisor will deliver the audit report and follow-up report to independent directors, and communicate and discuss the internal audit execution status and internal control status with the independent directors through email, telephone or meeting, and attend the audit committee and regularly of the board of directors to report the implementation of the audit. The following is the communicating matters between the Audit Committee and the Audit Supervisor in 2021 and up to the printing date of the annual report:

(a) Before the end of each fiscal year, the audit plan for the following year will be submitted to the board of directors for resolution after the audit committee approves.

(b) Report to the Audit Committee on the implementation of audit business quarterly.

(c) Submit the internal audit report to the audit committee (independent director) for review from the end of the audit to the end of the following month.

(d) The audit office and the internal unit shall self-check the inspection opinions or lack of verification, and the internal control system statement shall strengthen the management and improvement matters, continue to follow up and review, and deliver the tracking and improvement management situation to the audit committee in writing.

(e) The company's annual internal control system effectiveness evaluation and internal control system statement are submitted to the audit committee for review.

(f) 2021 and as of the date of publication of the annual report, the summary of previous is as follows:

Date	Meeting	Matters to be communicated	Outcome of communication
March 9, 2021	Audit Committee	1. Report on implementation of audit in January 2021. 2. Report of internal system control statement.	No objective opinion.
May 10, 2021	Audit Committee	Report on implementation of audit in March, 2021.	No objective opinion.
July 26, 2021	Audit Committee	Report on implementation of audit in April and May, 2021.	No objective opinion.
August 10, 2021	Audit Committee	Report on implementation of audit in July, 2021.	No objective opinion.
November 9, 2021	Audit Committee	Report on implementation of audit from September, 2021.	No objective opinion.
January 19, 2022	Audit Committee	Report on implementation of audit from October and Novamber, 2021	No objective opinion.
March 8, 2022	Audit Committee	1. Report on implementation of audit in December, 2021 to January, 2022. 2. Report of internal system control statement.	No objective opinion.

B. The company's CPA regularly attend audit committee meetings and report to committee the results of the financial statements and other matters required by relevant laws and regulations. If there are special circumstances, they will immediately report to the audit committee. As of the publication date of the annual report, there is no such special circumstances. The interactive status and discussion topics in 2021 are as follows:

Date	Meeting	Matters to be communicated	Outcome of communicati
November 16, 2021	Audit Committee	1. 2021 Q3 financial report review results report, 2021 annual review plan 2. Updates of important securities laws and regulations, tax laws, etc.	No objective opinion.

4. Important tasks of the audit committee of the year：

(1) The audit committee aims to assist the Board of directors in implementing procedures for accounting, auditing, and financial statement; it also deals with the quality and integrity in matters of financial control.

(2) The major matters to be reviewed on the audit committee meeting are as below:

A. To review the financial statement: The Board has prepared the company’s business report,

	financial statement, and proposal for allocation of remuneration in 2021. KPMG Taiwan was entrusted to review the financial statement of the company and compile an audit report. The above-mentioned business report, financial statement, and the proposal for allocation of remuneration have been reviewed by the audit committee, and nothing inappropriate was detected. B. The audit and accounting policy and procedure. C. The internal control system and relevant policies and procedures; to evaluate the effectiveness of the company's policy and procedure of internal control system (including the control measures of financing, operation, risk management, information security, observation of laws, etc.), and to review the regular report compiled by the company's audit sector, CPAs, and managerial personnel, including reports on the risk management and observation of laws. D. Transaction of major assets. E. Transaction of financial derivatives. F. Observation of laws. G. The evaluations on the CPAs' experience, independence, and performance; H. The appointment, demission, or remuneration of CPAs. I. Fulfillment of the duties of audit committee.

C. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(1) Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company observes "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to establish practice principles of governance and publicized it on official website http://www.ystech.com.tw	None
(2) Shareholding structure & shareholders' rights A. Does the company establish an internal operating procedureto deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The company has established "Rules of Procedure for Shareholders Meetings" and accordingly convenes shareholders' meetings each year as a channel for shareholders' committee and shareholders to communicate with each other regularly. To build an immediate and healthy communication mechanism with the investors, the company has designated a spokesperson and deputy person. It also reveals the contact information on the company's official website and the Market Observation Post System. Shareholders can send their opinions by phone or email, and the company would deal with the case according to relevant principles.	None
B. Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company has designated to stock transfer agents to deal with affairs related to shareholders. It has mastered the major shareholder through name list of the stock agents and learned about the person in ultimate charge of the stocks. The company also observes the laws and reports any change in shareholding conditions of the directors, managers, and shareholders possessing 10% of the stocks.	None
C. Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The company has stipulated the "operation procedures for related parties, specific companies and group companies", and related personnel are responsible for the matters needing	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			attention of related companies.	
D. Does the company establish internal rules against insiders trading with undisclosed information?	✓		The company has stipulated the "Procedures of Crucial Internal Information Control and Insider Trading Prevent ", and has disclosed at public information observatories in accordance with the regulations. It is forbidden for insiders of the company to use unpublished information in the market to buy or to sell marketable securities, or use known non-disclosed information is leaked to others to engage in insider trading; And will be disseminate internal every year.	None
(3) Composition and Responsibilities of the Board of Directors A. Does the Board draw up and implement the diversified policy and specific management target for the composition of its members?	✓		(a) The company has a "Corporate Governance Best Practice Principles" to regulate the diversity of board members. The nomination and selection of members are in accordance with the company's articles of association. The nomination system for candidates is adopted to evaluate the qualifications of each candidate's academic experience and comply with "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of board members. (b) The company has established 7 directors (including 3 independent directors). The expertise of the directors' ranges from industrial, academic, financial, accounting, managing professions, which manifests the principle of forming a Board with diversity.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Name</th><th>Gender</th><th>Management</th><th>Leadership decisions</th><th>Industry knowledge</th><th>Financial Accounting</th><th>Law</th><th>Environmental protection</th></tr>
<tr><td>Chen, Jian-Rong</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>CHEN, GUAN-HONG</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>LI, YING-ZHEN</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td>✓</td></tr>
<tr><td>XIE, TENG-LONG</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr>
<tr><td>LI, WEN-BAR</td><td>Male</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td></td></tr>
<tr><td>CHEN, GUAN-LIANG</td><td>Male</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td><td></td></tr>
<tr><td>FANG, ZHI-MIN</td><td>Male</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td></td></tr>
</table>
(c) The policy for diversity in Board of Director members is revealed in the Company’s official website and Market Observation Post System.
(d) The company currently has 3 independent directors, with the proportion of independent directors accounting for 42.85%. The term of office of the 3 independent directors is less than 3 years, and the term of office has not exceeded 3 consecutive terms. In order to fulfill the goal of diversity industry knowledge of board, the target ratio of professionals in the field is above 40%. When the board of directors is re-elected after the term of office expires, it is planned to nominate and appoint at least one female director. The company's 7 directors include 5 professionals in the field of industry knowledge, with a ratio of 71.42%.
</td><td></td></tr>
<tr><td>B. Does the company voluntarily establish other functional committees in addition to the</td><td>✓</td><td></td><td>The company has established a remuneration committee and an audit committee in accordance with relevant regulations,</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
Remuneration Committee and the Audit Committee?			and operates in accordance with organizational procedures. Other functional committees such as Corporation Sustainable Development Committee was established on November 10, 2020; in order to promote and enhance the function of sustainable development and social responsibility for the company.	
C. Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		The company has a "Guidelines for Evaluation of the Board's Performance", which stipulates that the board of directors should perform an internal board performance evaluation at least once a year and an external evaluation every three years. The company has complete 2021 internal board of directors' performance evaluation on March 8, 2022. The board of directors will use the performance evaluation results as a reference basis for the selection or nomination of directors and individual directors' remuneration in the future to implement corporate governance and enhance the participation and communication channels of directors' operations.。	None
D. Does the company regularly evaluate the independence of Certified Public Accountants (CPAs)?	✓		In accordance with Article 29 of the Regulation of Corporate Governance Best Principles for TWSE/TPEx Listed Companies, the independence of visa accountants is regularly assessed every year. And will be submit to the Audit Committee on March 8, 2022 and the Board of Directors for review and approval. The evaluation criteria for the independence and suitability of accountants please refer to the Note1 of following table.	None
(4) Does the listed company appoint unit or	✓		Approved by the board, the company has designated the	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
personnel to be responsible for affairs related to governance (including but not limited to providing information for business of Directors, handling affairs for Board of Directors Meeting and Shareholders' Meeting in accordance with lawful regulations, registering and altering the Company's information, making minutes for Board of Directors Meetings and Shareholders' Meetings, etc.)?			chief financial officer LIANG, HSIANG-YI as director of corporate governance on November 10, 2020. Primerly in charge of the affairs related to governance. Including organizing the director's meetings and the shareholders' meetings, compiling minutes for the BOD meetings and shareholders' meetings, assisting directors for taking the position and on-the-job training, offering necessary information for the directors to perform their duty, assisting the directors to follow relevant laws. The situation of implementing relevant tasks in 2021 is as below: (a) To be the contact window between the Company and the directors. (b) To assist the director for performing their duty. To offer information about the Company which may be required on the meeting; such as to keep smooth communication between the directors and the leaders of different departments. (c) To offer information of on-the-job training courses and make relevant arrangement. (d) To arrange affairs to enhance communication between the audit committee members and the CPAs as well as the audit supervisors. (e) To draft the agenda for the meetings of the Board, inform each director about the meeting, convene the meeting and offer relevant information, send reminders about conflict interest avoidance issues, and complete the memorandum of the Board's meeting within 20	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			days after the convention was over. (f) To deal with relevant affairs of the shareholder's meeting. The status of managers' further studies	

Lesson content	Date	Lesson times
Corporate Governance Evaluation- The management key points of intellectual property rights that the boards must aware.	April 14, 2021	3 hours
The trend and challenge of information safety management.	April 25, 2021	3 hours
International Financial Supervision Trends and Types of Financial Crimes and Analysis of Financial Fraud Cases	June 24, 2021	3 hours
The latest development of country's IFRS policy and the analysis of practical issues of compliance with financial reporting supervision laws and regulations	June 24, 2021	3 hours
Analysis of Legal Responsibilities and Practical Cases of the "The Taxpayer Rights Protection Act"	June 25, 2021	3 hours
Financial Risks and Case Analysis of Disposal of Real Estate Equity in Mainland China.	June 25, 2021	3 hours

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(5) Does the company establish a communication channel with its stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and build a designated section on its website for stakeholders, as well as handle all issues they care for in terms of corporate social responsibilities?	✓		(a) The company values its stakeholders (including the shareholders, clients, employees, suppliers, etc.). It has proper communication with the stakeholders, and the "designated section for stakeholders" is established on the official website to publicize all the communication channels for the stakeholders. (b) The company convenes various meetings for encouraging employees to communicate with the managerial level. Also, the Human Resource section of the company's website has a designated mailbox for employees and a channel for whistle blowers so that the employees can express their opinions and offer suggestions as well as stay connected with the employer. (c) The company holds investor conference to provide shareholders a communication channel and respond to issues of concern. (d) The company regularly reports to the board of directors on communicated with various stakeholders.	None
(6) Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has entrusted the stock agent department of Grand Fortune Securities Co., Ltd to deal with affairs related to the shareholders' meetings and the shares.	None
(7) Information disclosure A. Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The company has a designated section for investors on its official website. Shareholders and investors can access information related to the company's financial business and corporate governance. (http://www.ystech.com.tw)	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
B. Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(a) Company provide website with Chinese, English and Japanese versions for users. (b) The company has appointed commissioner to be responsible for the information collection and disclosure and established aspokesperson system. Implemented the spokesperson system in accordance with the regulations and placed the investor conference briefing report on the company's website.	None
C. Does the company complete and publicize the annual financial statement within 2 months after the fiscal year ends, then publicize and register the financial statements of the first, second, and third quarters as well as the operation report of each month?	✓		The company reported the financial statement of each quarter as well as the operation situations of each month have been submitted to regulatory authorities.	None
(8) Is there any other information to facilitate a better understanding of the company's corporate governance practices (e.g. including but not limited to employee rights employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)	✓		(a) Employee Rights and Employee Care: The company always attached great importance to the working environment and rights of employees. Not only establishing employee welfare committee to fully promote and implement various employee welfare matters, it also organizes education and training actively to enable employees to grow together with the company. And according to law, allocating pensions allows employees to work with peaceful mind while on duty and ensure their life after retirement. (b) Investor relation: The company has designated spokesperson to reveal its operation conditions to investors. It also follows relevant laws and publicizes	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			significant information of financing, business, changes in shareholding conditions of the staff on "Market Observation Post System." There is also a designated section on the Company's official website to reveal information about the Company's finance and corporate governance to investors. (c) Relationship with supplier : The company understands the development of the industry that cooperate and work hard with all suppliers is necessary Therefore, the company adheres to the principle of mutual benefit in order to create industrial development, enhance self-competitiveness and the maximum profit of shareholders. ◦ (d) Stakeholders' right: the company offers multiple channels for the stakeholders to communicate with or offer advice to the company, which can protect the legal rights of both parties. (e) On-the-job training of the directors: the directors are all equipped with professional competence, and they attend seminars about security regulations according to relevant laws and obtained a certificate of completion. (f) Implementation of the risk management policies and risk estimation criterion: the company follows the analysis of authorized sections and resolutions of the Board while dealing with major issues such as significant operational policies, investment projects, endorsement and loans. (g) Implementation of client policies: The company follows	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			terms in the contract with its clients and relevant regulations to assure clients' rights and offer quality service; Set up relevant policy to handling customer complaints, in order to protect consumers. (h) Liability insurance for the directors: the company has purchased liability insurance for directors and managers. The company's "liability insurance for directors" has been revealed on the Market Observation Post System according to relevant laws. (i) Current directors and general managers of the company are the important decision-making and management talents of the company. The company has drawn up an appropriate succession plan. After long-term work rotation training, Mr. LIU, HSIEN-WEN the general manager of Electronics Cooling Division was promoted as Company general manager on June 1, 2020.	

(9) Please offer illustrations improvement on the aspects pointed out by the evaluation of governance by Taiwan Stock Exchange TWSE and explanation for matters and measures as prioritized items to improve.：

A. In the 8th Corporate Governance Evaluation in 2021, the company's improvement is excerpted as follows:

1. The management team regularly reports relevant information of stakeholders to the board of directors.

B. Prioritize improvement and measures for unscored indicators as follows:

1. Planing to edit a corporate social responsibility report in the future.

Note 1: Auditing evaluation form for Certified Public Accountant

Item	I. Review of Criteria for independence	Yes	No
01	The CPA or the spouse / minors of the CPA is not an investor and is not a stakeholder of the company.	✓	
02	The CPA of the spouse / minors of the CPA does not loan from the company. (Not applicable when the entrusting party is in normal affiliation with the company.	✓	
03	The CPA agency does not offer the report for service of assuring effective operation in the financing system it designs or assists in implementation.	✓	
04	The CPA or the audit team members do not serve as the Company's directors, managers, or take other positions that have major impact on the audit cases.	✓	
05	The service offered to the Company, which are not related to auditing matters, does not directly influence the important items of the audit cases.	✓	
06	The CPA or the audit team members are not involved in promotion or transaction of the Company's shares or other forms of securities.	✓	
07	The CPA or the audit team members only deals with affairs according to relevant legal regulations and not involved in the defensive matters for legal cases or other controversies between the Company and the third parties.	✓	
08	The CPA or audit team members are not the spouse, direct blood relatives, direct relative in-laws, or of kinship within the second degree with the Company's directors, managers, or persons of other positions that have significant impact on the audit cases.	✓	
09	The associate CPA who resigns from the position within one year do not serve as the Company's directors, managers, or take other positions that have significant influence on the audit case.	✓	
10	The CPA or audit team members do not take gifts or receive favors with great values from the Company's directors, managers, or major shareholders.	✓	
11	The CPA is not a regular employee of the current consignee, receive remuneration regularly, or take the position of a director or a supervisor.	✓	
12	Before the company's IPO: The CPA has not offered auditing service to the Company for 7 consecutive years. After the Company's IPO: The CPA has not offered auditing service to the Company for 10 consecutive years.	✓	
Item	II. Review for Independent Operation		
01	Does the CPA avoid undertaking a case that is directly or significantly related to his/her own interests, which would influence the fairness and independence?	✓	
02	Does the CPA remain formally and substantially independent when reviewing, censoring, or conducting professional inspections on the financial report, and when compiling opinion letters?	✓	
03	Do the audit team members, other associate CPAs, or corporate shareholders of the CPA agency, the CPA agency, its affiliates, and its alliance remain independent from the company?	✓	
04	Does the CPA offer professional service with meticulousness and integrity?	✓	
05	Does the CPA remain objective and disinterested when offering professional service; avoid being biased or having the professional decisions influenced by conflict of interests?	✓	
06	Does the CPA refrain from being biased or lack of independence, which may influence their integrity or objectiveness?	✓	
Item	III. Review for competency of Certified Public Accountant		
01	The accountant has no disciplinary record for the accountant disciplinary committee in the past two years. This accounting firm has not involved litigation in the last two years.	✓	
02	Does the accounting firm have sufficient scale, resources and regional coverage in handling company audit services?	✓	
03	Does the accounting firm have clear quality control procedures? Does the coverage include the level and main point of the verification procedure, the way to deal with audit issues and judgments, independent quality control inspection and risk management?	✓	
04	Has the accounting firm notified the audit committee of any significant issues and developments in terms of risk management, corporate governance, financial accounting, and related risk control?	✓	

D. Establishment, functions, and operations of Remuneration Committee of the Company

(a) Information regarding Remuneration Committee members

April 29, 2022

Position	Criteria / Name	Professional qualifications and Experience	Status of independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent director	FANG, ZHI-MIN	The Company's Remuneration Committee members is formed by 3 Independent directors.For Directors' s Professional qualifications and Experience, please refers to page 12	All independent directors meet the following conditions: · Comply with the relevant provisions of Article 14-6 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange " (Note) · The person(or in the name of others), spouse and minor children do not hold any shares of the company · None amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years	2
Independent director	CHEN, GUAN-LIANG			0
Independent director	LI, WEN-BAR			0

Note: Respective Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) An employee of the company or any of its affiliates.

(2) A director or supervisor of the company or any of its affiliates.

(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) A director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company, or that ranks in the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.

(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.

(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(9) A professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided that this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.ot an employee of the Company or any of its affiliates.

(b) Information about operation of Remuneration Committee

(i) There are 3 members in the Remuneration Committee of the Company.

(ii) Term of the session of remuneration committee members: from July 15, 2021 to July 14, 2024，A total of 3 (A) Remuneration Committee meetings were held in 2019. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in person (B)	**D**elegated attendance	Attendance Rate (%)(B/A)	Remarks
Convener	CHEN, GUAN-LIANG	3	0	100%	-
Member	FANG, ZHI-MIN	3	0	100%	-
Member	LI, WEN-BAR	3	0	100%	-

Other mentionable items:

(1) The situation where the board of directors declines to adopt or modifies a recommendation of the remuneration committee: None.

(2) Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(3) As of the date of publication of the annual report, the contents of proposal are as follows:

Remuneration Committee	Content of motion and follow up treatment	Resolution	The company's responses to the opinion of remuneration committee
The 1st meeting, February 4, 2021	The distribution of the 2020 annual bonuses for employees is submitted for approval	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 2nd meeting, March 9, 2021	The 2020 distribution of remuneration for employees and the board is submitted for approval	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 3nd meeting, May 11, 2021	1.Individual number of directors and employee remuneration distribution case of 2020 2. Formulate the "Articles of the Employee Stock Ownership Trust Committee" of the Company	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 1st meeting, January 19, 2022	The distribution of the 2021 annual bonuses for employees is submitted for approval	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.
The 2nd meeting, March 8, 2022	The 2021 distribution of remuneration for employees and the board is submitted for approval	The proposals were unanimously adopted by all committee members.	The proposal was unanimously adopted by all attendees at the Board of Directors meeting.

E. Fulfillment status of corporate social responsibility and sustainable development：

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
(1) Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit for sustainable development, which is senior management that authorized by the board of directors to handle, and supervises the situation?	✓		In order to actively promote and strengthen the corporate governance function related to sustainable operation and corporate social responsibility, the board of directors of the company set up a corporate sustainable development committee in November 2020, with the honorary chairman as the chairman, aiming at the company's relevant sustainable issues strategies and goals. Formulate medium and long-term sustainable development plans and provide ESG promotion consultation. The company has set up a part-time unit to promote sustainable development as the Operation Management Office, which is responsible for the formulation and implementation of corporate sustainable development policies, systems or related management guidelines and specific promotion plans, and regularly reports to the board of directors at least once a year. Implement status of 2021: 1. Establish a "Greenhouse Gas Inventory Team" and add related work items. 2. Analyze and plan the short, medium and long-term goals of the company which along with the international trend of net zero carbon emissions.	None
(2) Does the company follow the significance principle, conduce risk evaluation related to environmental, social, and corporate governance issues, and figure out relevant risk management policies or	✓		This disclosure covers the company's sustainable development performance at its main bases from January 2021 to December 2021. The risk assessment boundary is mainly based on the company's operating scope in Taiwan, including the Kaohsiung plant and the Tainan Guantian plant. The structure of the company’s risk management units includes the board of directors, general managers, internal audit and other supervisory departments.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
strategies?			The company evaluates the risks annually, make risk management plans, and keep the operational risks under control to prevent potential losses. The company follows the CSR Materiality Principle, conduct risk evaluation of relevant issues, and figure out relevant policies or strategies as below:	

Major issues	Risk Evaluation Item	Risk management or strategies
Environmental issues	EnvironmentalProtection	The company makes energy saving and carbon emission reduction plans every year and regularly review the implementation condition of each sub- project in the plan.
Social issues	Secured and healthy workplace	(i) The company takes security measures in each aspect and strictly requires all employees to follow the rules to prevent any possible workplace damages. (ii) Inspections for securities is regularly conducted in all of the office, and the company periodically conducts drills emergency evacuation during a fire, an earthquake, or leak of toxic chemicals. (iii) Regularly health check for employees.
Corporate governance	Observing laws	(i) The company has comprehensible internal control system to ensure that each task of the company is conducted according to relevant laws. (ii) Improve corporate governance assessment performance and regulatory compliance.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(3) Environmental Issues A. Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		1. The company follows the environmental protection regulations of the authorities to establish environmental management system. In addition, it is certified by the ISO 14001 environment management system. The Contract shall become effective as of March 31, 2020 and remain valid until March 30, 2023. The environmental protection regulations as follow: Save waste and cherish resources Prevent pollution and care for the environment Compliance with regulations and continuous improvement Full participation, sustainable operation. 2. The Company has been conducting greenhouse gas inspections in accordance with ISO14064-1 specifications since 2021 years, and will by plant promote ISO14064-1 greenhouse gas inspections and third-party verification in the future.	None
B. Does the company devote itself in improving the efficiency of each resource and use renewable ingredients to minimize the impact on the environment?	✓		1. The company publicizes that turning off the non-necessary power to reduce the power consumption, and promote the paperless operation process, by adding an authority card system on photocopying machines to control paper consumption. In addition, Seasonal air conditioning restrictions and other measures are also been adopted, in order to reduce the impact on the environment. 2. The company has set up solar power generation facilities to increase the proportion of renewable energy applications within the company. 3. The company's production process is mostly assembly, which is less likely to produce pollution and waste that will cause environmental load.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>C. Does the company evaluate the present and future potential risks and chances at that climate change brought on the company and take measures accordingly?</td><td>✓</td><td></td><td>The company shows care about climate changes and pays attention to changes in the domestic and foreign laws. Meanwhile, it refers to the structure of Task Force on Climate-related Financial Disclosures (TCFD), which was publicized by Financial Stability Board (FSB), to make plans in response to the risk of climate change as below:
<table>
<tr><th>Climate Change Risks</th><th>Potential Impact on Finance</th><th>Responsive planning</th></tr>
<tr><td>Limit in total amount of greenhouse gas emissions, taxation of carbon emissions, energy taxes</td><td>Increase in the operating cost, limited the capacity expansion</td><td>Investigate the current status of greenhouse gas emissions. Formulate annual energy conservation management goals.</td></tr>
<tr><td>Unstable water and electricity supply</td><td>Increase in the operating cost, occur impact in production</td><td>Reduce cost on water and electricity expense</td></tr>
<tr><td>More electricity would be consumed due to temperature rising</td><td>Increase in the operating cost and carbon emissions</td><td>Promoting low carbon manufacture, reduce usage of electricity and cost</td></tr>
<tr><td>The disrupted supply chain that impacts the production procedure</td><td>Decrease in the operating revenue</td><td>Established the mechanism for alternative suppliers</td></tr>
<tr><td>Natural disasters could result in damage of the factory area</td><td>Increase in the operating cost</td><td>The company establishes response mechanisms for torrential rains, earthquakes, and other disasters; it also organizes drills for emergency response regularly</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>D. Does the company record the mass of greenhouse gas emission, water consumption amount, and total weight of its waste over the past two years and formulate policies to reduce carbon emission, reduce greenhouse mission, conserve water, and manage other waste items?</td><td>✓</td><td></td><td>
(a) The greenhouse emission (CO2) amounted to approximately 550 tons and 512 tons in 2020 and 2021 respectively, which is illustrated as below:
<table>
<tr><th colspan="2">Year</th><th colspan="2">2020</th><th colspan="2">2021</th></tr>
<tr><th>Category</th><th>Source</th><th>Carbon dioxide equivalent (tons of CO2e/ year)</th><th>Percentage (%)</th><th>Carbon dioxide equivalent (tons of CO2e/ year)</th><th>Percentage (%)</th></tr>
<tr><td>Direct Emissions</td><td>Official car, Fire facilities</td><td>20</td><td>3.6%</td><td>21</td><td>4.1%</td></tr>
<tr><td>Indirect emissions</td><td>Electricity</td><td>530</td><td>96.4%</td><td>491</td><td>95.9%</td></tr>
<tr><td colspan="2">Total carbon dioxide equivalent</td><td>550</td><td>100.0</td><td>512</td><td>100.0%</td></tr>
</table>
(b) The company’s water consumption over the past 2 years:
<table>
<tr><th>Year</th><th>2020</th><th>2021</th></tr>
<tr><td>Consumption of tap water</td><td>4,107 tons</td><td>5,861 tons</td></tr>
</table>
(c) The total weight of the company’s waste over the past two years:
<table>
<tr><th></th><th>2020</th><th>2021</th></tr>
<tr><td>Hazardous Industrial Waste</td><td>16.45 tons</td><td>12.78 tons</td></tr>
<tr><td>Industrial Waste</td><td>528 tons</td><td>422.4 tons</td></tr>
</table>
</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			(d) The company has established goals for reduction of carbon emissions as below： (i) Monthly average water consumption≦1.26 degrees/person (ii) Monthly average power consumption ≦0.28 degrees/PCS (e) Specific achievements: (i) Regularly track the amount of paper used in the factory, and promote the paperless process and set permissions to photocopying machine to control the amount of paper used, so as to achieve a 20% reduction in paper consumption every year. (ii) The minimum limit for summer air-conditioning is 27 degrees. (iii) Promote employees to turn off lights and save water to achieve energy saving and carbon reduction. (iv) The company's total annual greenhouse gas emissions in 2021 are reduced by 6.91% compared with 2020	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(4) Social Issues A. Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		In order to protect the legitimate rights and interests of employees and the non-discriminatory treatment of employment policies, the company has complied with labor-related regulations and respected and supported internationally recognized human rights norms and principles, including the "United Nations Universal Declaration of Human Rights" and the "Declaration of Basic Principles and Rights at Work" of the International Labor Organization. To prevent any violation and violation of human rights, the company's labor policy is formulated as follows: Protection principle: • Do not use forced, debt bondage, bond or involuntary Internationally recognized basic labor human rights • Do not use child labor • Working and rest time comply with labor laws • Salaries and benefits paid to employees comply with all applicable laws Respect principle: • Treat and respect each employee fairly and do not treat employees inhumanely, such as brutality, insult, abuse, etc. • Provide equal job opportunities to job applicants and every employee, without discriminating employees on the basis of race, color, age, gender, sexual orientation, race, disability, pregnancy, belief, political affiliation, club membership or marital status, etc.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			Remedy principle: • Respect the rights of employees to freedom of association granted by law, and protect employees from being able to communicate openly with management regarding working conditions without fear of retaliation, threats or harassment. • Executed "Directions for Prevention and Management of Unlawful Infringement in the Performance of Duties" in accordance with ISO 45001. • Organize workplace illegal abuse education and training, assist colleagues to ensure workplace free from illegal abuse, and advocate that employees who witness and hear workplace illegal abuse should immediately notify the company's occupational safety department or call the employee complaint hotline Management principle: • Regularly hold seminars and establish a complaint mechanism. If human rights violations occur, immediate remedial and improvement measures will be taken. • Regularly hold self-assessments by supervisors and employees and report the results to senior supervisors, and disclose them to the public at the same time. • In 2021, The Company did not have any complaints about forced labor, employee rights violations or human rights violations.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
B. Does the company establish and implement reasonable employee compensation policies (including the remuneration, leave policies, and other welfares) and offer incentives according to operational performance or outcome?	✓		The company stipulates various employee welfare measures according to law (including different bonuses, birthday gifts, special leave, parental leave, etc.), and the company has also established an employee welfare committee to handle employee travel, group health activities, and regularly health checks. For detailed of welfare policy description, please refer to page 94 The annual earbing distribution is determined by the management based on the operating results include individual employees' work responsibilities, contributions and performance evaluation result; and bonus in due course to encourage employees.	None
C. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(a) In terms of occupational safety and health system, the company has passed the verification of the following standards: – OHSAS 18001 – ISO 45001 (b) The company provides employees with a comfortable, safe and healthy working environment; including the implementation of access control measures, safety measurement of the operating environment, regular labor safety education and training, full indoor smoking ban, establishment of employee lounges, and free laundry for workers etc. (c) For employee health, the company regularly organizes employee health checkups. In order to promote the labor health service system and protect workers' safety and health, in accordance with the "Labor Health Protection Rules", hiring professional specialist doctor and nursing staff to serve in the factory area to conduct employee health consultations , Health care, analysis of special hazard operations, evaluation and	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>consultation of health inspection projects and other health management and health promotion work.
(d) The company's security measures in the office are detailed as follows:
• Every three months for the detection of E. coli in drinking water.
• Regular inspection of fire facility and equipment every month (fire extinguishers, emergency lights, fire detectors, fire alarm voice broadcast systems, etc.).
• Regularly entrust qualified inspection agencies to conduct operating environment measurement every six months (chemicals, noise, carbon dioxide, illumination, etc.).
• Regularly handle emergency evacuation drills every six months.
• Carry out disinfection of vector mosquitoes throughout the plant regularly every six months.
• Regularly inspect and report on the safety of building fire facilities and equipment every year.
• Control high-risk areas such as electrical equipment rooms to prevent non-related personnel from entering.</td><td></td></tr>
<tr><td>D. Does thecompany provide its employees with career development and training sessions?</td><td>✓</td><td></td><td>The company conducts various OJT and OFF-JT education and training in accordance with the needs of various departments and functions. By participates in the enterprise human resources improvement plan held by the Workforce Development Agency, to continuously improve the professionalism of employees.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
E. Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards, and formulate relevant consumer protection policies and complaint procedures?	✓		The company has passed ISO 9001, ISO 14001 and TS16949 quality certification, and in line with the "customer first" quality policy, committed to producing products that meet customer needs, and at the same time formulate procedures to handle customer complaints. The company has dedicated person and e-mail mailbox to handle with issues related to the company's consumer complaints, fairly and immediately. In addition, the company's marketing and labeling of products and services comply with relevant laws and international standards.	None
F. Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the company, such as sustainability reports? Has the previous disclosure report obtained the assurance or opinion of the third-party verification unit?	✓		The company follows the ISO9001 management system and must conduct supplier evaluations before and after dealing with suppliers. It annually selects excellent manufacturers and lists those need to be improved as the basis for the next transaction evaluation; By communicate issues on environmental protection, safety and health issues with encourage them to improve environmental protection, safety and health performance to implement the implementation of corporate social responsibility.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(5) Does the company compile ESG report to reveal the non-financial information following the guidelines for internally-accepted report format? Is the above-mentioned report assured or certified by a third-party inspector?</td><td>✓</td><td></td><td>The company has not edit corporate social responsibility reports and other reports that disclose the company's non-financial information; however, company has disclosed relevant and reliable corporate social responsibilities in its annual reports, public information observatories, and publicity products.</td><td>None</td></tr>
<tr><td colspan="5">(6) Corporate Governance Implementation Status Deviations from “the Corporate Governance Sustainable Dvelopment Practice Principles for TWSE/TPEx Listed Companies”, and the reasons as following:
The company has established the “Corporate social responsibility principals.” The Company takes CSR issues into consideration when designing the corporate system or planning for the operational strategies. It has devoted positive devotions in implement proper measures in terms of corporate governance, sustainable development, social welfare, and revelation of the Company’s corporate social responsibility. The company also incorporate positive and humane perspectives into the corporate culture. Therefore, there is no significant deviation from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.”</td></tr>
<tr><td colspan="5">(7) Other important information to facilitate a better understanding of the company’s sustainable development practice:
(a) The company fully accordance with laws and regulations on environmental protection; detailed information on environmental protection expenditure on page 94.
(b) The waste generated in the manufacturing procedure is transported and treated by qualified institutes according to the environmental protection regulations
(c) The Company is certified by the ISO14001 environment management system, and it adopts comprehensive operational mechanism regarding the industrial impact on the environment as well as sorting, managing, and reusing the industrial waste.
(d) The Company has adopted the electronic document exchange system to save time on transmitting messages, reduce paperwork, and eliminate postage expenses. The white side of the abandoned document is reused to reduce the consumption of paper.
(e) The Company has control over temperature to make effective energy to reduce carbon emission.
(f) The company has established the Committee of Employee’s Welfare to organize various events, such as employee travel and other employee welfare activities. The company signed contracts with chartered stores and organizes club activities such as badminton club to enhance the life-work balance of the employees.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility & sustainable development for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">(g) Human right: The Company respects human rights of all colleagues. It offers fairs and suitable job opportunities for all job applicants and employees regardless of their ethnicity, religious beliefs, political parties, gender, marital status, physical challenges, and other factors that is regulated to be non-discriminatory factors in relevant laws. The principle is applicable to recruitment, appointment, training, promotion, remuneration, and welfare of the employees.
(h) The company sponsors the workshop established by Beyond the Pinnacle Care Association. In order to solve epilepsy patients' employment difficulties, by purchasing workshop products from time to time as gifts provides to customers.
(i) The company participates the garden party which held by the Genesis Social Welfare Foundation. Electrical products were present by the company to the association, and assists disadvantaged groups in raising funds.
(j) The company builds a canteen for the elderly to sponsor the Guantian Community Development Association in Guantian District, Tainan, directly taking care of the elderly and supporting local agricultural products indirectly.
(k) Donate various disaster response equipment annually, to firefighters of theFire Bureau, Kaohsiung City Government to strengthen the protection of firefighters and improve the rescue efficiency in emergency situations.
(l) The company collaborate with the university and recruit students to participate company's operation with total 24 people.
(m) The declaration to Market Observation Post System will be assigned to whom should be responsible for collection and disclosure of company information; to ensure information that may affect the decisions of shareholders and stakeholders can be promptly disclosed.</td></tr>
</table>

F. **Ethical Corporate Management Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons**

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	`Summary	
(1) Establishment of ethical corporate management policies and programs A. Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The Company has established "Ethical Corporate Management Best Practice Principles" and revealed on the company's website. It has also established the protocols for internal operation and internal control system. The inspections on various tasks are conducted periodically and such conditions have been reported to the Board of Directors' meeting. The above-mentioned practice is taken as the reference for ethical operation, which manifests the commitment of the Board as well as the managerial staff to realize ethical business operation.	None
B. Does the company establish appropriate system to analyze risks of unethical conducts, periodically analyze and evaluate business activities with high potential for unethical conducts and establish prevent measures accordingly, or listed activities stated in Article 2, Paragraph 7 of the Ethical CorporateManagement Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has stipulated prevent measures in various internal control regulations against the unethical and risky business activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.	None
C. Does the Company establish and implement the operational procedures, conduct guidelines, penalty for violation of rules, and complaint mechanism to prevent unethical behaviors and regularly review and amend the existing practice?	✓		The company has distributed the card of corporate policies to the employees, and the following ethical policies have been specified: • All business dealings should be performed transparently and honestly. • Any conflict-of-interest activities should be strictly forbidden.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>`Summary</th></tr>
<tr><td></td><td></td><td></td><td>• Obtaining or giving improper gift or advantage should be avoided.
• Any bribery, corruption, extortion and embezzlement should be strictly prohibited.
• The publicly-disclosed information should be honest and intact.
• Any personal privacy and business information from customers or suppliers should be well protected.
• Maintain the confidentiality of company sensitive information and data.
• Respect the intellectual property rights.
• Zero tolerance to retaliation.
• Enhance our ethical quality.
• Comply with applicable local laws, regulations, international standards and customer requirements.
Any case of violating the legal regulations or the guidelines and protocols should be reported through the established channel, and penalty would be imposed on the violators accordingly.</td><td></td></tr>
<tr><td>(2) Fulfill operations integrity policy
A. Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</td><td>✓</td><td></td><td>The company conducts credit investigations before dealing with important customers and first-time purchasers to avoid transactions with those who have a record of dishonesty. And step by step to promote the contract with the counterparty of the transaction and specify the terms of good faith.</td><td>None</td></tr>
<tr><td>B. Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and periodically (at least once a year) report to the Board about its integral policy for</td><td>✓</td><td></td><td>The Department of Operation Management is concurrently in charge of promotion of corporate ethical operation affairs. Report of implementing corporate ethical operation is made to the Board of Directors,</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	`Summary	
management, the policy to prevent unethical conducts, and how the implementation is being supervised?			which mainly covers the following content in 2021: 1. On October 18, 2021, invited the Ministry of Justice Investigation Bureau to conduct education training of Trade Secrets Act. 2. Establishment of whistle-blowing system: The Companyhas established opinion boxes, a designated phone line, and a special email box (publicized on the Company's official website) for receiving complaints have been established; the reporter and the content of the complaint would not be revealed. 3. Effective operation of the preventive measures to ensure ethical operation. A section of the Company's official website is designated for stakeholders including the employees, shareholders, and other stakeholders as a communication channel regarding illegal and unethical conducts. 4. Establish trade secret marking/storage/transmission mechanism and establish trade secret management related policies. 5. Implement the effective operation of the preventive measures established by the business secret protection institution. 6.No case of violating ethical operation principles have been detected in 2021, and no internal / external report letter or legal cases have been received.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	`Summary	
C. Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The company has established "Management of Operation of Board Meeting" which specify the principles for directors to avoid conflict of interest. The directors can state opinions and make responses to questions about motions on the BOD meeting, but they should refrain from any discussion about affairs related to interest of the person or the corporate shareholder represented by the director. Neither could a director vote on behalf of other directors for any of such issues.	None
D. Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		The Company has established and implemented the accounting and internal control system. The internal audit staff would review the risk evaluation result annually, strengthen the preventive measure accordingly, review whether the audit system is appropriately followed regularly, and report such conditions to the audit committee and the Board periodically. The Company also reviewed and amended the system as well as relevant practice to ensure proper corporate governance and internal risk control. Such conditions would be referred to when evaluating the effectiveness of internal control system and compiling statement for implementation of internal control system.	None
E. Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The Company regularly held educational trainings. In 2021, a total of 200 persons/times, 800 hours of educational training, organized inside and outside the Company (including the training sessions regarding conducts to follow the ethical management regulations, Briefing of Ministry of Justice Investigation Burea, and other courses related to accounting and internal control system), have been taken by the employees	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	`Summary	
			of the Company.	
(3) Operation of the integrity channel A. Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company has established the report channel and reveals in its ethical corporate management best practice principles as well as the employee code of conduct that any case that is reported to violate the above-mentioned principles will be investigated. The accused individual is allowed to appeal, while the convicted individual will receive penalty according to the above-mentioned principles.	None
B. Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company has established a system to receive report about violations, to record the investigation process, and retain such records. The reporters' identity and the content will be kept secret. Necessary follow-up procedures will be taken according the seriousness of the case. Major cases will be reported to the authorities or be reported to the judiciary system.	None
C. Does the company provide proper whistleblower protection?	✓		The company has stated the measures to protect reporters of inappropriate conducts from mistreatment.	None
(4) Strengthening information disclosure A. Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company has established the ethical corporate management best practice principles, and such principles have been publicized in the section designation for "Investors/ Corporate governance" on the Company's official website so as to promote the ethical ideas about proper management.	None
(5) If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for				

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	`Summary	
TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The Company observes the established the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and relevant regulations to establish the "Ethical Corporate Management Best Principles."				
(6) Other important information which helps to understand the implementation of the Company's ethical management: (E.g. the Review and amendment of the Company's Ethical Management Best Practice Principles): (a) The Company observes Company Law, Securities and Exchange Act, Business Entity Accounting Act, relevant regulations for TWSE/TPEx Listed Companies, and other business-related laws to implement ethical management practices. The company keeps up with the development of ethical management norms in the domestic and overseas environment and encourages the directors, managers, and employees to offers suggestion for better m easures to promote the policies of ethical management to enhance effectiveness of such policies. (b) The "Regulations Governing Procedure for Broad of Directors Meetings" specifies that directors should avoid conflicts of interest. A director can state their opinions about issues of which he is a stakeholder or has impact on the company's profits, but cannot participate in the discussion or vote about such issues. They could not vote on behalf of other directors, either. Also, independent directors' opinions should be considered; such opinions should be retained and recorded in the memorandum of the BOD meeting. (c) The Company has established the "Procedures of Crucial Internal Information Control and Insider Trading Prevent" with provisions state that directors, managers, and employees should not reveal the confidential internal information to others, inquire about the unpublicized information of the company which is not related to the individual's job from the person who is acquainted with the information, or reveal to others the Company's unpublicized confidential internal information which is acquisition outside the business-related occasions.				

G. Access to the company's Governance Guidelines and relevant regulations:

(a) The company's Corporate Governance Guidelines and relevant regulations: the company observes Corporate Governance Best Principles for TWSE/TPEx Listed Companies and have established "Management of Operation of Board Meeting," "Rules of Procedure for Shareholders Meetings," "Procedures for Election of Directors," "Audit Committee Charter," "Remuneration Committee Charter," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Procedures for Acquisition and Disposal of Assets," "Principles for Endorsement and Guarantee," "Principles for Managing Loans to Others," "Procedures of Crucial Internal Information Control and Insider Trading Prevent" and other regulations.

(b) Please refer to the section designated for “Investors and stakeholders / Corporate Governance” of the Company’s website (http://www.ystech.com.tw/)

H. Other important information about the corporate governence of the Company:

(a) The compnay makes timely disclosure of significant information to investors, and conventions for corporate shareholders are held regularly fpr explanation about the condition of the Company’s operation.

(b) Information about the operation of remuneration committee, audit committee, and the Board of Directors has been revealled on the company’s official website (http://www.ystech.com.tw/)

I. Implementation of internal control system

(a) Statement of Internal Control

YEN SUN TECHNOLOGY CORP.

Statement of Internal Control System

Date: March 8, 2022

YEN SUN TECHNOLOGY CORP. had inspected the 2021 internal control system autonomously with the results illustrated as follows:

(1) YEN SUN TECHNOLOGY CORP. is fully aware that the board of directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, and compliance.

(2) The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The internal control system of YEN SUN Optoelectronics Corporation is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.

(3) YEN SUN TECHNOLOGY CORP. has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (referred to as"the Regulations" hereinafter). The criteria defined in "the Regulations" include five elements depending on the management control process: (a) environment control, (b) risk assessment, (c) control process, (d) information and communication, and (e) supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.

(4) YEN SUN TECHNOLOGY CORP.has implemented the criteria of the internal control system referred to above to inspect the effectiveness of internal control system design and implementation.

(5) YEN SUN TECHNOLOGY CORP. based on the inspection result referred to above has concluded that the internal control system (including the supervision and management toward its subsidiaries) on December 31, 2021 is reasonably effective in achieving the objectives of operation effect and efficiency, financial report reliability, and compliance.

(6) The statement of Internal Control System is the main content of the Company's annual report and published prospectus. Any falsification and concealment of the published content referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

(7) The statement of Internal Control System was resolved in the board meeting with the objection of 0 board directors out of the 7 attending board directors on March 8, 2021. The content of the statement has been accepted without any objection.

YEN SUN TECHNOLOGY CORP.

Chairman: *CHEN, GUAN-HONG*

General Manager: *LIU, HSIEN-WEN*

(b) On condition that the Company designates a CPA to audit the internal control system, the CPA's audit report should be revealed: None.

J. Punishment on the company and its employees for violations of laws or regulations of the Internal Control System, major breaches, and compensation measures in the previous year before the printed date of the Annual Report: None.

K. Important resolutions on meetings of Shareholders and the Board in the most recent fiscal year until the printing date of the annual report:

(a) Shareholders' meeting

Date	Important resolutions	Status
July 15, 2021	Proposed Resolutions (i) Recognize the 2020 Business Report, Financial Statements and Consolidated Financial Statements. (ii) Recognition of the 2020 surplus distribution proposal. (iii) Revise the company's articles of association. (iv) Revise the company's acquisition or disposal of assets procedures.	(i) Has been announced and declared in accordance with relevant regulations and disclosed on the company's website. (ii) The proposal was passed; the cash dividends were distributed to shareholders on July 15, 2021. (iii) Approved and registered by the authority and disclosed on the company's website. (iv) It has been announced on the company's website and will be handled in accordance with the revised procedures.

(b) Board of Directors' meeting

Date	Major resolutions
Feburary 4, 2021	The remuneration distribution of Manager for 2020 is submitted for approval.
March 9, 2021	(i) The salary distribution proposal for employees and directors in 2020. (ii) 2020 Annual Business Report, Financial Statements and Earnings Distribution Proposal. (iii) 2020 cash dividend distribution proposal. (iv) The proposal of comprehensive re-election of the company's directors (including independent directors). (v) Amend the company's "Articles of Association" proposal. (vi) Revise the company's "procedures for acquiring or disposing of assets". (vii) Convene the company's 2021 shareholders' meeting. (viii) The company's replacement of accountants. (ix) The company appointed KPMG Accounting Firm to handle the 2021 financial report verification visa, remuneration and independence evaluation case. (x) 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case. (xi) Apply to the bank for a comprehensive financing line case. (xii) Whether the accounts receivable and the accounts other than accounts receivable that have not been collected by the company within 3 months of the normal credit extension period and the amount is significant, is it a fund loan? case
April 13, 2021	(i) Nomination of the list of candidates for directors (including independent directors) (ii) Cancel the company's directors' non-competition clause.

Date	Major resolutions
May 11, 2021	(i) Formulate the "Articles of the Employee Stock Ownership Trust Committee" of the Company. (ii) The proposal of “Is it a capital loan when the account receivable and the amount other than the account receivable that have not been collected by the company within 3 months of the normal credit extension period and the amount is significant?” (iii) The proposal of applying to the bank for a comprehensive financing quota.
June 25, 2021	Re-determined the date and place of the 2021 annual general meeting of shareholders of the Company.
July 15, 2021	(i) The election of the chairman of the board. (ii) Signed a contract of industry cooperation and academic feedback with National Sun Yat-Sen University.
July 26, 2021	(i) The company plans to issue the sixth domestic secured convertible bonds. (ii) The proposal of applying to the bank for a comprehensive financing quota. (iii) Appointment of members of the compensation and remuneration committee of the company.
August 10, 2021	(i) The proposal of “Is it a capital loan when the account receivable and the amount other than the account receivable that have not been collected by the company within 3 months of the normal credit extension period and the amount is significant?”. (ii) The proposal of applying to the bank for a comprehensive financing quota.
October 12, 2021	(i) The digital transformation plan of the company's business model. (ii) The proposal of applying to the bank for a comprehensive financing quota.
November 9, 2021	(i) The proposal of “Is it a capital loan when the account receivable and the amount other than the account receivable that have not been collected by the company within 3 months of the normal credit extension period and the amount is significant?” (ii) The proposal of applying to the bank for comprehensive financing quota. (iii) The case of company's 2022 audit plan application. (iv) The case of Company to lease the land of "Renwu Industrial Park, Kaohsiung City ".
January 19, 2022	(i) The company's 2022 annual operating plan. (ii) The proposal of intends applying to the bank for comprehensive financing quota. (iii) The remuneration distribution of Manager for 2021 is submitted for approval.

Date	Major resolutions
March 8, 2022	(i) The salary distribution proposal for employees and directors in 2021. (ii) 2021 Annual Business Report, Financial Statements and Earnings Distribution Proposal. (iii) 2021 cash dividend distribution proposal. (iv) Amend the company's "Articles of Association" proposal. (v) Revise the company's "Procedures for acquiring or disposing of assets". (vi) Convene the company's 2022 shareholders' meeting. (vii) The company's replacement of accountants. (viii) The company appointed KPMG Accounting Firm to handle the 2022 financial report verification visa, remuneration and independence evaluation case. (ix) 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case. (x) Apply to the bank for a comprehensive comprehensive financing quota. (xi) Whether the accounts receivable and the accounts other than accounts receivable that have not been collected by the company within 3 months of the normal credit extension period and the amount is significant, is it a fund loan? case

L. If the directors' or supervisors have objective opinion on important resolutions of the Board's meetng which have been documented or made into written statements in the last year and in the curent year up to the printing date of annual report, the important content should be reproted: None.

M. If any resignation or dismission of the Company's chairperson, general manager, accounting directors, fianancing officers, internanl audit directors, corporate governence director, or reseasrch and development directors has occurred in the last year and in the current up to the printing date of annual report, summary of such cases should be made: None.

(5) Information on CPA professional fees:

A. professional fees

Units: NT$ thousands

Title of the accounting firm	Name of CPA	Audit Period	Audit fee	Non-Audit fee	Total	Note
KPMG Taiwan	YANG, PO-JEN	January 1, 2021 - December 31, 2021	2,330	561	2,891	-
	HSU, CHEN-LUNG					

Note: Other services under non-audit fees include Tax Compliance Audit, information checklist, financial statement typing fees and expenses on duty.

(a) If the Company changes the accounting firm and the audit fee is lower than the previous year, the amount of audits before and after changing the accounting firm and reasons for changing the accounting firm should be disclosed: None.

(b) If the audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the public audit fee shall be disclosed: None.

(6) Information on replacement of certified public accountant:

(A) Former accountant:

<table>
<tr><td>Changed Date</td><td colspan="3">March 8, 2022</td></tr>
<tr><td>Reason & Discribtion</td><td colspan="3">As a result of the internal rotation of KPMG accounting firm, since the Q1 2022, Accountant YANG, PO-JEN and Accountant CHEN-LUNG, HSU were replaced by Accountant CHEN-LUNG, HSU and Accountant CHEN, YUNG-HSIANG as company's certified accountants.</td></tr>
<tr><td rowspan="3">Explaining that the appointing person or accountant terminated or did not accept appointment</td><td>litigant
Situation</td><td>Accountant</td><td>Appointing person</td></tr>
<tr><td>Active terminated</td><td>Not applyable</td><td>Not applyable</td></tr>
<tr><td>Did not accept/ continue appointment</td><td>Not applyable</td><td>Not applyable</td></tr>
<tr><td>Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years</td><td colspan="3">Not applyable</td></tr>
<tr><td rowspan="6">Whether there is any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>Audit ranges or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>No</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Describe</td></tr>
<tr><td>Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) should be disclosed)</td><td colspan="3">None</td></tr>
</table>

(B) Successor accountant:

Name of firm	KPMG accounting firm
Accountant Name	Accountant CHEN-LUNG, HSU Accountant CHEN, YUNG-HSIANG
Appointed Date	March 8, 2022
Opinions and results of possible issuance of financial reports on accounting treatment methods or accounting principles for transactions before appointment	Not applyable
Successor accountant dissent written comments on the former accountant	Not applyable

(C) The former accountant's reply to item 1 and item 3 of paragraph 6 of Article 10 of this Standard: Not applicable

(7) The Company’s chairman, general manager, or any managerial officer in charge of finance or accounting matters who has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliate enterprise of such accounting firm: None.

(8) The transfer of equity interests and pledge of or change in equity interests during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

A. Changes in equity of Directors, Supervisors, Managers and Major Shareholders with more than 10% shareholdings.

Unit：Shares

Title	Name	2021		2022 (as of April 2)	
		Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.	Increase (reduction) in the number of shares in possession	Increase (reduction) in the number of pledged stocks.
Chairman	CHEN, GUAN-HONG	0	0	0	0
Director	CHEN, CHIEN-JUNG	0	0	0	0
Director	LI, YING-ZHEN	0	0	0	0
Director	XIE, TENG-LONG	0	0	0	0
Independent Director	CHEN, GUAN-LIANG	0	0	0	0
Independent Director	FANG, ZHI-MIN	0	0	0	0
Independent Director	LI, WEN-BAR	0	0	0	0
General Manager	LIU, HSIEN-WEN	0	0	0	0
Home Appliances Division Director	CIA, JIN-JIN	(21,000)	0	0	0
Electronics Cooling Divison Deputy Director	SUN, XIN-CHENG	0	0	0	0
Home Appliances Division R&D Director	WANG, JIA-REN	0	0	0	0
Thermal Module Business Director	ZHANG, ZHENG-DA	0	0	0	0
Chief financial officer /Operation Management Manager	LIANG, HSIANG-YI	0	0	0	0

B. The situation where recipient of the transferred equity is a related parson:

The company's directors, supervisors, managers, and more than 10% of the major shareholders' equity transfers are all done in the market, and the counterparties of the equity transfers are not related parties.

C. The situation where recipient of the transferred pledge is a related person: None.

(9) Top 10 shareholders relation

April 2, 2022

Name	Shares in possession of the person		Shares in possession of the person's spouse or children who are minors		Shares in possession of the person registered under the name of a third-party		Names and relations of top 10 shareholders who are related persons specified in article no. 6 of the Statement of Accounting Principles, spouses, or relatives within two degrees to each other		Note
	Shares	Shareholdingrate (%)	Shares	Shareholding rate (%)	Shares	Shareholding rate (%)	Shares	Shareholding rate (%)	
CHEN, CHIEN-JUNG	6,106,739	8.70%	2,254,244	3.21%	-	-	CHEN LIN, XIU-FEN	Spouse	
							CHEN, GUAN-HONG	First degree of kinship	
							CHEN, YI-JUN	First degree of kinship	
LIU, HSING-HAN	2,739,000	3.90%	-	-	-	-	-	-	
CHEN, GUAN-HONG	2,500,477	3.56%	320,000	0.46%	-	-	CHEN, CHIEN-JUNG	First degree of kinship	
							CHEN LIN, XIU-FEN	Lineal descendants	
							CHEN, YI-JUN	Second degree of kinship	
HSU, YA-CHUN	2,340,000	3.34%	-	-	-	-	-	-	
CHEN LIN, XIU-FEN	2,254,244	3.21%	6,106,739	8.70%	-	-	CHEN, CHIEN-JUNG	Spouse	
							CHEN, GUAN-HONG	First degree of kinship	
							CHEN, YI-JUN	First degree of kinship	
LI YEN INVESTMENT Co., Ltd. Representative：Lin, Rui-Ming	2,086,000	2.97%	-	-	-	-	CHEN, YI-JUN	Supervisor	
CHEN, YI-JUN	1,870,816	2.67%	189,081	0.27%	-	-	LI YEN INVESTMENT Co., Ltd.	Supervisor	
							CHEN, CHIEN-JUNG	First degree of kinship	
							CHEN LIN, XIU-FEN	First degree of kinship	
							CHEN, GUAN-HONG	Second degree of kinship	
SHENG CHENG CORP. Representative：Lin, Yuan-Feng	1,698,000	2.42%	-	-	-	-	-	-	
Hong-Yu co., ltd. Representative: CHEN, CHUN-SHENG	730,000	1.04%	-	-	-	-	-	-	
LIN, YU-HUA	516,405	0.74%	-	-	-	-	-	-	

(10) The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

April 2, 2022 Unit: Shares

Long-Term Investment	Ownership by YS		Direct/Indirect Ownership by Directors, Supervisors, and Management		Total Ownership	
	shares	Shareholding rate (%)	shares	Shareholding rate (%)	shares	Shareholding rate (%)
YEN SUN TECHNOLOGY(BVI)CORP.	500,000	100%	-	-	500,000	100%
LUCRATIVE INT’L GROUP INC.(Note)	1,000,000	100%	-	-	1,000,000	100%
YEN SUN TECH INTERNATIONAL （SAMOA） CORP.	1,000,000	100%	-	-	1,000,000	100%
YEN JIU TECHNOLOGY CORP.	11,050,000	100%	-	-	11,050,000	100%
YEN HUNG INTERNATIONAL CORP.	-	-	1,000,000	100%	1,000,000	100%
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	-	-	-	100%	-	100%
YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	-	-	10,000,000	100%	10,000,000	100%
YH TECH INTERNATIONAL CORP.	-	-	1,000,000	100%	1,000,000	100%
DARSON ELECTRONIC (DONGGUAN) LTD.	-	-	-	100%	-	100%
YEN GIANT METAL (DONGGUAN) CO., LTD.	-	-	-	100%	-	100%
CHANSON WATER CO., LTD.	-	-	-	17.75%	-	17.75%
Y.S. TECH U.S.A. INC.	114,000	19%	-	-	114,000	19%
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	1,600,000	5%	-	-	1,600,000	5%

4. Capital Overview

(1) Capital and shareholding

A. Source of Capital

April 2, 2022

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		Quantity (thousands of shares)	Amount (NT$ thousands)	Quantity (thousands of shares)	Amount (NT$ thousands)	Source of Capital	Capital Increased by Assets Other than Cash	Others
1987/03	1,000	28	28,000	28	28,000	Establishment of share capital	None	
1997/04	1,000	51	51,000	51	51,000	Capital increase 23,000,000 by cash	None	
1998/08	10	8,100	81,000	8,100	81,000	Capital increase 30,000,000 by cash	None	At January 9,1998 the company changed the share face value by a resolution of the shareholders' meeting, from NT$ 1,000 per share to NT$ 10 per share.
1998/10	10	15,100	151,000	15,100	151,000	Capital increase 70,000,000 by cash	None	-
1998/12	10	19,800	198,000	19,800	198,000	Capital increase 47,000,000 by cash	None	-
1999/07	10	32,000	320,000	32,000	320,000	Capital increase 122,000,000 by cash	None	-
2005/09	10	60,000	600,000	32,000	320,000	Increase in Authorized capital		
2006/09	10	60,000	600,000	34,029	340,289	Capital increase 20,288,920 by earnings	None	Approved by July 12, 2006, JGZYZ No. 0950130020
2007/10	10	60,000	600,000	35,181	351,807	Capital increase 11,518,220 by earnings	None	Approved by July 18, 2007, JGZYZ No. 0960037514
2008/10	10	60,000	600,000	36,620	366,199	Capital increase 14,392,230 by earnings	None	Approved by August 11, 2008 , JGZYZ No. 0970040480
2010/02	10	60,000	600,000	38,168	381,677	Converse 1,547,810 shares convertible bond	None	Approved by the Ministry of Economic Affairs, February 22, 2010 MOE No. 09931693390

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		Quantity (thousands of shares)	Amount (NT$ thousands)	Quantity (thousands of shares)	Amount (NT$ thousands)	Source of Capital	Capital Increased by Assets Other than Cash	Others
2010/04	10	70,000	700,000	42,994	429,938	Converse 4,826,029 shares convertible bond	None	Approved by the Ministry of Economic Affairs, May 19, 2010, MOE No. 09932057510
2010/07	10	70,000	700,000	43,811	438,111	Converse 817,374 shares convertible bond	None	Approved by the Ministry of Economic Affairs, August 18, 2010, MOE No. 09932457120
2010/10	10	70,000	700,000	47,055	470,546	Converse 3,243,468 shares convertible bond	None	Approved by the Ministry of Economic Affairs, November 19, 2010, MOE No. 09932851000
2011/01	10	70,000	700,000	47,351	473,509	Converse 296,292 shares convertible bond	None	Approved by the Economic development bureau of Kaohsiung, March 9, 2011, GON NO10001079650
2011/03	10	70,000	700,000	47,647	476,472	Converse 296,292 shares convertible bond	None	Approved by the Economic development bureau of Kaohsiung, May 9, 2011, GON NO10001176450
2014/05	10	70,000	700,000	49,769	497,686	Converse 2,121,400 shares convertible bond	None	Approved by the Economic development bureau of Kaohsiung, October 20, 2014, GON NO10353871510
2015/03	10	70,000	700,000	49,647	496,471	Converse 28,570 shares convertible bond Treasury stocks cancellation NT$150,000	None	Approved by the Economic development bureau of Kaohsiung, March 16, 2015, GON NO10450725310

Year and Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		Quantity (thousands of shares)	Amount (NT$ thousands)	Quantity (thousands of shares)	Amount (NT$ thousands)	Source of Capital	Capital Increased by Assets Other than Cash	Others
2015/08	10	70,000	700,000	53,097	530,971	Converse 3,449,959 shares convertible bond	None	Approved by the Ministry of Economic Affairs, August 28, 2015 Shou-Shang No. 10401161370.
2016/12	10	70,000	700,000	54,431	544,313	Converse 1,334,163 shares convertible bond	None	Approved by the Ministry of Economic Affairs, December 27, 2016 Shou-Shang No. 10501297620.
2017/05	10	70,000	700,000	56,462	564,616	Converse 2,030,276 shares convertible bond	None	Approved by the Ministry of Economic Affairs, May 24, 2017 Shou-Shang No. 10601065660.
2017/12	10	70,000	700,000	61,684	616,839	Converse 5,222,369 shares convertible bond	None	Approved by the Ministry of Economic Affairs, December 6, 2017 Shou-Shang No. 10601162800.
2018/04	10	70,000	700,000	66,999	669,989	Converse 5,314,957 shares convertible bond	None	Approved by the Ministry of Economic Affairs, April 2, 2018 Shou-Shang No. 10701035200.
2018/08	10	70,000	700,000	67,267	672,666	Converse 267,716 shares convertible bond	None	Approved by the Ministry of Economic Affairs, August 24, 2018 Shou-Shang No. 10701109650.
2019/04	10	70,000	700,000	69,787	697,869	Converse 2,520,313 shares convertible bond	None	Approved by the Ministry of Economic Affairs, April 15, 2019 Shou-Shang No. 10801043050.
2022/04/02	10	150,000	1,500,000	70,167	701,669	Converse 379,994 shares convertible bond	None	As of the date of publication, the registration of changes has not been completed.

April 2, 2022 Unit: Shares

Types of shares	Authorized capital stock			Note
	Outstanding shares	Unissued shares	Total	
Common stock	70,166,919(Note 1)	79,833,081	150,000,000	Listed Company

Note 1: As of the date of publication, there is 379,994 shares has not completed the registration of changes.

Information about shelf registration system: None.

B. Shareholder structure

April 2, 2022

Composition of Shareholders / Amount	Government institutions	Financial organization	Other Corporate shareholders	Individuals	Foreign Institutions and overseas investors	Treasury stock	Total
Number of persons	-	1	151	16,993	29	1	17,175
Number of shares in possession (thousand shares)	-	237,000	4,901,306	62,667,950	1,594,663	766,000	70,166,919
Shareholding rate (%)	-	0.34%	7.06%	89.31%	2.27%	1.02%	100%

C. Distribution of Stock shares

Par Value Per Share:NT 10 Dollars April 2, 2022 Unit: Shares

Class of Shareholding	Number of Shareholders	Number of shares in possession	Shareholding ratio (%)
1~999	9,729	124,784	0.18%
1,000~5,000	6,112	11,966,630	17.06%
5,001~10,000	695	5,723,635	8.16%
10,001~15,000	173	2,260,014	3.22%
15,001~20,000	137	2,583,395	3.68%
20,001~30,000	111	2,920,835	4.16%
30,001~40,000	53	1,930,445	2.75%
40,001~50,000	38	1,800,006	2.57%
50,001~100,000	65	4,622,204	6.59%
100,001~200,000	20	2,927,788	4.17%
200,001~400,000	26	7,390,339	10.53%
400,001~600,000	6	2,825,568	4.03%
600,001~ 800,000	2	1,496,000	2.13%
800,001~1,000,000	0	0	0.00%
Above 1,000,001	8	21,595,276	30.77%
Total	17,175	70,166,919	100.00%

D. List of Major Shareholders (top 10 shareholding)

April 2, 2022 Unit: Shares

Shares / Name of Major Shareholders	Shareholding	Shareholding ratio (%)
CHEN, CHIEN-JUNG	6,106,739	8.70%
LIU, HSING-HAN	2,739,000	3.90%
CHEN, GUAN-HONG	2,500,477	3.56%
HSU, YA-CHUN	2,340,000	3.34%
CHEN LIN, XIU-FEN	2,254,244	3.21%
LI YUN INVESTMENT Co., Ltd. Representative：Lin, Rui-Ming	2,086,000	2.97%
CHEN YI-JUN	1,870,816	2.67%
SHENG CHENG CORP. Representative：Lin, Yuan-Feng	1,698,000	2.42%
Hong-Yu co., ltd. Representative: CHEN, CHUN-SHENG	730,000	1.04%
LIN, YU-HUA	516,405	0.74%

E. The stock price, net value, profit, earning, and relevant information in the most recent two years.

Unit: NT Dollars

<table>
<tr><th colspan="3">Item \ Year</th><th>2020</th><th>2021</th><th>In the current year up to April 29, 2022</th></tr>
<tr><td rowspan="3">Market price per share (note1)</td><td colspan="2">Highest</td><td>25.90</td><td>44.60</td><td>43.10</td></tr>
<tr><td colspan="2">Lowest</td><td>10.50</td><td>22.80</td><td>32.55</td></tr>
<tr><td colspan="2">Average</td><td>19.86</td><td>33.25</td><td>39.51</td></tr>
<tr><td rowspan="2">Net value per share (note2)</td><td colspan="2">Before distribution</td><td>15.36</td><td>17.30</td><td rowspan="12">As of the publication date of the annual report, the Q1 financial report 2022 has not been obtained.</td></tr>
<tr><td colspan="2">After distribution</td><td>13.88</td><td>15.12</td></tr>
<tr><td rowspan="2">EPS</td><td colspan="2">Weighted average number of shares (thousand shares)</td><td>69,259 thousand shares</td><td>69,021 thousand shares</td></tr>
<tr><td colspan="2">EPS（Note3）</td><td>2.01</td><td>2.86</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>1.5</td><td>2.2</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Earnings</td><td>-</td><td>-</td></tr>
<tr><td>Capital surplus</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividend（Note4）</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return analysis</td><td colspan="2">Price-earnings Ratio（Note5）</td><td>8.89</td><td>10.65</td></tr>
<tr><td colspan="2">Price-dividend Ratio（Note6）</td><td>11.91</td><td>13.85</td></tr>
<tr><td colspan="2">Cash dividend yield（Note7）</td><td>8.40%</td><td>7.22%</td></tr>
</table>

Note 1: Identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: This should be filled by using the shares already issued by fiscal year-end as a basis, and also by referencing the allocation that the Shareholders' Meeting has decided on for the subsequent fiscal year.

Note 3: If there are any retroactive adjustments needed due to the issuance of bonus shares, earnings per share before and after the adjustment should be listed.

Note 4: If the conditions of equity securities issuance allow unpaid dividends to be accumulated to the subsequent fiscal years in which there is profit, the company shall disclose the accumulated unpaid dividends respectively up to that fiscal year.

Note 5: Price-earnings Ratio=Average Closing Price per Share in current year / Earnings per Share.

Note 6: Price to dividend Ratio =Average Closing Price per Share in current year / Cash Dividend per Share.

Note 7: Cash dividend Yield=Cash Dividend per Share/Average closing price per share in current year.

F. Dividend policy and implementation status.

(a) Dividend policy and implementation status

The Company's article of incorporation stipulate that Company's net earnings should first be used to paying any income taxes and offset the prior years' deficits. 10% of the remaining balance is to be appropriated as legal reserve. However, it is not applicable if the statutory surplus reserve has reached our Group’s paid-up capital. Also based on the Company’s operational needs and regulatory requirements, provisions shall be made for special reserve. If there are still surplus, 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 part of the company’s distribution of dividends and bonuses or statutory surplus reserves and capital reserves is made in the form of cash, the board of directors is authorized to be present with more than two-thirds, and agreed by more than half of the directors. And the information will be report to the shareholders meeting.

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

(i) The conditions and timing

The Company is currently in the stage of active market development. In order to support the growth of the company, the distribution of dividends should consider the continuing operation 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.

(ii) 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.

(b) Allocation of dividend to be resolved by the Shareholders’ meeting in 2022:

The company's 2021 surplus distribution proposal was approved by the board of directors on March 8, 2022, proposed allotment of cash dividends to shareholders of $2.2 per share, and report to the shareholders meeting in accordance with the law

(c) Any predictable major change in the dividend policy should be illustrated: None.

G. Effect impact of shareholder meeting’s resolution for distributing stock grants on the company’s performance and the earnings per share: Not applicable

H. Remuneration paid to the employees, directors.

(a) The percentage or scope of employee and director compensation included in the company's articles of association:

The company shall distribute employees' compensation by 1% to 10% based on the current year's profit status; directors and supervisors based on the current year's profit status of no more than 5%. However, when company still has accumulated losses, it should be make up for it. The remuneration of employees shall be based on stocks or cash, and the objects issued to stocks or cash include employees of companies who meet certain conditions, and the conditions shall be authorized by the board of directors. The profit status in the first item referred to the pre-tax profit for the current year after deducting the distribution of employee compensation and director compensation.

The distribution of employee remuneration and directors' remuneration shall be implemented by the board of directors with a resolution of more than two-thirds of the directors attending and more than half of the directors agree, and report to the shareholders' meeting.

(b) Accounting treatment when accrual allocated amount differs from the estimated amount of remuneration for employees, directors of the year, and the stock compensation for employees:
 (i) The estimate of the remuneration of employees and directors is based on the estimates within the scope of the company's articles of association.
 (ii) Stocks distribution amount based on employee compensation for calculation basis: Not applicable.
 (iii) When the actual amount of distribution and estimate amount differs from the result by the shareholders' meeting, it will be changed according to the accounting estimate and adjusted in the shareholders' meeting.

(c) The remuneration proposal adopted by the Board of Directors' meeting:
 (i) Employee compensation and director's compensation distributed in cash or stocks:
 The employees and directors' remuneration distribution plan of 2021 was approved by the board of directors on March 8, 2022. It is proposed to set aside 1% for directors' compensation of NT$2,340,849 and 2% for employee compensation of NT$4,681,698 in cash. The amount is the same as the estimate of the 2021.
 (ii) The proportion of stock remuneration for employees in the total amount of net income after tax and employee remuneration: Not applicable.

(d) The actual condition of distributing remuneration for employees, directors, and supervisors in the previous year (including number of shares, denomination, and price per share), the difference from registered amount of remuneration for employees, directors, and supervisors, the reasons, and follow-ups:
In 2021, the board of directors approved the 2020 employee cash compensation for NT$ 2,977,105 and NT$ 1,488,553 thousand for directors. There is no difference between the actual distribution amount and the recognized amount.

I. Share Repurchase: :

Numbering of repurchase	The 6th
Purpose of repurchase	Transfer of shares to employees
Repurchased share type	Common stock
Amount limit of repurchase	NT$184,884,150
Buyback period	From March 25, 2020 to May 24, 2020
Estimated price range of buyback	NT$10 to NT$23.5
Estimated quantity to buyback	1,500,000 shares
Price range of buyback	NT$12.7 to NT$17.45
Repurchased share type and amount	Common stock of 766,000 shares
Repurchased share value	NT$11,773,175
The ratio of the actual repurchased to the estimated to repurchase (%)	51.07%

(1) Outstanding Corporate Bonds:

Type of Corporate Bonds (Note 2)		Sixth Domestic Secured Convertible Bonds (Note 5)
Issued date		September 30, 2021
Denomination		NT$100 thousand
Issued and transaction location		Not Applicable
Issued price		issued at 110.95% of par value
Total issuance		NT$300,000 thousand; Total raised amount: NT$332,852 thousand
Interest rate		0%
Issued period:		5 years, expired date will be at September 30, 2026
Guarantee agency		First Commercial Bank
Trustee		Department of Trusts, Hua Nan Commercial Bank, Ltd.
Underwriting agency		First Securities Inc. Grand Fortune Securities Co., Ltd. Taishin Securities Co., Ltd. Hua Nan Securities Co., Ltd.
Certified Attorney		Ding He Law Firm, Attorney KE, YUAN-PO
Certified Accountant		KPMG Accounting Firm, Accountant YANG, PO-JEN & CHEN, KUO-TSUNG
Repayment at maturity		Except the convertible bonds that have been redeemed, sold back, converted or purchased and cancelled, interest compensation will be added as bond's nominal value at maturity which will be repaid in lump sum.
Outstanding Capital		NT$300,000 thousand
Terms of redemption or advance settlement		Please refer to the prospectus of the company's issuance of the Sixth Domestic Secured Convertible Bonds.
Restrictions (Note 4)		Please refer to the prospectus of the company's issuance of the Sixth Domestic Secured Convertible Bonds.
Name of credit rating agency, rating date & result		Not Applicable
Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities that have been converted (exchange or subscribed) as of the date of publication of the annual report.	NT$11,400 thousand was converted.
	Issuance and conversion (exchange or subscription) approach	Please refer to the prospectus of the company's issuance of the Sixth Domestic Secured Convertible Bonds.
Issuance, conversion, exchange or share subscription method and issuance conditions that may dilute the equity and impact on existing shareholders' rights and interests		Please refer to the prospectus of the company's issuance of the Sixth Domestic Secured Convertible Bonds.
The name of custodian institution for the exchange target		None

Note 1: The corporate bonds include public offering and private placement of corporate bonds that are in process. Publicly offered corporate bonds in process refer to those that have been valid (approved) by the Association; privately offered corporate bonds in process refer to those that have been approved by the board of directors.
Note 2: The number of column is adjusted according to the actual number of transactions.
Note 3: Fill in for the overseas corporate bonds.
Note 4: Such as restrictions on the distribution of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets, etc.
Note 5: For private placements, it should be marked in a prominent way.
Note 6: If it belongs to convertible bonds, exchangeable bonds, declaration accompanying corporate bonds or corporate bonds with warrants; it should be disclosed in tabular format according to its nature first, then the information of convertible bonds, exchangeable bonds, declaration accompanying corporate bonds or corporate bonds with warrants.

(2) Information of Convertible Bonds:

Type of Corporate Bonds		Sixth Domestic Secured Convertible Bonds	
Item \ Year		2021	In the current year up to April 29, 2022
Market price	Highest	147.50	142.00
	Lowest	111.60	123.50
	Average	116.97	131.95
Conversion price		30	30
Issuance (transaction) date and conversion price at the time of issuance		The conversion price was NT$30.0 at the time of issuance on September 30, 2021	
Method of fulfilling conversion obligations		Issuing new shares	

(3) Issuance of Preferred Shares:

None.

(4) Issuance of Global Depository Receipts (GDR):

None.

(5) Issuance of employee stock warrants:

None.

(6) Employee Restricted Stock Awards:

None.

(7) Status of New Shares Issuance in Connection with Mergers and Acquisitions:

None.

(8) Financing plans and implementation：

None.

5. Company Overview

(1) Business Activities

A. Business Scope

A. Main Business

(a) Design, manufacturing and sales of brushless DC cooling/ventilation fans.
(b) Design, manufacturing and sales of heat sinks and thermal modules.
(c) Design, manufacturing and sales of living technology systems.
(d)Including commercial systems such as: ice wine machine, industrial refrigeration equipment and household equipment such as: RO drinking machine, water machine, air purifier, dehumidifier and other small appliances.

B. The ratio of mainly business in 2021

Units: NT$ thousands

Category	Sales	Ratio (%)
Cooling fan	2,630,961	66.88
Air series	443,700	11.28
Water series	236,052	6.00
Heat sink and thermal module	531,045	13.50
Others	92,023	2.34
Totals	3,933,781	100.00

C. The current products (service) and planned new products (service) projects:

I. The current products (service)

a. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules are applied as follows:

(i) Automotive electronics: central control system, ventilated seats, power control, various types of sensors
(ii) High-end computing: high-end gaming systems, industrial computers, data centers, cloud and communication systems
(iii) Industrial equipment: medical, green power, lighting... etc.

b. Living technology system:

(i) Brand business: smart RO drinking machine, Water generator, drinking machine, air purifier, dehumidifier
(ii) OEM business: smart vertical fans, air purifiers, dehumidifiers
(iii)Commercial system: ice wine machine, industrial refrigeration equipment

II. The planned new products (service)

a. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules are applied as follows:

(i) Car body electronic heat dissipation and ventilation
(ii) Low noise, vibration reduction, high performance cooling fan

b. Living technology system:

(i)Brand business: smart RO drinking machine & water generator, smart home applications.

(ii)Foundry business: a new generation of smart air purifiers and dehumidifiers.

(iii)Commercial system: industrial refrigeration equipment.

B. Industry Overview

(a) Industry situation and development

I. Electronics Cooling Divison

a. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules

Target markets of ventilation and heat dissipation components products are automotive electronics, high-end computing, industrial equipment and others. With the revolution of vehicle platforms, the IoT and the emergence of huge data markets, the demand for heat dissipation and ventilation of target market will continue to grow, so does highly customized support services and products, and high weatherability and reliability requirement. Relatively, the competition between cooling fan factories will become more intense, the integration of products and market front-end applications and global service capabilities will be the most important direction and goal in the future.

b. Living technology system

In the future, the smart living technology products will definitely become a trend; on the other hand, global warming, the quality of natural resources such as air and water is declining. The developed economies are paying more attention to the needs of health, quality of life and convenience. The company will combine these three development trends to adjust living technology products and commercial systems for water purification, air quality, energy saving and environmental protection in stages.

II. The relevance among the industry's upper, middle and downstream

The company's main product include: DC brushless cooling and ventilation fans, heat sinks and thermal modules, RO drinking machines for household living systems, water purifier machines, air purifiers, dehumidifiers. And ice wine machines for commercial systems, industrial use Refrigeration equipment.

The main sources of raw materials are plastic, silicone, steel, aluminum, copper, wires, terminals, enameled copper wires, bearings, PCB boards, and electronic parts; the upstream industries covered are the plastics industry, the steel industry, and the metal processing industry, semiconductor industry, electronic components industry, motor and compressor industry and LCD display industry. Summary of the relevance of the upper, middle and downstream of the different industry as follows:

(a) DC brushless cooling and ventilation fans

Upstream	Engineering plastics, silicon steel, cold rolled steel plate, copper, magnet, semiconductor, packaging paper
Midstream	Plastic molding and molds, stamping molding, silicon steel sheets, metal processing (including motor housings and shafts), permanent magnets, bearings including powder metallurgy and balls, wire and terminal group processing, enameled copper wires, electronic components, control substrates and PCBA, Packaging cartons and color boxes
The company	Fan blade, outer frame, motor, other processing, finished product
Downstream	Automotive electronics, high-end computing, industrial equipment, green energy and power electronic equipment, other systems

(b) Heat sinks and thermal modules

Upstream	Engineering plastics, copper, aluminum, cold-rolled steel plates, packaging paper, machine tools
Midstream	Plastic molding and molds, stamping molding, extrusion molding, heat conduction pipes, heat conduction materials, metal fasteners, nameplates, packaging paper, surface treatment including anode and electroplating
The company	CNC and automatic machining, semi-finished heat sink, finishing, heat pipe, heat sink and heat dissipation module finished product
Downstream	Automotive electronics, high-end computing, industrial equipment, green energy and power electronic equipment, other systems

(c) Household living systems & Commercial system

Upstream	Engineering plastics, silicon steel, cold-rolled steel plates, copper, magnets, semiconductors, display panels, packaging paper, meltblown non-woven fabrics, activated carbon
Midstream	Plastic molding and molds, stamping molding, metal processing including racks and storage buckets, bearings including powder metallurgy and balls, condensers and evaporators, copper pipes, wire and terminal group processing, enameled copper wires, motors, cooling fans, compression Machines, water pumps, electronic components, LCD modules, control and drive assembly PCBA, power supply substrates, metal fasteners, nameplates, packaging paper, surface treatment including powder and electroplating, food-grade silicone tubes, air filters, water filters.
The company	Smart vertical fan system, dehumidifier, water generator, air purifier, water purification system
Downstream	Foundry business: international brand customers Brand business: Consumers, include huge amount channels, distribution and new media Commercial systems: industrial systems, food service systems, medical air purification and water purification systems

III. Trend of product development

a. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules

The information electronics market has been fully developed due to the changes of the global economy and industry. With the enormous progress of information computing and network technology, the technology and service platforms provided by industries such as Cloud and Netcom, Automobiles, and Power supplies continue to innovate and develop. The demand of cooling fans and modules that fulfilled high-performance, high-environmental-resistance, and fast reacting to customer design and manufacturing needs have been continuously increasing.

(a) High-end computing
With the trend of huge data analysis, Internet of Things, and mobile computing, the demand for high-efficiency, long-life, and reliable cooling fans continues to increase. Applications include high-end servers/industrial computers, data centers, communications exchanges, and outdoor devices. Fan performance, stable reliability and life specifications continue to be improved; therefore, the product design and module development are required to be constantly updated to meet the needs of the industry.

(b) Automotive electronics industry
The automotive electronics industry is based on the high complexity of safety and the use environment, so its quality requirements are particularly high comparing with the general industry. Especially driven by the future development directions such as advanced driving assistance systems, Internet of Vehicles, new energy vehicles and unmanned driving, it will lead the automotive industry into the next generation of technology applications and become more and more in line with human nature. Therefore, the proportion of electronic components in vehicles is relatively increased. And the needs of the solutions for heat dissipation have been becoming more and more frequent. The demand for intelligent fans will lead the trend.

(c) Electric Power Industry
Electricity and power supply are the basic technologies for the sustainable development of the industry. With the continuous development of the green energy, the technology of power conversion and intelligent management has been developing rapidly. Applications include: photovoltaic/wind power inverters, converters, and high-efficiency power modules, inverter and charging station applied to intelligent manufacturing, automotive, and cloud & telecommunications industries. The demand for high-performance, high-reliability, energy-saving and noise-reducing cooling fans and modules has been continuously increasing.

b. Living technology system
In the development of the life technology system, the company is deploying in three directions: (1) In terms of its private brand, with "quality water purification life" as the core, it actively develops RO drinking machine & water generator with the nature of "purification, convenience, and good life" to improve the product and market value. (2) In the foundry business, the

integration of core technologies is used to enhance the value of cooperative products and transform them into the main business axis. On this main axis, in addition to the well-known Japanese brands that have deepened the cooperation for many years, it also self-expands the cooperation customers and projects of the international life technology commercial system. (3) Implement M2C strategy and expand cooperation energy between new media and international marketing. On the existing basis, directly promote YS Tech's brand image, technology and products to consumers around the world.

IV. Market competition

a. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules

The company's main business focused in automotive electronics, high-end computing, industrial equipment and others. Although we are facing the technical competition of the first- and second-tier competitors in Asia, the company has flexible integrated technical support and service strategies, which provides customers customized RD products, and Total Thermal Solutions analysis, testing and countermeasures support services to the customer’s R&D teams worldwide, hence gaining a competitive advantage. The main competitors are SANYODENKI, NIDEC, NMB, EBM in Europe and Japan, and the domestic competitor, DELTA, in Taiwan. However, the company has built up a stable scale and foundation in the European automotive industry and high-end computing industry. In addition to the advantages of flexible services, the company aims for the great expanding in the US, Japanese and Chinese markets through the global supply chain effect of customers.

b. Living technology system

There are many domestic brands in the field of water purification. The company is the only one that based on the existing basis of well-known brands in water purification market, continues to combine advanced technologies such as RO, hollow fiber membrane, ultrafiltration and smart control to launch a series of drinking machine products that adopt differentiated strategy to compete with competitors such as INNOTRIO. Company has also integrated core technologies including “" hydrodynamic ", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat exchange technology" and "IoT and BLDC smart motor control technology", with a strong product ID industrial and aesthetic design team and MIT advantages, in the foundry business, it actively enhances the value of cooperative products with international brand customers and transforms it into the main business axis.

C. Overview of Technology and R&D

The company's core technology areas cover "hydrodynamic", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat exchange technology" and "IoT and BLDC smart motor control technology". In recent years, the company has integrated core technologies in various fields, and focusing on research and development in 5 major markets: automotive electronics, high-end computing, industrial equipment, high-quality water purification, and commercial

living technology systems. The specific results are as follows:
In automotive electronics, high-end computing and industrial equipment, DC brushless cooling fans are particularly focused on high performance, high reliability and high electromagnetic compatibility. The company has conducted in-depth research in the direction of vibration reduction, noise reduction and smart control technology, and has specifically developed and successfully mass-produced "noise reduction/vibration reduction asymmetric dynamic and static impellers", "mechanical active noise suppression", "vibration reduction fan", "vibration reduction composite overlapping high-performance fan", "LIN/CAM controlled smart cooling fan" and "low electromagnetic interfere control cooling fan". At the same time, the company also has patents in major economic regions around the world to enhance the competition threshold. Internally, we have successfully developed a smart automated process that meets the flexible production pattern to improve the quality and enhance the soft power of competition by improving the basic operations and technology.

In the application of living technology products, special emphasis is placed on the research, development and integration of energy efficiency, system ID, water and air quality filtration, heating and cooling, liquid volume control, smart interface and IoT control. In the development of private brand business, the company integrates the existing drinking machine market and products with smart interfaces such as water filtration, heating and cooling, and liquid volume control; by new ID, to innovatively launch a series of RO drinking machine systems and water purifier machine products that meet energy efficiency standards and have the properties of "purification, convenience, and good life". In ODM/OEM business, the company has integrated system ID and air quality technologies such as filtration, smart interface and IOT control to develop high-end air filtration equipment for Japanese customers, and also actively integrate water and air quality filtration, heating and cooling, liquid volume control, smart interface and IOT control to develop commercial equipment for international commercial system customers. Under the continuous development and active integration of core technologies, the company's living technology business is actively adjusting to the direction of high prices and high added value, with a view of laying a good foundation for global competition

Expenses on research and development over the past 2 years until the printing date of the annual report:

Units: NTD $ thousands

Year / Item	2020	2021	January to March, 2022
Research and development expenses	128,659	139,860	40,281
Operating Revenue	3,332,286	3,933,781	940,467
R&D expenses / Operating Revenue (%)	3.86%	3.56%	4.28%

D. Short-term and Long-term marketing development plan

1. Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules
   a. Short term plan
      (a) Continue to develop the new project for target market.
      (b) Expand and increase the productivity of the automotive oriented production line
      (c) Expand the customer group of non- information electronic industry

(d) Continue to develop the planning and the cooperation with the sales agent in the West china and the North china.
(e) Setting the distribution and the agents around the worldwide to facilitate the expansion of the marketing channels.
(f) Setting the distribution and the agents around the worldwide for the foreign business.

b. Long term plan
(a) Apply the new technology to production.
(b) Develop the strategy cooperation partner.
(c) Develop the energy- saving and cooling technology.

2. Living technology system
Integrate core technologies including “hydrodynamic", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat exchange technology" and "IoT and BLDC smart motor control technology", and strong product ID industrial and aesthetic design team. In short-term, will focused on smart RO water purifier develop and produce. In the foundry business obtaining MIT advantages, by core technologies to expand global living technology system and international brand customers and enhances the value of cooperative products and transforms as the main business axis.

(2) Market, Production, and Sales

A. market analysis
1. Sales area of main products

Units: NTD $ thousands

Area \ Year		2019		2020		2021	
		Amount	%	Amount	%	Amount	%
Domestic		1,399,754	46.88	1,761,149	52.85	2,093,614	53.22
Export	Asia	402,990	13.49	454,660	13.64	525,596	13.36
	America	206,410	6.91	179,900	5.40	169,781	4.32
	Europe	790,077	26.46	754,386	22.64	911,671	23.18
	Other	186,848	6.26	182,191	5.47	233,119	5.92
	Subtotal	1,586,325	53.12	1,571,137	47.15	1,840,167	46.78
Total		2,986,079	100.00	3,332,286	100.00	3,933,781	100.00

2. The supply and demand status and growth of the market in future

(1) Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules

A. Supply and demand
Although the application of the cooling fan has been more than half a century, the application scope covers almost all industries and result in the highly development of the cooling fan and the module industry, and there have been more than hundred large and small cooling fan factories. However, due to the technology bottlenecks and the global economy influence, the market becomes matures, and the demand for the cooling fan becomes stable and concentrated. Under this trend, the cooling fan

company is under the pressure of survival of the fittest. Those electronic cooling solution factories which are survived now have the ability to integrate the fan and module, the research development, and the service ability worldwide.

B. The future growth chance

Recently, there are two extremes development of the information product: large high-performance computing and ultra-thin portable information products still have the room to grow. Only the factories stand for the competitive roles which have the RD capabilities and the patent right. Besides, the demand for the cooling fan has been fluctuating with economy of the world for decades. In the past decade, due to the rapid growing of the information industry, the demand for the cooling fan increases rapidly. Although the demand of the fan in Taiwan is no longer increase rapidly. Overall, the demand of the cooling fan for global market is back to the steady growing situation. On the demand and supply side, over the past decade, the number of the cooling fan factory is growing, and it will force the integration among the fan factories to the balance level. The Electronics Cooling Division of the company have developed the complete production line and the standard of the quality control, moreover, the company has gained the approval of the TS16949 certified and the OHAS18000 certified. And catch the eyes of industry because of the level of production quality improved. The brand of 「Y.S.TECH」 have sales all over the world. Compare to the same type of manufactory, company has focus on the niche market.

However, whether it is the growth opportunity brought by the supply or demand side, the supply chain disorder caused by the epidemic, war and trade barriers has caused obvious inflation and supply chain imbalance. Such exogenous variables constraining future growth will have fairly specific and unpredictable effects.

(2) Living technology system

A. Supply and demand

In order to bring the life experience of “safety, quality and hygiene” to the customers, the smart home appliance will become a trend in the future. In response to the air and water pollution, the health-related home appliance will be more popular in the market. The health, environmental protection and energy-saving household appliances are expected to contribution to the earth.

B. The future growth chance

In the future, we will focus on the high-tech appliances with high added value. To achieve the smart home internet connection will make life more convenient.

3.Niche of competitive

a. Brand image and popularity

Company promotes its own brand “Y.S.Tech” and is well-known as ventilation and cooling manufacture in global automotive electronic and high-end industrial markets. In Home Appliance, the excellent product performance, good quality and service are aiming Y.S Tech become leader manufacture in domestic air purifiers, dehumidifiers and water purification equipment and being the important partner of major international manufactures.

b. Strong R&D Team.

By core technologies including “hydrodynamic", "thermodynamic analysis and heat dissipation solutions", "psychoacoustics and vibration analysis", "environmental purification and comfort", "phase change heat exchange technology" and "IoT and BLDC smart motor control technology", and strong product ID industrial and aesthetic design team, company innovates and develops continually. In forward-looking research, project development and wisdom manufacturing technology, the strong R&D team innovates and develops continually, focus on improving quality and efficiency in production, the company’s strong competitiveness foundation are owed to hundreds of global patents.

c. Standing in European, United States market and expanding China automotive electronics market.

The company is approaching automotive market for years and being European automotive supplier, after several years’ cooperation, the product quality and performance are highly recognized by customer and become BMW and Daimler’s Tier 1 supplier. In addition, seeing strong demands in China automotive market, YS Tech penetrate China’s first tier automotive supply chain successfully with our impressive technology supporting and product to keep expand our market.

d. Product quality meets international standard.

In sustainable operation and development, the company has strictly required the certification of IATF16949, ISO9001, ISO14001, and ISO45001 by German TUV Rheinland for years, not only make sure quality, environmental protection, occupational safety and health, information security management is in line with international quality and social responsibility requirements, also committed to legal compliance in corporate governance and internal control management systems, and continuous improvement in investor relationship management, so as to lay a stable operating foundation in the process of sustainable development of the company.

4. Advantage, Disadvantage, and countermeasure of development prospect

I. Advantage

A. Strong R&D team and differentiated core technology

The company increase resources and manpower in research and development, constantly develops new products and expands new functions onto old products, by innovate and develop patented products to meet market needs. In addition to having a strong R&D team, the company can develop specifications that meet customer needs, and quickly respond to market changes, creating products with high added value and high margins. Therefore, high-quality products and strong R&D team have become favorable factors for the company's market competition.

B. Tier 1 supplier in the high-end automotive market

The company enters the Europe and America high-end automotive electronics market under the brand "Y.S. TECH". In addition to continuing develop the cooling fan and module requirements for future new cars with major manufacturers in the automotive supply chain, based on this basis the company can further enter China's high-end automobiles market and also prepares for the future demand for electronic devices in the global electric vehicle market. In addition, with the first-level supply chain management model of global automakers, Y.S. Tech has established a competitive position in high-quality products and technical services in the global competitive market.

C. Good quality and keep innovate

The company adheres to the business philosophy of "zero defects in quality, maximum the efficiency, and always be innovation. " Makes customer satisfy and maintains a good cooperative relationship with upstream suppliers and downstream customers. Product development, process management and customer service quality of the whole group are certified by TUV Rheinland. The certification includes IATF16949, ISO9001, ISO14001, ISO45001. The company will continuously improve and innovate, in response to the changes in the global market and customer needs, and provides benefits for future market expansion and potential business opportunities.

D. The high-quality manufacturing service model of Taiwan and the division of labor with China.

The company's main manufacturing bases are distributed between Taiwan and China and continue to expand investment. Through the long-term planning of the manufacturing base, strategically formed the cooperation advantages of manufacturing and supply chain on the two sides. Which can effectively respond to changes in demand brought by the global economic environment, and provide customers with continuously competitive services. In addition, in the field of living technology systems, the manufacturing advantage of made in Taiwan not only forms a competitive advantage for the needs of the domestic market but also directly provides differentiated manufacturing services for foundry customers of international living technology systems.

E. Sound corporate governance and operation

Based on the competition in the global environment, the transparency and robustness of the company's operating information is an important cornerstone for establishing strategies and long-term cooperation with customers. The company is a publicly owned corporation in Taiwan, with its performance growing year by year, financial stability, and more emphasis on corporate governance and sustainable operations. Related business data, like large international clients and credit rating agencies such as Dun & Bradstreet Corporation, D&B, can be obtained through government websites or the database of credit rating agencies, and are updated and checked every year. It has established a good foundation of trust for the company's cooperation with international manufacturers.

II. Disadvantages and countermeasures

A. The COVID-19, Ukrainian-Russian War, trade sanction has caused imbalances in global production, sales, and supply chains

Due to the impact of the COVID-19 epidemic, the Ukrainian-Russian war and trade sanctions, it caused global production and sales imbalances, rising raw material costs and shortages of transportation resources, forcing enterprises to irrationally rush for goods. Risks of lack of materials and costs rising have increased.

B. Labor imbalance and Inflation

As major economies have improved their grasp of the COVID-19 epidemic and launched vaccines; major economies have adopted both epidemic prevention and economic policies, as well as the inflation problem caused by the aforementioned factors, resulting in labor shortages and labor costs rising.

C. Countermeasures:

(a) Shortage of IC, raw materials and rising costs
The company focuses on customized products, and long-term delivery orders will be provided in cooperation with suppliers. In addition, the problem of global supply chain imbalance and inflation has become a global general economic phenomenon. Therefore, the company communicates and negotiates with customers, by reaching a consensus on price adjustment or model conversion to respond. In terms of material shortage, although it will cause a certain degree of inventory increase, the short-term shortage of raw materials has a limited impact on operations. In the case of a shortage of raw materials, the company also has a relative priority to obtain the required materials. In terms of plastic raw material management, the company implements a dual-track system of unified purchase and supplier purchase to reduce the risk of changes in the cost of plastic raw materials.

(b) Labor shortage and rising costs
The automation of the company's factory has been greatly improved, and continually invest and enhance automated manufacturing capabilities to balance the problem of labor shortage.

B. Usage and production of main products

I. Usage of main products

(1) Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules
The company provides all kinds of ventilation and thermal dissipation solutions. such as brushless DC cooling/ventilation fans, and thermal modules. The main supply of automotive information platforms, comfort and performance platforms; high-end industrial and power electronic equipment; high-end computing, information and Netcom, cloud computing, servers, storage; office equipment; household appliances; medical equipment; measuring instruments; other industrial equipment and other consumer products.

(2) Living technology

(i) Air Purifier
  (1) Clean: 3 in 1 photocatalyst filter, UV lamp, deodorization box, HEPA filter, activated carbon filter, pre-filter; all kinds of products.
  (2) Quiet design.
  (3) Power saving design.

(ii) Water Dispenser
  (1) The innovated steam water supply patented design makes the water completed boiled. It is qualified by the Consumer Council and BSMI to ensure healthy.
  (2) Microcomputer intelligent dual water level detection can automatically supply hot and warm water, which provide you with the most convenient drinking water at any time.
  (3) How much water is dispensing, how much to make up, that is keeping the water full to save power.
  (4) The case is made of fireproof material, and the power is automatically cut off when dry boiling, which is safe and guard.
  (5) Numbers of patented designs such as: raw water pre-heating power saving function, water empty sound and light warning, water cooling system, purification element, filter replacement, re-boiling dichlorination device etc.
  (6) Energy saving certification

(iii) Smart RO Water Purifier & Water generator
  (1) Combined with water filter material, air filter material, water molecule condensation module, IOT intelligent control module.
  (2) The hot tank uses advanced material.
  (3) Insulation material adopts UL fire protection standard.
  (4) Re-boiling function. Hot water could reach up to 100℃.
  (5) LED display water temperature.

(iv) Non-installation Hot and Warm Water Purifier
  (1) TDS display of water quality.
  (2) SUS304 hot and warm water tank.
  (3) 4 steps filtration system.
  (4) Detachable raw water tank is easy for taking water and cleaning purpose.

(v) Dehumidifier
  (1) Slim design to save space.
  (2) Rotary compressor: power saving, low noise and high dehumidification efficiency.
  (3) Daily dehumidification capacity is 14L~32L.
  (4) Power saving design.
  (5) High/Low speed + air cleaning + auto defrosting device.

(vi) Ambient Air Water Generator
  (1) Large water tank storage to 42L (upper tank 27L, lower tank 15L).
  (2) Daily water production up to 37L.
  (3) Whole machine with stainless steel structure (all tanks are made of

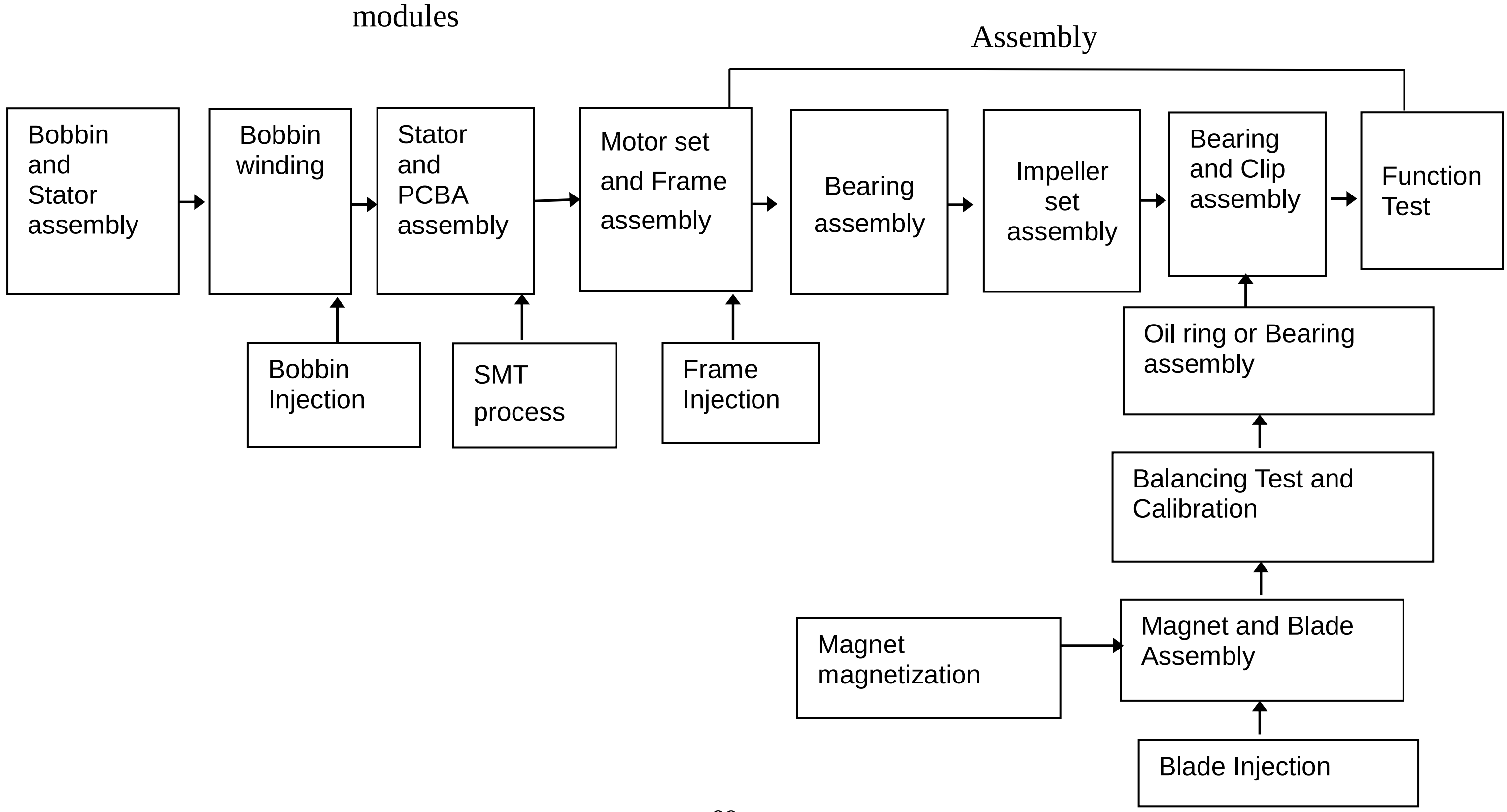
stainless steel 304).
(4) 4 steps filtration system.
(5) Use Philips UV lamp for sterilization (sterilization rate is more than 99.9%, lamp life is 8000 hrs.)
(6) Non-pollution air filtration system.
(7) It is a large-capacity water production and high-efficiency air purification equipment.

(vii) Hot and Cold Air Water Generator
(1) Large water tank storage to 42L (upper tank 27L, lower tank 15L).
(2) Daily water production up to 37L.
(3) Whole machine with stainless steel structure (all tanks are made of stainless steel 304).
(4) 4 steps filtration system.
(5) Use Philips UV lamp for sterilization (sterilization rate is more than 99.9%, lamp life is 8000 hrs)
(6) Non-pollution air filtration system.
(7) Hot and Cold-water dispensing.
(8) It is a large-capacity water production and high-efficiency air purification equipment.

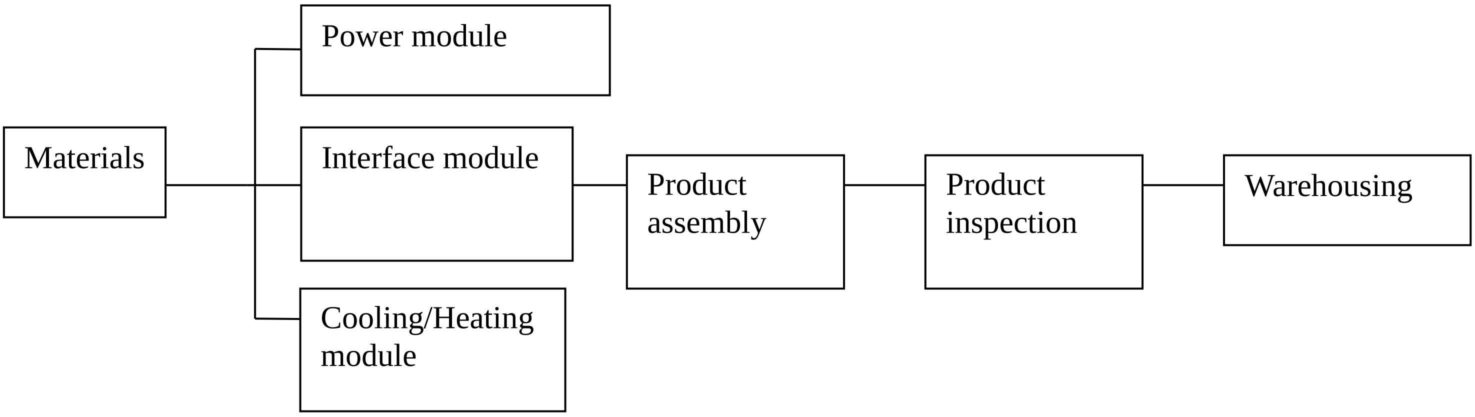
(vii) Liquor Chiller
(1) High-efficiency freezing system to cool liquid rapidly
(2) Patented liquor supply device
(3) Patented stopper device
(4) Fully surrounded heat exchange patented design makes great freezing effect.

II. The production process of main products

(1) Brushless DC heat dissipation and ventilation fans, heat sinks, and thermal modules



(2) Living technology



C. Supply of the important materials

The company's main raw materials are electronic materials, metal materials, plastic materials, etc.

The supply has not changed much in the past three years. There are a number of raw material suppliers worked closely with company for a long time and have stable supply sources.

Major Material	Main suppliers (Domestic)	Main suppliers (Export)	Condition of supply
Bearing assembly	EP0111	—	Stable
compressor	HPE066	HPE054	Stable
IC	EP0028	EP0131	Stable
Printed circuit board	EP0011	DP0032	Stable
Blade、Frame	EP0144	DP0004	Stable

D. Major Suppliers/Customers List Accounting in recent 2 years

(a) Sales

Units: NT$ thousands; %

	2020				2021			
Item	Name	Amount	% of Total Sales	Relation with issuer	Name	Amount	% of Total Sales	Relation with issuer
1	EF0100	753,085	22.60	—	EF0100	909,901	23.13	—
2	EF0005	585,069	17.56	—	EF0005	740,752	18.83	—
	Others	1,994,132	59.84	—	Others	2,283,127	58.04	—
	Net sales	3,332,286	100.00	—	Net sales	3,933,781	100.00	—

Explanation of increase or decrease: The net sales of 2021 increased compared with 2020, the major customers in the recent 2 years changed bearly.

(b) Purchase

The company’s main supplier changed in the last two years due to changes in product structure. The product structure fluctuates due to orders placed by customers in different industries, resulting in different main suppliers in recent 2 years. In addition, there is no purchase which is more than 10% from a single supplier.

E. Production value in the most recent two years

Units: NT$ thousands; thousand unit

Main Products \ Year		2020			2021		
		Production capacity	Quantity	Value	Production capacity	Quantity	Value
Electronics Cooling Divison	Cooling fan	20,000	19,322	1,760,409	27,600	21,860	2,245,644
	Heat sink and thermal module	2,400	8,067	334,728	9,000	8,804	420,378
	Subtotal	22,400	27,389	2,095,136	36,600	30,663	2,666,022
Home Appliances Division	Air series	400	280	349,375	400	260	384,208
	Water series		104	201,530		88	207,669
	Others		24	24,891		20	24,320
	Subtotal	400	407	575,796	400	369	616,197
Total		22,800	27,797	2,670,932	37,000	31,032	3,282,219

F. Sales value in the most recent two years

Units: NT$ thousands; thousand unit

Main Products \ Year		2020				2021			
		Domestic		Export		Domestic		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Electronics Cooling Divison	Cooling fan	4,697	412,819	14,190	1,769,277	5,791	562,913	15,365	2,068,048
	Heat sink and thermal module	14	1,612	7,915	435,128	15	2,794	8,353	528,251
	Others	-	21,180	-	5,761	-	36,142	-	3,766
	Subtotal	4,711	435,611	22,105	2,210,166	5,806	601,849	23,718	2,600,065
Home Appliances Division	Air series	275	361,776	21	46,161	288	392,677	20	51,023
	Water series	98	230,242	-	2	90	236,052	-	-
	Others	165	48,328	-	-	276	43,158	5	8,957
	Subtotal	538	640,346	21	46,163	654	671,887	25	59,980
Total		5,249	1,075,957	22,126	2,256,329	6,460	1,273,736	23,743	2,660,045

(3) Human Resources

Unit: Persons; %

Year		2020	2021	As of March 31,2022
Number of Employees	Direct Staff	620	521	645
	Indirect Staff	478	521	540
	Total	1,098	1,042	1,185
Average Age		34.58	35.56	34.80
Average Year of Service		4.65	4.49	3.87
Degree Distribution Ratio (%)	Ph.D.	0.18%	0.19%	0.17%
	Masters	2.55%	3.17%	2.78%
	College	26.32%	28.50%	25.32%
	Senior High School	37.98%	37.24%	33.59%
	Under Senior High School	32.97%	30.90%	38.14%

(4) Disbursements for environmental protection

A. In the most recent year and up to the date of publication of the annual report, the total amount of losses and punishments due to environmental pollution: None.

B. Future countermeasures and possible expenditures: None.

C. The company's products are directly or indirectly exported to Europe or related to the EU Environmental Protection Directive (RoHS) related specifications:

(a) The company's progress in response to the EU Environmental Protection Directive (RoHS) is 100%.

(b) New models of the company's main products need to pass the SGS test, obtain the laboratory certification and sign a non-use guarantee for environmentally related substances with upstream and downstream manufacturers. The current acquisition rate is 100%.

D. The company's main plant and produce equipment are located in Renwu Kaohsiung, Guantian Tainan, Hengli Town and Dongkeng Town of Dongguan Mainland China. Normally, environmental protection will be listed as important issue; if problems occurs, they will be improved immediately. And existing equipment will be inspect, in order to give employees and nearby residents a good working and living environment. In addition, the company's products are mostly assembled during the production process, so it will not produce pollution and waste.

(5) Labor relations

A. Remuneration **policy：**

With consideration of the market trend and the operational conditions, the Company has established the remuneration policy that is incentive to the employees and competitive in the industry.

(a) To develop and establish a remuneration policy that is fair, reasonable, and equal for each employee.

(b) To establish remuneration policy based on the condition of supply anddemand on the labor market.

(c) To “use” the talent appropriately and reach job objectives with their professional competence.

B. Employees’ welfare

The company established the "Employee Welfare Committee" to regularly organize various cultural and recreational activities and handle various welfare affairs.

The required welfare measures and implementation are as follows:

(a) All employees are required to participate in labor insurance and national health insurance.

(b) The company provides staff working suit and uniforms.

(c) Implement labor retirement measures.

(d) Employees are given leave in accordance with the Labor Law in case of marriage, funeral and so on that accroding.

(e) New Year bonus (Spring Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival) and irregular employee dinners, year-end party and spring feast.

(f) Birthday welfare products, etc.

(g) Set up friendly childcare environment measures for employees to breastfeed or breastfeeding milk collection rooms.

The above-mentioned welfare measures are currently in implemented witgh good condition. In the future, we will cooperate with laws, social conditions and changes of the company's operating conditions to make appropriate corrections.

C. Policy for training and professional development:

(a) Before the end of the year, according to the employee education and training methods, each department should propose the internal and external training courses for the department's personnel in the following year. HR department collects the company-wide information and training on time to improve the professional skills of staff in each department.

(b) Encourage employees to continue their on-the-job training in various colleges and universities, and according to their course give them flexibility to work time.

(c) The situation in which personnel related to financial information transparency obtain relevant certificates:

(i) Republic of China accountant license: 2 persons in the Operation Management Dep.

D. Pension system and practice

(a) The Company's pension system and guidelines for pension plans have been established according to Labor Standard Act (old version), and employees' pension is allocated to a designated account of Taiwan Bank. The amount of pension afforded by the employee is calculated according to the base number for service years and the average salary within 6 months before the retirement. Each employee gets two base points for working every one year for the first 15 years after entering. the Company and 1 base point for each, and forty-five is the maximal number.

(b) The Company adopted Labor Pension Act on July 1, 2005. The Defined Contributed Pension Plan (the new version) is adopted, and job tenure is traced back for service years before the above-mentioned provisions. The Monthly Contribution Wages Classification of Labor Pension is adopted, and 6% of the employee's monthly wage is allocated to the personal account for Bureau of Labor. The employee can allocate an additional amount within 6% of the monthly wage to the personal pension fund.

(c) Qualifications for Employee Retirement Applications:

(i) An employee of the Company who meets any one of the following conditions shall be subject to compulsory retirement:

(1) The employee is aged 65 or older.

(2) The employee is mentally or physically incapacitated such that he or she is unable to perform his or her work duties.

(ii) An employee of the Company who meets any one of the following conditions may apply for voluntary retirement:

(1) The employee has worked at the Company for 25 years or longe

(2) The employee has worked at the Company for 15 years or longer and is aged 55 or older.

E. Measures to protect employees' rights:

The company always adhered to the basic concepts of "integration of labor and management" and "coexistence and common prosperity". It has cultivated recognition and consensus on the continuation of company survival and long-term development, and appropriately explained the difficulties and problems faced by the company and expressed the company's position and decision ben made, so that employers and employees both can be treated fairly and establish a stable, harmonious relationship.

F. Describe any loss suffered by the company due to labor disputes in the most recent two fiscal years and in the current fiscal year up to the date of publication of the prospectus, and disclose an estimate for the amount of losses that have been incurred to date and may be incurred in the future, as well as response measures. If a reasonable estimate cannot be made, explain why not: None.

G. The company's employee service codes

The company has established complete regulations to regulate employees' code of conduct on work ethics, protection of business secrets, work order, etc., as follows:

(a) Work ethics

(i) Working rules: There are special regulation for preventing sexual harassment.

(ii) Measures for prevention and control of sexual harassment in the workplace: In accordance with relevant government laws and regulations, a dedicated person is responsible for and continues to publicize to take preventive, corrective and punitive measures for harassment incidents.

(b) Regarding business secrets

(i) Working rules: There are special regulation to regulate the maintenance of official secrets.

(ii) Employee confidentiality contract: every new entrant must sign.

(c) Workplace order

In the work rules, attendance, reward and punishment, performance and other relevant regulations are clearly stipulated.

(6) Information Security Management

A. Information security risk management frame, information security policy, specific management plans, and resources invested in information security management, etc.:

(a) Information security risk management frame

The company set up an "Information Security Implementation Committee" with general manager as the convener. The members include the members of the information room and supervisors of all first-level units. Meeting is held every six months to review information security management-related matters and report regularly to the Board of Directors.

(b) Information Security Policy

In order to strengthen information security management, the company ensures the confidentiality, integrity and availability of its information assets, provides the environment and structure required for the operation of the company's information; and complies with the requirements of relevant laws and regulations to protect it from internal and external Intentional or accidental threats. The formulated information security policy is approved by the general manager and evaluated every six months or re-evaluated when the organization has major changes. According to the evaluation results, appropriate revisions will be made as necessary.

(c) Specific management plans

(i) The company has passed the customer information security assessment requirements.

(ii) The company has formulated regulations on the management of personal data protection and related control operations regulations of computerized information systems.
(iii) The company has included the information security inspection as an audit item in the annual audit plan.
(iv) Effectively block spam mails & messages.
(v) Apply information security education, training and information security promotion for employees
(vi) In the future, it plans to hold information security social engineering drills from time to time.

(d) Invest resources in security management
The company's 2021 and 2022 estimated capital expenditure and maintenance costs for investment through safety management are about NT $1,500 thousand.

B. Information security incident handling and notification:
In the 2021 and as of the date of publication of the annual report, the Company had no financial loss, operational impact and countermeasures due to major information security incidents.

(7) Important Contracts

Types of contract	Involved parties	Starting date and expiration date of contract	Major content	Restrictions
Long-term loan	First Commercial Bank	2021.07.26~2034.07.26	Bank loan contracts for operational needs.	None
Mid-term loan	Bank of Taiwan	2021.04.12~2024.04.12	Bank loan contracts for operational needs.	None
Mid-term loan	Taiwan Cooperative Bank	2019.10.02~2024.10.02	Bank loan contracts for operational needs.	None

6. Overview of the company's financial status

(1) Condensed Balance Sheet and Statements of Comprehensive Income for the last 5 years

A. Presented in the format of International Financial Report Standard

(i) Simplified Parent-Company Only balance sheet—presented in the format of International Financial Report Standard

Units: NT$ thousands

Item \ Year		Financial Summary for the last five years (Note 1)					In the current year up to March 31, 2022
		2021	2020	2019	2018	2017	
Current Assets		1,490,272	1,336,779	1,338,602	1,272,918	1,033,434	N/A
Property, plant and equipment		557,191	552,748	548,418	538,190	377,610	
Intangible assets		5,053	2,867	3,393	4,217	7,032	
Other assets		292,063	253,864	106,891	98,172	204,328	
Total assets		2,598,443	2,146,258	1997,304	1,913,497	1,622,404	
Current liabilities	Before distribution	683,229	723,426	714,875	703,776	474,051	
	After distribution	(note 2)	826,957	714,875	703,776	514,397	
Non-current liabilities		707,682	350,783	338,300	340,999	277,651	
Total liabilities	Before distribution	1,390,911	1,074,209	1,053,175	1,044,775	751,702	
	After distribution	(note 2)	1,177,740	1,044,775	1,044,775	792,048	
Equity attributable to the parent company		1,207,532	1,072,049	944,129	868,722	870,702	
Capital stock		697,869	697,869	697,869	678,357	625,816	
Capital surplus		157,151	119,761	119,761	114,729	100,488	
Retained earnings	Before distribution	343,402	248,346	109,353	63,523	135,767	
	After distribution	(note 2)	144,815	109,353	63,523	95,421	
Other equities		20,883	17,846	17,146	12,113	8,631	
Treasury stock		(11,773)	(11,773)	–	–	–	
Non-controlling equity		–	–	–	–	–	
Total equity	Before distribution	1,207,532	1,072,049	944,129	868,722	870,702	
	After distribution	(note 2)	968,518	944,129	868,722	830,356	

Note 1: Financial information has been certified by CPAs; the Q1 individual financial statements of 2022 is exempt from preparing.

Note 2: The distribution of earnings in 2021 hasn't adopt by the shareholders' meeting yet.

(ii) Simplified Consolidated balance sheet—presented in the format of International Financial Report Standard

Units: NT$ Thousands

Item \ Year		Financial Summary for the last five years (Note 1)					In the current year up to March 31, 2022(Note2)
		2021	2020	2019	2018	2017	
Current Assets		2,081,039	1,812,071	1,655,889	1,655,889	1,362,246	
Property, plant and equipment		691,895	660,639	595,747	595,747	421,372	
Intangible assets		5,238	3,118	4,217	4,217	82,050	
Other assets		281,122	190,637	58,877	58,877	70,315	
Total assets		3,059,294	2,666,465	2,314,730	2,314,730	1,935,983	
Current liabilities	Before distribution	1,132,196	1,135,956	1,061,022	1,101,192	769,970	
	After distribution	(Note3)	1,239,487	1,061,022	1,101,192	810,316	
Non-current liabilities		719,566	458,460	344,816	344,816	295,311	
Total liabilities	Before distribution	1,851,762	1,594,416	1,500,448	1,446,008	1,065,281	
	After distribution	(Note3)	1,603,979	1,500,448	1,446,008	1,105,627	
Equity attributable to the parent company		1,207,532	1,072,049	944,129	868,722	870,702	N/A
Capital stock		697,869	697,869	697,869	678,357	625,816	
Capital surplus		157,151	119,761	119,761	114,729	100,488	
Retained earnings	Before distribution	343,402	248,346	109,353	63,523	135,767	
	After distribution	(Note3)	144,815	109,353	63,523	95,421	
Other equities		20,883	17,846	12,113	12,113	8,631	
Treasury stock		(11,773)	(11,773)	—	—	—	
Non-controlling equity		—	—	—	—	—	
Total equity	Before distribution	1,207,532	1,072,049	944,129	868,722	870,702	
	After distribution	(Note3)	968,518	944,129	868,722	830,356	

Note 1: Financial information has been certified by CPAs.

Note 2: As of the printed dat of Annual report, haven't obtain Q1 financial reports for 2022 which been audited or reviewed by CPA.

Note 3: The distribution of earnings in 2021 hasn’t adopt by the shareholders’ meeting yet.

(iii) Simplified Parent-Company only comprehensive income sheet—presented in the format of International Financial Report Standard

Units: NT$ Thousands

Item \ Year	Financial Summary for the last five years (Note)					In the current year up to March 31, 2022
	2021	2020	2019	2018	2017	
Operating revenue	3,665,986	3,106,456	2,930,653	2,539,242	2,269,956	N/A
Gross profit	516,498	359,826	397,697	383,320	388,712	
Operating profit or loss	133,528	16,140	63,697	57,991	85,928	
Non-operating revenue and expense	93,534	128,249	9,763	(67,930)	(15,918)	
Net profit before tax	227,062	144,389	73,460	(9,939)	70,010	
Net profit of continuing department	197,066	139,402	50,466	(31,551)	59,930	
Loss of discontinued department	—	—	—	—	—	
Net profit (loss)	197,066	139,402	50,466	(31,551)	59,930	
Other comprehensive income (after tax)	4,558	291	397	3,135	(1,773)	
Total comprehensive income	201,624	139,693	50,863	(28,416)	58,157	
Net profit (loss) attributable to parent company	197,066	139,402	50,466	(31,551)	59,930	
Net profit (loss) attributable to non-controlling equity	—	—	—	—	—	
Total comprehensive income attributable to parent company	201,624	139,693	50,863	(28,416)	58,157	
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—	
EPS (NT$)	2.86	2.01	0.73	(0.47)	1.04	

Note: Financial information is verified by CPA; the Q1 individual financial statements of 2022 is exempt from preparing.

(iv) Simplified Consolidated comprehensive income sheet—presented in the format of International Financial Report Standard

Units: NT$ Thousands

Year / Item	Financial Summary for the last five years (Note1)					In the current year up to March 31, 2022 (Note 2)
	2021	2020	2019	2018	2017	
Operating revenue	3,933,781	3,332,286	2,986,079	2,569,289	2,419.842	N/A
Gross profit	695,530	605,549	534,153	515,549	512,836	
Operating profit or loss	229,098	182,839	70,809	95,749	83,131	
Non-operating revenue and expense	14,783	(5,252)	5,900	15,472	(8.546)	
Net profit before tax	243,881	177,587	76,709	111,221	74,585	
Net profit of continuing department	197,066	139,402	50,466	83,174	59,930	
Loss of discontinued department	—	—	—	(114,725)	—	—
Operating revenue	197,066	139,402	50,466	(31,551)	59,930	
Other comprehensive income (after tax)	4,558	291	397	3,135	(1,773)	
Total comprehensive income	201,624	139,693	50,863	(28,416)	58,157	
Net profit (loss) attributable to parent company	197,066	139,402	50,466	(31,551)	59,930	
Net profit (loss) attributable to non-controlling equity	—	—	—	—	—	—
Total comprehensive income attributable to parent company	201,624	139,693	50,863	(28,416)	58,157	
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—	—
EPS (NT$)	2.86	2.01	0.73	(0.47)	1.04	

Note 1: Financial information has been certified by CPAs.
Note 2: As of the printed dat of Annual report, haven't obtain Q1 financial reports for 2022 which been audited or reviewed by CPA.

(v) Names of CPAs in the most recent 5 years and audit opinion

Year	Accounting Firm	CPA	Audit Opinion
2017	KPMG Taiwan	PO-JEN YANG, KUO-TSUNG CHEN	unqualified opinions
2018	KPMG Taiwan	PO-JEN YANG, KUO-TSUNG CHEN	unqualified opinions
2019	KPMG Taiwan	PO-JEN YANG, KUO-TSUNG CHEN	unqualified opinions
2020	KPMG Taiwan	PO-JEN YANG, KUO-TSUNG CHEN	unqualified opinions
2021	KPMG Taiwan	PO-JEN YANG, CHEN-LUNG, HSU	unqualified opinions

(2) Financial analysis for the last 5 years

A. International Financial Report Standard

(a) Parent-Company only Financial Analysis

Units: NT$ Thousands

Item \ Year		Financial Analysis for the last five years (Note 1)					In the current year up to March 31, 2022
		2021	2020	2019	2018	2017	
Financial structure %	Liabilities to total assets	50.08	50.08	52.73	54.60	46.33	N/A
	Long-term fund to property, plant and equipment	329.31	257.41	233.84	224.78	304.11	
Insolvency %	Current ratio	218.12	184.78	187.25	180.87	218.00	
	Quick ratio	146.78	138.10	133.36	125.62	154.54	
	Times Interest Earned	3,165.51	1,934.21	876.37	(42.19)	840.22	
Utility	Receivables turnover (time)	4.46	4.17	4.12	4.18	4.26	
	Average number of days receivables outstanding	81.84	87.53	88.59	87.32	85.68	
	Inventory turnover (time)	10.52	10.88	8.73	8.07	8.97	
	Payables turnover (time)	5.93	5.72	6.90	7.36	6.43	
	Average number of days of sales	34.70	33.55	41.81	45.23	40.69	
	Property, plant and equipment turnover (time)	6.61	5.64	5.39	5.55	6.05	
	Total assets turnover (time)	1.57	1.5	1.5	1.44	1.39	
Profitability	ROA (%)	8.71	7.03	2.98	(1.46)	4.16	
	ROE (%)	17.29	13.83	5.57	(3.63)	7.43	
	Income before tax to paid-in capital (%)	32.54	20.69	10.53	(1.47)	11.19	
	Profit margin (%)	5.38	4.49	1.72	(1.24)	2.64	
	EPS (NT$)	2.86	2.01	0.73	(0.47)	1.04	
Cash flow	Cash flow ratio (%)	-	25.31	25.61	-	4.22	
	Cash flow adequacy ratio (%)	36.33	65.37	27.99	7.20	58.89	
	Cash flow reinvestment ratio (%)	(7.07)	4.53	11.59	(2.73)	(1.03)	
Leverage	Operating leverage	26.15	183.59	43.33	40.66	23.91	
	Financial leverage	1.06	1.95	1.17	1.14	1.12	

Note 1: Financial information of each year has been certified by CPAs; the Q1 individual financial statements of 2022 is exempt from preparing.

(b) Consolidated Financial Analysis

Units: NT$ Thousands

Item	Year	Financial Analysis for the last five years(Note1)					In the current year up to March 31, 2021
		2021	2020	2019	2018	2017	
Financial structure %	Liabilities to total assets	60.53	59.80	61.38	62.47	55.03	
	Long-term fund to property, plant and equipment	278.52	231.67	215.87	203.70	276.72	
Insolvency %	Current ratio	183.81	159.52	153.80	150.37	176.92	
	Quick ratio	98.84	95.64	88.24	83.53	99.98	
	Times Interest Earned	1,948.56	1,365.86	574.83	68.72	595.94	
Utility	Receivables turnover (time)	4.57	4.34	4.11	3.98	4.03	
	Average number of days receivables outstanding	79.869	84.10	88.81	91.70	90.57	
	Inventory turnover (time)	3.51	3.64	3.42	3.11	3.19	
	Payables turnover (time)	3.57	3.39	3.65	3.77	3.82	
	Average number of days of sales	103.99	100.28	106.73	117.36	114.42	N/A
	Property, plant and equipment turnover (time)	5.82	5.12	4.83	5.05	5.74	
	Total assets turnover (time)	1.37	1.30	1.25	1.21	1.20	
Profitabilit	ROA (%)	7.25	5.89	2.66	(1.06)	3.58	
	ROE (%)	17.29	13.83	5.57	(3.63)	7.43	
	Income before tax to paid-in capital (%)	34.95	25.45	10.99	(0.52)	11.92	
	Profit margin (%)	5.01	4.18	1.69	(1.23)	2.48	
	EPS (NT$)	2.86	2.01	0.73	(0.47)	1.04	
Cash flow	Cash flow ratio (%)	-	31.81	21.61	-	16.94	
	Cash flow adequacy ratio (%)	60.31	79.43	47.95	30.83	51.80	
	Cash flow reinvestment ratio (%)	(4.32)	18.28	12.96	(2.39)	6.34	
Leverage	Operating leverage	15.88	17.00	37.85	23.68	23.64	
	Financial leverage	1.06	1.08	1.30	1.13	1.22	

Explanation of reasons for changes in each financial rate in the most recent two years: (no analysis is necessary when the ratio of change is under 20%)

Insolvency：The Times Interest Earned ratio increased, which was mainly due to a significant increase in operating income compare to 2020.

Profitability：The profitability of this period has risen, and it is mainly due to the increase in profit.

Cash Flow：

1.The decrease in Cash flow ratio is mainly due to the increase in inventories this year, resulting in cash outflow in the current period.
2.The decrease in cash flow adequacy ratio was due to the decrease in net cash flow from operating activities in the last five years.
3.The decrease in cash flow reinvestment ratio was mainly due to a significant decrease in cash inflows from operating activities compared to 2020.

Note 1: Financial information has been certified by CPAs
Note 2: As of the printed dat of Annual report, haven't obtain Q1 financial reports for 2022 which been audited or reviewed by CPA.
Note 3: Formula illustration:

I. Financial structure
   (i) Liabilities to total assets =Total liabilities/total assets
   (ii) Long-term capital to property, plant and equipment= (total equity + non-current liabilities) /property, plant and equipment, net

II. Insolvency
   (i) Current ratio=current assets/current liabilities
   (ii) Quick ratio= (current assets-inventory-prepayment)/current liabilities
   (iii) Times Interest Earned = income tax and interest expenses net income before income tax /interest expenses in the current period

III. Business performance
   (i) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
   (ii) Average number of days receivable outstanding = 365 /accounts receivable turnover
   (iii) Inventory turnover=sale cost/average inventory
   (iv) Payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance (gross) of average accounts payable (including accounts payable and notes payable resulting from operation)
   (v) Average number of days of sales=365/inventory turnover
   (vi) property, plant and equipment turnover=net sales/average property, plant and equipment, net
   (vii) Total assets turnover rate = net sales/average total assets

IV. Profitability
   (i) ROA = [income after income tax + interest expense*(1-tax rate)]/average total assets.
   (ii) ROE = Income after income tax/average total equity
   (iii) Profit margin = Income After income tax/net sales
   (iv) Earnings per Share = (income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares

V. Cash flow
   (i) Cash flow ratio=Net cash flow from operating activities/current liabilities
   (ii) Net cash flow adequacy ratio= Net cash flow from operating activities in the most recent five years/ (capital spending + increase in inventory + cash dividends) in the most recent five years
   (iii) Cash reinvestment ratio= (Net cash flow from operating activities-cash dividends) (gross of property, plant and equipment+ long-term investment+ other non-current assets+ working capital)

VI. Leverage:
   (i) Operatingleverage=(Net operating revenue-changed operating costs and expenses)/operating income
   (ii) Financial leverage=Operating income/ (operating income-interest expenses)

Note 4: The calculation formula of earnings per share should pay special attention to the following matters when measuring:

I. Based on the number of weighted average ordinary shares, not the number of outstanding shares at the end of the year.
II. For cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
III. For capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.

IV. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether will be issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If it belongs to non-cumulative preferred shares, when there is a net profit after tax, the preferred shares dividend shall be deducted from the net profit after tax; if it is loss, there is no need to adjust it.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

I. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

II. Capital expenditure refers to the annual cash outflow for capital investment.

III. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.

IV. Cash dividends include cash dividends on ordinary shares and preferred shares.

V. Gross amout of real estate, plant and equipment refers to the total real estate, plant and equipment before accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain its consistency.

(3) Audit Committee's Review Report

YEN SUN TECHNOLOGY CORP.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, individual and consolidated financial reports and proposal for allocation of earnings, which have been reviewed and determined to be correct and accurate by the Audit Committee members of YEN SUN TECHNOLOGY CORP.

According to relevant Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

YEN SUN TECHNOLOGY CORP. 2022 Annual Shareholders' Meeting

Chair of the Audit Committee：*CHEN, KUAN-LIANG*

March 8, 2022

(4) Parent-company-only financial statements for the years ended December 31, 2021 and 2020, and independent auditors' report

Independent Auditors' Report

To the Board of Directors
YEN SUN TECHNOLOGY CORP.:

Opinion

We have audited the financial statements of YEN SUN TECHNOLOGY CORP.（"the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We have audited the financial statements of YEN SUN TECHNOLOGY CORP.（"the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have judged the matters described below to be the key and it matters to be communicated in our report.

1. Loss allowance of accounts receivable

Please refer to Note 4(6) for significant accounting policies on loss allowance of accounts receivable and Note 5(1) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the loss allowance of accounts receivable is shown in Note 6(4) of the financial statements.

Description of key audit matter:

The Company selling cross-industry products and giving some customer longer credit term. The management has subjective and significant judgments with the loss allowance of receivables. Therefore, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's internal control activities related to collection and inspecting the collection records after balance sheet date; inspecting and analyzing the receivable aging report; understanding the assumptions made by the management and the industrial credit status, and considering the adequacy of the Company's disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss model.

2. Valuation of inventory

Please refer to Note 4(7) for significant accounting policies on inventories and Note 5(2) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the inventory is shown in Note 6(6) of the financial statements.

Description of key audit matter:

The sales of Yen Sun Technology is affected by the selling seasons and consumers preference of products in the home appliance division, and the demand fluctuation of the automotive market and electronic information product in the heat sink division. Therefore, the sale fluctuate greatly may result in the book value of inventory exceeds its net realizable value. In addition, the subjective judgment of the management involves the relevant inventory valuation, so the inventory valuation is one of the important evaluation matters for the accountant to audit the Company's financial statement.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included analyzing the changes of inventory turnover; evaluating the rationality of the Company's accounting policies, such as the policy of provision for inventory valuation and obsolescence; understanding the selling prices adopted by the management for evaluating the rationality of net realizable value of inventories, evaluating the appropriateness of provision and the adequacy of the Company's disclosures in the accounts made by the management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards genera1ly accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the reviews resulting in this independent auditors' review report are:

Po Jen, Yang and Chen-Lung, Hsu.

KPMG

Kaohsiung, Taiwan (the Republic of China)

March 8, 2022

(English Translation of Financial Statements and Report Originally Issued in Chinese)

YEN SUN TECHNOLOGY CORP.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 90,417	3	224,685	10
1151	Notes receivable, net (note 6(4) and (21))	26,141	1	24,056	1
1170	Accounts receivables, net (note 6(4) and (21))	788,780	30	611,271	29
1180	Accounts receivable due from related parties (notes 6(4),(21) and 7)	86,754	3	107,284	5
1210	Other receivables due from related parties (notes 6(5) and 7)	336	-	19,012	1
130X	Inventories, net (note 6(6))	355,537	14	243,200	11
1476	Other current financial assets (notes 6(5) and 8)	15,977	1	15,332	1
1479	Other current assets (notes 6(11) and 7)	126,330	5	91,939	4
	Total current assets	1,490,272	57	1,336,779	62
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(2),(24))	2,070	-	-	
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	24,860	1	4,383	-
1550	Investments accounted for using equity method (note 6(6), 7)	388,555	15	203,378	9
1600	Property, plant and equipment (notes 6(8) and 8)	557,191	21	552,748	26
1755	Right-of-use assets (note 6(9))	51,221	2	13,456	1
1780	Intangible assets (note 6(10))	5,053	-	2,867	-
1840	Deferred income tax assets (note 6(18))	13,771	1	12,820	1
1980	Other non-current financial assets (note 6(5) and 8)	55,789	2	8,620	-
1995	Other non-current assets (notes 6(11))	9,661	1	11,207	1
	Total non-current assets	1,108,171	43	809,479	38
	Total assets	**$ 2,598,443**	**100**	**2,146,258**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(12) and 8)	$ 30,000	1	100,000	5
2170	Accounts payable	271,837	11	272,473	13
2180	Accounts payable-related parties (note 7)	114,467	5	136,293	7
2200	Other payables	141,347	5	125,984	6
2230	Current income tax liabilities	32,998	1	8,463	-
2280	Current lease liabilities (note 6(15))	9,034	-	5,140	-
2320	Long-term liabilities, current portion (note 6(13) and 8)	30,939	1	50,635	2
2399	Other current liabilities (note 6(16),(21) and 7)	52,607	2	24,438	1
	Total current liabilities	683,229	26	723,426	34
	Non-Current liabilities:				
2530	Bonds payable (note 6(14) and 8)	291,696	11	-	-
2540	Long-term borrowings (note 6(13) and 8)	267,395	10	315,444	15
2570	Deferred tax liabilities (note 6(18))	1,934	-	278	-
2580	Non-current lease liabilities (note 6(15))	42,301	2	8,425	-
2600	Other non-current liabilities (note 6(7),(17) and 7)	104,356	4	26,636	1
	Total non-current liabilities	707,682	27	350,783	16
	Total liabilities	1,390,911	53	1,074,209	50
	Equity attributable to owners of parent company (note 6(14),(19)):				
3100	Capital stock	697,869	27	697,869	32
3200	Capital surplus	157,151	6	119,761	6
3300	Retained earnings:	343,402	13	248,346	12
3400	Other equity interest	20,883	1	17,846	1
3500	Treasury stock	(11,773)	-	(11,773)	(1)
	Total equity	1,207,532	47	1,072,049	50
	Total liabilities and equity	**$ 2,598,443**	**100**	**2,146,258**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

YEN SUN TECHNOLOGY CORP.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenues (note 6(21) and 7)**	$ 3,665,986	100	3,106,456	100
5000	**Operating costs (notes 6(6), (17), and 7)**	3,149,488	86	2,746,630	88
5900	**Gross profit from operations**	516,498	14	359,826	12
6000	**Operating expenses (notes 6(17) and (22)):**				
6100	Selling expenses	185,411	5	175,845	6
6200	General and administrative expenses	91,601	3	66,989	2
6300	Research and development expenses	105,964	3	105,192	3
6450	Expected credit impairment profit (loss) (notes 6(4),(5),(24))	(6)	-	(4,340)	-
	Total operating expenses	382,970	11	343,686	11
6900	**Net operating income**	133,528	3	16,140	1
7000	**Non-operating income and expenses (notes 6(23)):**				
7100	Interest income	108	-	234	-
7010	Other income	33,373	1	21,050	-
7020	Other gains and losses	(11,892)	-	(9,440)	-
7070	Share of profit of associates accounted for using equity method	79,352	2	124,277	4
7050	Finance costs	(7,407)	-	(7,872)	-
	Total non-operating income and expenses	93,534	3	128,249	4
7900	**Profit before income tax**	227,062	6	144,389	5
7950	Income tax expenses (note 6(18))	29,996	1	4,987	-
8200	**Profit**	197,066	5	139,402	5
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Losses on remeasurements of defined benefit plans (note 6(17))	1,521	-	(409)	-
8316	Unrealized gains from investments in equity instrument measured at fair value through other comprehensive income (note 6(19))	4,477	-	179	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(note6(18))	1,934	-	-	-
	Total items that will not be reclassified to profit or loss	4,064	-	(230)	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements (note 6(19))	494	-	521	-
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	494	-	521	-
8300	**Other comprehensive income**	4,558	-	291	-
8500	**Comprehensive income**	**$ 201,624**	**5**	**139,693**	**5**
	Earnings per share (in dollar, note 6(20)):				
9750	**Basic earnings per share**	**$**	**2.86**		**2.01**
9850	**Diluted earnings per share**	**$**	**2.74**		**2.01**

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	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
Balance at January 1, 2020	**$ 697,869**	**119,761**	**43,394**	**3,798**	**62,161**	**109,353**	**16,173**	**973**	**17,146**	**-**	**944,129**
Profit	-	-	-	-	139,402	139,402	-	-	-	-	139,402
Other comprehensive income	-	-	-	-	(409)	(409)	521	179	700	-	291
Total comprehensive income	-	-	-	-	138,993	138,993	521	179	700	-	139,693
Earnings allocation and distribution:											
Legal reserve appropriated	-	-	5,047	-	(5,047)	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(11,773)	(11,773)
Balance as of December 31, 2020	**697,869**	**119,761**	**48,441**	**3,798**	**196,107**	**248,346**	**16,694**	**1,152**	**17,846**	**(11,773)**	**1,072,049**
Profit	-	-	-	-	197,066	197,066	-	-	-	-	197,066
Other comprehensive income	-	-	-	-	1,521	1,521	494	2,543	3,037	-	4,558
Total comprehensive income	-	-	-	-	198,587	198,587	494	2,543	3,037	-	201,624
Appropriation and distribution of retained earnings:											
Appropriation for legal reserve	-	-	13,899	-	(13,899)	-	-	-	-	-	-
Dividend of ordinary shares	-	-	-	-	(103,531)	(103,531)	-	-	-	-	(103,531)
Issuance of convertible bond	-	37,390	-	-	-	-	-	-	-	-	37,390
Balance as of December 31, 2021	**$ 697,869**	**157,151**	**62,340**	**3,798**	**277,264**	**343,402**	**17,188**	**3,695**	**20,883**	**(11,773)**	**1,207,532**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

YEN SUN TECHNOLOGY CORP.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan Dollar)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 227,062	144,389
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	(6)	(4,340)
Depreciation expense	60,447	55,311
Amortization expense	1,765	1,387
Net profit on financial assets or liabilities at fair value through profit or loss	(1,260)	-
Interest expense	7,407	7,872
Interest revenue	(108)	(234)
Share of loss (profit) of associates accounted for using equity method	(79,352)	(124,277)
Loss (gain) from disposal of investment property, and property, plant and equipment	516	384
Unrealized foreign exchange loss (gain)	3,860	(12,161)
Total adjustments to reconcile profit (loss)	(6,731)	(76,058)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(2,085)	(3,204)
Accounts receivable	(175,349)	57,723
Accounts receivable due from related parties	32,209	(27,345)
Other receivables	5,762	34,326
Inventories	(112,337)	18,382
Other current assets	(34,534)	32,128
Other financial assets	998	(2,371)
Total changes in operating assets and liabilities	(285,336)	109,639
Changes in operating liabilities:		
Accounts payable	(1,849)	9,693
Accounts payables - related parties	(22,187)	68,341
Other payables	12,595	31,607
Other current liabilities	28,172	4,698
Net defined benefit liability	(1,088)	(3,220)
Total changes in operating liabilities	15,643	111,119
Total changes in operating assets and liabilities	(269,693)	220,758
Total adjustments	(276,424)	144,700
Cash inflow generated from operations	(49,362)	289,089
Interest received	127	213
Interest paid	(7,162)	(7,923)
Income taxes paid	(6,690)	(16,140)
Net cash flows from operating activities	(63,087)	265,239
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(16,000)	-
Acquisition of property, plant and equipment	(25,002)	(8,583)
Proceeds from disposal of property, plant and equipment	(42,814)	(56,572)
Increase in refundable deposits	(1,594)	(650)
Acquisition of intangible assets	(3,951)	(861)
Decrease in restricted deposits	(47,236)	(1)
Decrease in prepayment for equipment	(9,661)	(11,207)
Net cash flows used in investing activities	(146,258)	(77,874)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(70,000)	(100,000)
Proceeds from long-term borrowings	315,000	70,000
Repayments of long-term borrowings	(382,745)	(53,358)
Decrease in guarantee deposits	-	1,299
Payments of lease liabilities	(8,003)	(4,803)
Cash dividend of ordinary shares	(103,531)	-
Treasury stock buyback	-	(11,773)
Issuance of convertible bond	327,642	-
Net cash flows from (used in) financing activities	78,363	(98,635)
Effect of exchange rate changes on cash and cash equivalents	(3,286)	4,465
Net increase (decrease) in cash and cash equivalents	(134,268)	93,195
Cash and cash equivalents at beginning of period	224,685	131,490
Cash and cash equivalents at end of period	**$ 90,417**	**224,685**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

YEN SUN TECHNOLOGY CORP.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company history:

YEN SUN TECHNOLOGY CORP. (the “Company”) was incorporated in March 10, 1987 as a company limited by shares under the laws of the Republic of China (R.O.C.). The registered address was No.329 Feng Ren Rd, Zen Ru District, Kaohsiung City, Taiwan. The major business activities of the Company are the manufacture and sale of 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 and modules.

2. Approval date and procedures of the financial statements:

The parent-Company-only financial statements were authorized for issuance by the Board of Directors on March 8, 2022.

3. New standards, amendments and interpretations adopted

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (‘IFRSs’) as endorsed by the Financial Supervisory Commission (‘FSC’).

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions After June 30, 2021”

(2) The impact of IFRS endorsed by FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company 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”
- 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”

4. Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. Except the Note 3, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulation").

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

(a) Financial instruments at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value; and

(c) The defined benefit liabilities are recognized as the present value of the defined benefit obligation less the fair value of plan assets and considered the re-measurement of the effect of the asset ceiling as stated in note 4(15).

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand, unless otherwise noted.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the translation differences of the following, which are recognized in other comprehensive income:

(a) An investment in equity securities designated as at fair value through other comprehensive income;

(b) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) Qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

A. It is expected to be settled in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(e) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, such that it would not meet this condition. In making this assessment, the Company considers：

- contingent events that would change the amount or timing of cash flows；
- terms that may adjust the contractual coupon rate, including variable rate features；
- prepayment and extension features；and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

(f) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date； and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes receivable, accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

If there is a low risk of default on financial asset, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations, the financial asset would be considered low credit risk.

When the contract amount is past due 30 days or the borrower is unlikely to pay its credit obligations to the Company in full, the company considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(g) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Company’s embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in subsidiaries

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent- company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(9) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a)	Buildings	3 to 60 years
(b)	Machinery equipment	2 to 10 years
(c)	Molds equipment	1 to 5 years
(d)	Transportation equipment	5 to 6 years
(e)	Office equipment	3 to 8 years
(f)	Other equipment	3 to 17 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

D. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(10) Leases

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, at the time of lease of land and construction, the Company chooses to treat the lease component and the non-lease component as part of a single lease without distinguishing between non-lease components.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise a extension or termination option; or

(e) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has decided not to recognize right-of-use assets and lease liabilities for short-term leases of office and leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Intangible assets

A. Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(a)	Patents	10 to 20 years
(b)	Computer software	2 to 6 years
(c)	Technology authorized	2 to 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, except when the recognition of finance cost for a short-term provision was insignificant.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(14) Revenue

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

(a) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’ s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its customers the right to return the product within a certain period. Therefore, the Company reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns.

The Company’s obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision for warranty; please refer to note 4(13)

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

Receipt of a prepayment from a customer is recognized as contract liability. The amount of contract liability is recognized as revenue when the products has been transferred to the customer.

(b) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

B. Contract costs

(a) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is 1 year or less.

(b) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

— the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

— the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

— the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

D. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(16) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. The taxing of deferred tax assets and liabilities fulfill one of the below scenarios;

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(18) Operating segments

The Company discloses its segment information in the consolidated financial statements. Therefore, the Company need not disclose segment information in the parent-company-only financial statements.

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

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties have significant risk of resulting in material adjustments within the next year:

(1) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values please refer to note 6(4).

(2) Valuation of Inventory

As inventory shall be measured based on the lower of cost or realizable value, if on the Company evaluation report date, the inventory has suffered normal wear and tear, is outdated or has no market value, the inventory cost shall be offset to net realizable value. The assessment of the inventory valuation is mainly based on the product requirements within a specific future period. Hence, it may have significant changes due to rapid industrial changes. For inventory valuation, please refer to Note 6(6).

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash and cash on hand	$ 1,123	912
Checking deposits	74	50
Demand deposits	88,920	221,714
Time deposits	300	2,009
Cash and cash equivalents in the statement of cash flows	**$ 90,417**	**224,685**

Please refer to note 6(24) for the exchange rate risk and sensitivity analysis of the financial assets of the Company.

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

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Derivatives not designated as hedges		
Convertible bond (Embedded derivatives)	**$ 2,070**	**-**

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

		December 31, 2021	December 31, 2020
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks－Y.S. Tech U.S.A Inc.	$	12,906	4,383
Domestic un-listed stocks－CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.		11,954	-
Total	**$**	**24,860**	**4,383**

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2021 and 2020.

Please refer to Note 6(24) for market risk.

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

(4) Notes and accounts receivables

		December 31, 2021	**December 31, 2020**
Notes receivable from operating activities	$	26,141	24,056
Accounts receivables (including related parties)–measured as amortized cost		881,065	724,113
Less: allowance for impairment		(5,531)	(5,558)
	$	**901,675**	**742,611**
Book as:			
Notes receivable	$	26,141	24,056
Accounts receivable, net		788,780	611,271
Account receivable, net, related parties		86,754	107,284
	$	**901,675**	**742,611**

The Company 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, notes and accounts 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 loss allowance provisions were determined as follows:

	December 31, 2021			
	Carrying amount of Notes and accounts receivable		Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	$	865,654	0.01%	66
Overdue less than 90 days		36,142	0.15%	55
Overdue 91 to 180 days		-	-	-
Overdue 181 to 240 days		-	-	-
Overdue over 241 days		5,410	100%	5,410
	$	907,206		5,531

	December 31, 2020			
	Carrying amount of Notes and accounts receivable		Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	$	738,251	0.01%	90
Overdue less than 90 days		4,451	0.54%	24
Overdue 91 to 180 days		35	32.67%	12
Overdue 181 to 240 days		-	-	-
Overdue over 241 days		5,432	100.00%	5,432
	$	748,169		5,558

The movement in the allowance for notes and accounts receivables were as follows:：

	2021		2020
Balance at January 1	$	5,558	9,896
Impairment losses recognized (reversed)		(5)	(4,338)
Amounts written off		(22)	-
Balance at December 31	$	5,531	5,558

The abovementioned notes and accounts receivables were not pledged as collateral.

For further credit risk information, please refer to note 6(24).

(5) Other financial assets

	December 31, 2021		December 31, 2020
Refundable deposits	$	5,213	3,619
Other receivables (including related parties)		4,532	20,844
Payment for molds behalf of others		8,119	11,500
Restricted deposit		54,239	7,003
Less: Loss allowance		(1)	(2)

	$	**72,102**	**42,964**
Book as :			
Other receivables－related parties	$	336	19,012
Other financial assets－current		15,977	15,332
Other financial assets－non-current		55,789	8,620
	$	**72,102**	**42,964**

Please refer to Note 6(24) for credit risk.

The above-mentioned other financial assets pledged as collateral are disclosed in Note 8.

(6) Inventories

		December 31, 2021	December 31, 2020
Raw materials and supplies	$	130,254	71,167
Work in progress		112,798	91,060
Finished goods		112,485	80,973
	$	**355,537**	**243,200**

For the years ended December 31, 2021 and 2020, the cost of inventories recognized as operating costs and expense were $3,140,609 thousand and $2,725,128 thousand.

In 2020 and 2019, the write-down of inventories amounted to $4,652 thousand and $29,9915 thousand, and has been recognize under operating costs.

None abovementioned inventories were pledged as collateral.

(7) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date were as follows:

		December 31, 2021	December 31, 2020
Subsidiaries	**$**	**388,555**	**203,378**

As of December 31, 2021, the amount of credit balance of investments accounted for using equity method (recognized as other non-current liability) was $80,329 thousand. For the related information, please refer to the consolidated financial statements for the years ended December 31, 2021.

(8) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Machinery and equipment	Molds	Other equipment	Construction in progress	Total
Cost or deemed cost:							
Balance at January 1, 2021	$ 291,685	163,014	153,380	237,965	70,912	878	917,834
Additions	163	8,119	21,780	10,776	12,984	3,576	57,398
Reclassifications	-	187	-	-	-	(187)	-
Disposal	-	-	(4,450)	(24)	(1,301)	-	(5,775)
Balance at December 31, 2021	**$ 291,848**	**171,320**	**170,710**	**248,717**	**82,595**	**4,267**	**969,457**
Balance at January 1, 2020	$ 267,535	161,819	142,019	226,988	71,096	-	869,457
Additions	24,150	1,195	12,747	13,792	2,400	878	55,162
Disposal	-	-	(1,386)	(2,815)	(2,584)	-	(6,785)
Balance at December 31, 2020	**$ 291,685**	**163,014**	**153,380**	**237,965**	**70,912**	**878**	**917,834**
Depreciation and impairments loss:							
Balance at January 1, 2021	$ -	28,962	97,815	186,047	52,262	-	365,086
Depreciation	-	10,612	15,229	22,380	4,218	-	52,439
Disposal	-	-	(4,036)	(24)	(1,199)	-	(5,259)
Balance at December 31, 2021	**$ -**	**39,574**	**109,008**	**208,403**	**55,281**	**-**	**412,266**
Balance at January 1, 2020	$ -	18,984	85,860	165,675	50,520	-	321,039
Depreciation	-	9,978	13,147	23,187	4,136	-	50,448
Disposal	-	-	(1,192)	(2,815)	(2,394)	-	(6,401)
Balance at December 31, 2020	**$ -**	**28,962**	**97,815**	**186,047**	**52,262**	**-**	**365,086**
Carrying amounts:							
Balance at December 31, 2021	**$ 291,848**	**131,746**	**61,702**	**40,314**	**27,314**	**4,267**	**557,191**
Balance at January 1, 2020	**$ 267,535**	**142,835**	**56,159**	**61,313**	**20,576**	**-**	**548,418**
Balance at December 31, 2020	**$ 291,685**	**134,052**	**55,565**	**51,918**	**18,650**	**878**	**552,748**

Please refer to Note 6(23) for detail of disposal gain and loss.

Property, plant and equipment pledged as collateral for borrowings were disclosed in note 8.

(9) Right-of-use assets

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

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost				
Balance at January 1, 2021	$ -	15,111	6,371	21,482
Additions	948	44,022	803	45,773
Decrease	-	-	(2,420)	(2,420)
Balance at December 31, 2021	**$ 948**	**59,133**	**4,754**	**64,835**
Balance at January 1, 2020	$ -	13,113	3,855	16,968
Additions	-	1,998	2,516	4,514

Balance at December 31, 2020	$ -	15,111	6,371	21,482
Accumulated depreciation:				
Balance at January 1, 2021	$ -	5,109	2,917	8,026
Depreciation for the period	16	6,313	1,679	8,008
Decrease	-	-	(2,420)	(2,420)
Balance at December 31, 2021	$ 16	11,422	2,176	13,614
Balance at January 1, 2020	$ -	1,786	1,377	3,163
Depreciation for the period	-	3,323	1,540	4,863
Balance at December 31, 2020	$ -	5,109	2,917	8,026
Carrying amounts:				
Balance at December 31, 2021	$ 932	47,711	2,578	51,221
Balance at January 1, 2020	$ -	11,327	2,478	13,805
Balance at December 31, 2020	$ -	10,002	3,454	13,456

(10) Intangible assets

Initial cost, accumulated amortization and impairment losses for intangible assets were as follows：

	Patent	Computer spftware	Technology Authorized	Total
Cost:				
Balance at January 1, 2021	$ 4,995	42,980	12,536	60,511
Acquisition	-	3,951	-	3,951
Balance at December 31, 2021	$ 4,995	46,931	12,536	64,462
Balance at January 1, 2020	$ 4,995	42,119	12,536	59,650
Acquisition	-	861	-	861
Balance at December 31, 2020	$ 4,995	42,980	12,536	60,511
Amortization and impairment losses:				
Balance at January 1, 2021	**$ 4,960**	**40,598**	**12,086**	**57,644**
Amortization	**20**	**1,587**	**158**	**1,765**
Balance at December 31, 2021	$ 4,980	42,185	12,244	59,409
Balance at January 1, 2020	**$ 4,937**	**39,392**	**11,928**	**56,257**
Amortization	**23**	**1,206**	**158**	**1,387**
Balance at December 31, 2020	$ 4,960	40,598	12,086	57,644
Carrying value:				
Balance at December 31, 2021	$ 15	4,746	292	5,053
Balance at January 1, 2020	$ 58	2,727	608	3,393
Balance at December 31, 2020	$ 35	2,382	450	2,867

As of December 31, 2021, and 2020, none intangible assets of the Company have been pledged as collateral.

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

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

	December 31, 2021	December 31, 2020
Prepayment for purchases	$ 112,335	77,119
Prepaid expenses	4,189	2,940
Prepayments for equipment	9,661	11,207
Income tax refund receivable	7,227	8,443
Assets for right to recover product to be returned	2,579	3,437
	$ 135,991	**103,146**
Current	$ 126,330	91,939
Non-current	9,661	11,207
	$ 135,991	**103,146**

(12) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31,2021	December 31,2020
Unsecured bank loans	$ 30,000	60,000
Secured bank loans	-	40,000
Total	**$ 30,000**	**100,000**
Unused short-term credit lines	**$ 680,564**	**706,587**
Range of interest rates	**1.10%～1.20%**	**1.00%～1.301%**

For the collateral for short-term borrowings, please refer to note 8.

Please refer to note 6(24) for the interest rate risk, exchange rate risk, and analysis of sensitivity of the financial liabilities of the Company.

(13) **Long-term borrowings**

The details of long-term borrowings were as follows:

	December 31, 2021			
	Currency	**Rate**	**Maturity date**	**Amount**
Unsecured bank loans	NTD	1.25%~1.35%	May 21, 2024～ February 4, 2025	$ 63,334
Secured bank loans	NTD	1.20%	July 26, 2034	235,000
				298,334
Less: current portion				30,939
Total				**$ 267,395**
Unused long-term credit lines				**$ -**

	December 31, 2020			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.35%～1.70%	February 13, 2022～ September 4, 2025	$ 85,969
Secured bank loans	NTD	1.37%～1.42%	December 6, 2025～ November 21, 2033	280,110
				366,079
Less: current portion				50,635
Total				**$ 315,444**
Unused long-term credit lines				**$ -**

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

(14) Bonds payable

The details of secured convertible bonds were as follows:

	December 31, 2021
Total convertible corporate bonds issued	$ 300,000
Add: Interest payable refund	187
Less: Unamortized discounted bonds payable	(8,491)
Issued bonds payable balance at year-end	**$ 291,696**
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$ 2,070**
Equity component – conversion options, included in capital surplus– stock options	**$ 37,390**

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 0.85%. Please refer to Note 6 (23) for the amount of recognized interest expenses.

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

1. Total issuance: $300,000 thousand NTD
2. Issued price: issued at 110.95% of par value
3. Issue period: 5 years, expired date will be September 30, 2026
4. Interest rate: 0%
5. Conversion subject: common stock of the company
6. Conversion price and its adjustment:
   The conversion price at the time of issuance is set at $30 per share. However, after the issuance, if one of the following conditions is met, the conversion price shall be adjusted according to the formula stipulated in the issuance terms:
   a. When an increase in the company's issued or private offering shares of common stock. Except for various securities issued or private offering by the company that have conversion rights or options for exchange or new issued shares for employees' compensation.
   b. When the company pays cash dividends of ordinary shares.

c. When the company re-issues or private offering various value securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share.

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

The conversion price on December 31, 2021 was $30.00 per share.

7. Conversion period:

Started from the next day since the convertible bonds have issued for three months until the maturity date, except for following condition: (1) suspension period of the transfer of ordinary shares which according to law; (2) the period of before 15 business days of the date of the transfer suspension of stock dividend, cash dividends and cash capital increase subscription till interest distribute reference date;(3) started from capital reduction reference date until the day before the share exchange trade date;(4) The period from the start date of the suspension of conversion/subscription of the stock change nominal value to the day before the trading day before the start of the exchange of new shares, the creditor may not request conversion, may request the company to convert the convertible bonds into ordinary shares of the company in accordance with these measures at any time.

8. Bondholder’s puttable option:

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

9. The company's redemption option:

(1) The conversion of the bonds from the next day of three months from the issuance day to 40 days before the expiry of the issue period, if the closing price of the company’s ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive) or more. In the case, the company may redeem the circulating convertible bonds in cash at the bond nominal value.

(2) From the next day of three months from the issuance day to 40 days before the expiry of the issue period, when the circulating bonds is less than 10% of the original issuance total, the company may recover the convertible bonds in cash with the nominal value of the bonds.

10. Repayment at maturity:

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

11. Collateral:

The First Commercial Bank acts as the guarantor for the convertible bonds. The real estates, plants, equipment and deposits will be provided as the collaterals of the First Commercial Bank. Please refer to Note 8 for details.

(15) Lease liabilities

The carrying value of lease liabilities of the Company was as follows:

	December 31,2021	December 31,2020
Current	$ 9,034	5,140
Non-current	$ 42,301	8,425

For the maturity analysis, please refer to note 6(24).

The amounts recognized in profit or loss was as follows:

	2021	2020
Interest on lease liabilities	$ 413	200
Expenses relating to short-term leases	$ 278	726
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 154	202

The amounts recognized in the statement of cash flows for the Company was as follows:

	2021	2020
Total cash outflow for leases	$ 8,848	5,931

A. Buildings leases

The company leases buildings as a warehouse and business office. The leases of buildings run for 3 to 10 years. Some leases include an option to renew the lease after the end of the contract term.

B. Other leases

The Company leases transportation equipment, with lease terms of 2 to 5 years.
In additionally, the Company also leases some business office and office equipment, with lease terms 1 to 3 years. These leases are short-term or leases of low-value items. The Company decided 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:

	December 31, 2021	December 31, 2020
Advance receipts	$ 15,506	7,395
Provision for warranties	1,195	1,224
Refund liability	6,750	8,018
Receipts under custody	26,664	1,422
Others	2,492	6,379

	$	52,607	24,438

The movement in provision for warranties were as follows：

		2021	2020
Balance at January 1	$	1,224	1,243
Provisions made during the year		1,195	1,224
Provisions reversed during the year		(1,224)	(1,243)
Balance at December 31	$	1,195	1,224

The provision for warranties relates mainly to home appliance sold during the years ended 31 December 2021 and 2020. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(17) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$	44,020	44,892
Fair value of plan assets		(21,757)	(20,020)
Net defined benefit liabilities	$	22,263	24,872

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $21,757 thousands as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

		2021	2020
Defined benefit obligations at January 1	$	44,892	44,143
Current service costs and interest cost		419	599
Remeasurements loss (gain):			
－Experience adjustments		(2,430)	(1,032)
－Change in demographic assumptions		1,139	1,938
Benefits paid		-	(756)
Defined benefit obligations at December 31	**$**	**44,020**	**44,892**

(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2021	2020
Fair value of plan assets at January 1	$	20,020	16,460
Interest income		125	166
Remeasurements loss (gain)			
－Return on plan assets excluding interest income		230	497
Contributions paid by the employer		1,382	3,653
Benefits paid		-	(756)
Fair value of plan assets at December 31	**$**	**21,757**	**20,020**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2021	2020
Current service costs	$	140	159
Net interest of net liabilities for defined benefit obligations		154	274
	$	**294**	**433**
Operating cost	$	206	289
Selling expenses		88	144
	$	**294**	**433**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
Future salary increase rate	3.000%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $410 thousand.

The weighted average lifetime of the defined benefits plans is 12.25 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021:		
Discount rate	$ (1,209)	1,255
Future salary increasing rate	1,202	(1,164)
December 31, 2020:		
Discount rate	(1,307)	1,365
Future salary increasing rate	1,306	(1,261)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used in the preparation of sensitivity analysis remain the same as the previous period.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2021 and 2020 was as follow:

	2021	2020
Operating cost	$ 3,511	4,008
Selling expenses	2,568	2,295
General and administrative expenses	1,796	1,071
Research and development expenses	2,074	1,991

Total	$	9,949	9,365

(18) Income taxes

A. Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

		2021	2020
Current portion	$	31,225	8,359
Deferred income tax benefit			
Origination and reversal of temporary differences		15,109	23,018
Change in unrecognized deductible temporary differences		(16,338)	(26,390)
		(1,229)	(3,372)
Income tax expense	$	29,996	4,987

The Group did not directly recognize the income tax in equity in 2021 and 2020.

Tax which recognize under other comprehensive income is shown as follows:

		2021	2020
Equity at fair value through other comprehensive income -Unrealised gains (losses) from investments in equity instruments	$	1,934	-

Reconciliation of income tax and profit before tax is as follows:

		2021	2020
Profit before income tax	$	227,062	144,389
Income tax using the Company's domestic tax rate	$	45,412	28,878
Effect of profit (loss) of investment accounted for using the equity method		250	422
Change in unrecognized temporary differences		(16,338)	(26,390)
Tax on undistributed profit		-	656
Non-deductible expenses		907	1,412
Others		(235)	9
Income tax expense	$	29,996	4,987

B. Deferred tax assets and liabilities

(g) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020

Employee benefits	$	22,263	24,872
Temporary variances related to invest subsidiaries		365,174	389,649
	$	**387,437**	**414,521**

In December 31, 2021 and 2020, deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

In December 31, 2021 and 2020, temporary differences that related to subsidiaries investment, due to the Group being able to control the reversal time of temporary differences an believe it is very unlikely to be reversal in the foreseeable future. Therefore, the deferred income tax liabilities that will not be recognize by Group are $ 256,045 thousand and $ 199,930 thousand, respectively.

(a) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Assets:

		Unrealized sales return and discounts	Unrealized profit from sales	Unrealized exchange loss	Others	Total
Balance at January 1, 2021	$	11,913	400	-	507	12,820
Recognized in profit or loss		628	(82)	396	9	951
Balance at December 31, 2021	$	**12,541**	**318**	**396**	**516**	**13,771**
Balance at January 1, 2020	$	5,930	673	2,056	511	9,170
Recognized in profit or loss		5,983	(273)	(2,056)	(4)	3,650
Balance at December 31, 2020	$	**11,913**	**400**	**-**	**507**	**12,820**

Deferred Tax Liabilities:

		Unrealized exchange gain	Fair value gains	Total
Balance at January 1, 2021	$	278	-	278
Recognized in profit or loss		(278)	-	(278)
Recognized in other comprehensive income		-	1,934	1,934
Balance at December 31, 2021	$	**-**	**1,934**	**1,934**
Balance at January 1, 2020	$			
Recognized in profit or loss		278	-	278
Balance at December 31, 2020	$	**278**	**-**	**278**

The Company’s income tax returns through 2019 have been assessed and approved by the

R.O.C tax Authority. There were no disputes between the Company and the Tax Authority.

(19) Capital and other equity

A. Common stock

As of December 31, 2021 and 2020, the total value of authorized ordinary shares was amounted to $ 1,500,000 thousand and $ 1,000,000 thousand, respectively. Numbers of authorized ordinary shares were $ 1,500,000 thousand and $ 1,000,000 thousand shares with par value $10. Issued shares were both 69,787 thousand shares. All the capital was fully paid in.

Reconciliation of shares outstanding for 2021 and 2020 was as follows:

(in thousands of shares)	**2021**	**2020**
Balance on January 1	69,021	69,787
Shares buy back	-	(766)
Balance on December 31	**69,021**	**69,021**

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021		**December 31, 2020**
Premium on conversion of convertible bonds	$	86,977	86,977
Expired share option		18,643	18,643
Treasury share transactions		14,141	14,141
Conversion option of convertible bonds		37,390	-
	$	**157,151**	**119,761**

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

C. Retained Earning

The Company's article of incorporation stipulate that Company's net earnings should first be used to paying any income taxes and offset the prior years' deficits. 10% of the remaining balance is to be appropriated as legal reserve. However, it is not applicable if the statutory surplus reserve has reached our Group’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, 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.

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.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 “First-time Adoption of International Financial Reporting Standards” during the Company’s first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments (gains) recognized under shareholders’ equity shall be zeroed at the adoption date. According to regulations, the increase in retained earnings amounted to $3,798 thousand. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special reserve during earnings distribution, and when the relevant assets are used, disposed of, or reclassified, these special earnings reserve shall be reversed as distributable earnings proportionately. As of December 31, 2021 and 2020, the carrying amount of special earnings reserve was $3,798 thousand.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders’ equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

(c) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 8, 2022 and March 9, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

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

D. Other equity (Net amount after tax)

		Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	$	16,694	1,152	17,846
Changes of the Company		494	2,543	3,037
Balance at December 31, 2021	$	17,188	3,695	20,883
Balance at January 1, 2020	$	16,173	973	17,146
Changes of the Company		521	179	700
Balance at December 31, 2020	$	16,694	1,152	17,846

E. Treasury shares

In the year of the 2020, 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 December 31, 2021 and 2020, the total number of none cancelled shares was 766,000 shares.

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

(20) Earnings per share

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

		2021	2020
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$	197,066	139,402
Weighted average number of ordinary shares outstanding during the period (thousand)		69,021	69,259
Earnings per share	$	2.86	2.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$	197,066	139,402
Effect of potentially dilutive common stock-Convertible Bonds		(510)	-
Profit(loss) attributable to ordinary shareholders of the Company (After adjusted effected amount of potentially dilutive common	$	196,556	139,402

stock)		
Weighted-average number of common shares(thousand)	69,021	69,259
Effect of convertible bonds	2,548	-
Effect of employee share bonus	135	155
Weighted average number of ordinary shares outstanding during the period (After adjusted effected amount of potentially dilutive common stock) (thousand)	**71,704**	**69,414**
Diluted earnings per share	**$ 2.74**	**2.01**

(21) Revenue from contracts with customers

A. Details of revenue

	2021		
	Home Appliances Department	**Electronics Cooling Department**	**Total**
Primary geographical markets：			
Domestic	$ 683,165	1,410,449	2,093,614
Mainland China	738	160,468	161,206
Germany	-	911,671	911,671
America	8,640	161,141	169,781
Japan	15,386	12,703	28,089
South Korea	2,145	66,361	68,506
Others	21,793	211,326	233,119
	$ 731,867	**2,934,119**	**3,665,986**
Major products services lines:			
Cooling fan	$ -	2,364,362	2,364,362
Product of home appliances–air series	443,700	-	443,700
Product of home appliances–water series	236,052	-	236,052
Heat sink and thermal module	-	530,836	530,836
Others	52,115	38,921	91,036
	$ 731,867	**2,934,119**	**3,665,986**

	2020		
	Home Appliances Department	**Electronics Cooling Department**	**Total**
Primary geographical markets：			
Domestic	$ 645,893	1,119,333	1,765,226
Mainland China	1,804	118,195	119,999
Germany	-	754,386	754,386

America	7,757	172,143	179,900
Japan	24,760	8,976	33,736
South Korea	-	72,014	72,014
Others	10,372	170,823	181,195
	$ 690,586	2,415,870	3,106,456

Major products services lines:			
Cooling fan	$ -	1,976,230	1,976,230
Product of home appliances –air series	407,937	-	407,937
Product of home appliances –water series	230,244	-	230,244
Heat sink and thermal module	-	413,894	413,894
Others	52,215	25,936	78,151
	$ 690,396	2,416,060	3,106,456

B. **Contract balance**

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes and accounts receivables	$ 907,206	748,169	756,073
Less: allowance for impairment	(5,531)	(5,558)	(9,896)
Total	$ 901,675	742,611	746,177
Contract liabilities－unearned revenue	$ 15,506	7,395	5,294

For details on notes and accounts receivables and allowance for impairment, please refer to note 6(4)

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $6,203 thousand and $4,914 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Contract liabilities-Unearned Revenue was classified under other current liabilities.

(22) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute 1% to 10% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the abovementioned employee compensation, in shares or cash may include the employees of the Company's subsidiaries who meet certain conditions.

For the 2021 and 2020, the Company accrued the compensation of employees amounted to $ 4,682 thousand and $2,977 thousand, respectively and the remuneration of directors' amounted to $2,341 thousand and $1,489 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.

The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Director. Related information would be available at the Market Observation Post System website. (https://mops.twse.com.tw/mops/web/index).

There is no amount difference between the amount of compensation for employees and directors estimated in the aforementioned consolidated financial report of 2021 and 2020.

(23) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

	2021	2020
Interest income from bank deposits	$ 97	214
Other interest income	11	20
	$ 108	234

B. Other income

The details of other income were as follows:

	2021	2020
Rent income	$ 5,650	5,425
Income from selling samples	6,019	5,077
Others	21,704	10,548
	$ 33,373	21,050

C. Other gains and losses

The details of other gains and losses were as follows:

	2021	2020
Net profit on foreign exchange gains	$ (12,636)	(9,056)
Net loss on disposal of investment property and property, plant and equipment	(516)	(384)
Putable option of bonds payable/Net profit on value of putable option	1,260	-
	$ (11,892)	(9,440)

D. Finance costs

The details of finance costs were as follows:

	2021	2020
Interest expense		
Bank loan	$ (6,359)	(7,672)
Lease liability	(413)	(200)
Amortization of discount on bonds payable	(635)	-
	$ (7,407)	(7,872)

(24) Financial instruments

A. Credit risk

(a) Exposure to credit risk

As of December 31, 2021 and 2020, the Company's exposure to credit risk and the maximum exposure were mainly from:

·The carrying amount of financial assets recognized in the balance sheet; and

·The amount is the result due to Company providing financial guarantees to its customers was $36,000 thousand and $78,720 thousand, respectively.

(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 December 31, 2021 and 2020, major customers of the Company was significant focus on certain customer; one of the customer accounted for 18.11% and 19.95% of the notes and accounts receivable, respectively.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(4). Other financial assets at amortized cost includes: other receivables, restricted deposits and guarantee deposits paid.

The following presents whether abovementioned assets were subject to a 12-month ECL or lifetime ECL allowance, and in the latter case, whether they were credit-impaired:

	December 31, 2021		
	At amortized cost		
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired
Guarantee deposits paid	$ 5,213	-	-
Other receivables (including related parties)	8,591	4,059	1
Restricted deposits	54,239	-	-
Loss allowance	-	-	(1)
Amortized cost	$ 68,043	4,059	-
Carrying amount	$ 68,043	4,059	-

	December 31, 2020		
	At amortized cost		
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired
Guarantee deposits paid	$ 3,619	-	-
Other receivables (including related parties)	30,666	1,676	2

Restricted deposits	7,003	-	-
Loss allowance	-	-	(2)
Amortized cost	$ 41,288	1,676	-
Carrying amount	$ 41,288	1,676	-

The movement in the allowance for impairment with respect to the financial assets measured at amortized cost as of December 31, 2021 and 2020 were as follows:

	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
Balance on January 1, 2021	$ -	-	2	2
Impairment losses recognized	-	-	(1)	(1)
Balance on December 31, 2021	$ -	-	1	1

	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
Balance on January 1, 2020	$ -	-	4	4
Impairment losses recognized	-	-	(2)	(2)
Balance on December 31, 2020	$ -	-	2	2

B. Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating rate)	$ 328,334	349,662	43,513	20,964	44,741	80,125	160,319
Accounts payable (non-interest bearing)	386,304	386,304	386,304	-	-	-	-
Other payable (non-interest bearing)	141,347	141,347	141,347	-	-	-	-
Bonds payable (fixed interest rate)	291,696	303,768	-	-	-	303,768	-
Lease liabilities (fixed rate)	51,335	54,251	5,049	4,698	9,158	19,722	15,624
Guarantee deposits received (non-interest bearing)	1,764	1,764	-	-	1,764	-	-
	$ 1,200,780	1,237,096	576,213	25,662	55,663	403,615	175,943

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating	$ 466,079	493,436	128,272	27,909	72,135	117,665	147,455

rate)							
Accounts payable (non-interest bearing)	408,766	408,766	408,766	-	-	-	-
Other payable (non-interest bearing)	125,984	125,984	125,984	-	-	-	-
Lease liabilities (fixed rate)	13,565	13,915	2,864	2,449	3,622	4,980	-
Guarantee deposits received (non-interest bearing)	1,764	1,764	-	-	1,764	-	-
	$ 1,016,158	1,043,865	665,886	30,358	77,521	122,645	147,455

The Company does not expect that the cash flows could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD amount**	**Foreign currency**	**Exchange rate**	**NTD amount**
Financial assets						
Monetary items						
USD	$ 17,384	27.68	481,084	18,646	28.48	531,081
EUR	769	31.32	24,100	944	35.02	33,054
CNY	24,539	4.344	106,599	26,208	4.377	114,713
Non-monetary item						
USD	466	27.68	12,906	154	28.48	4,383
Financial liabilities						
Monetary items						
USD	7,784	27.68	215,463	8,487	28.48	241,797
EUR	21	31.32	649	86	35.02	3,000
CNY	854	4.344	3,709	624	4.377	2,727

(b) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivables (including related parties), other receivables (including related parties), restricted deposits, loans, accounts payable (including related parties), and other payables (including related parties). As of December 31, 2021 and 2020, if the exchange rate of the NTD versus the USD, CNY and EUR had increased or decreased by 1%, given no changes in other factors, the impact were as follow:

	Appreciate 1%	**Depreciate 1%**
Profits after tax for year 2021	Decrease in profits $3,136 thousand	Increase in profits $3,136 thousand
Profits after tax for year 2020	Decrease in profits $3,451 thousand	Increase in profits $3,451 thousand

(c) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to $12,636 thousand and $9,056 thousand, respectively.

D. Interest rate analysis

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

The sensitivity analysis of interest was determined based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amounts at the reporting date had existed for the whole year. Management adopted 0.25% as a reasonable change in interest rates, and therefore evaluated the impacts of 0.25% changes in interest rates.

If interest rates on borrowings had increased or decreased 0.25%, with all other variables held constant, the information was as follows:

	Increase 0.25%	Decrease 0.25%
Profits after tax for year 2021	Decrease in profits $657 thousand	Increase in profits $657 thousand
Profits after tax for year 2020	Decrease in profits $932 thousand	Increase in losses profits $932 thousand

E. Other market price risk

If the prices of equity securities change at reporting date, with all other variables held constant, the influences to other comprehensive income, were as follows:

	2021		2020	
Prices at reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase 3%	$ 669	-	105	-
Decrease 3%	$ (669)	-	(105)	-

F. Fair value of financial instruments

(a) Categories and fair values of financial instruments

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

	December 31, 2021				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Sold back option/ Buy back option of convertible bond	$ 2,070		2,070		2,070
Financial assets at FVOCI					
Foreign unlisted stock	$ 12,906	-	-	12,906	12,906
Domestic unlisted stock	11,954	-	-	11,954	11,954
Subtotal	$ 24,860				
Financial assets at amortized cost					
Cash and cash equivalent	$ 90,417	-	-	-	-

Notes and accounts receivables	901,675	-	-	-	-
Other Financial assets -related party	336	-	-	-	-
Other Financial assets -current	15,977	-	-	-	-
Other Financial assets -non current	55,789	-	-	-	-
Subtotal	$ 1,064,194				
Financial liabilities at amortized cost					
Short-term borrowing	$ 30,000	-	-	-	-
Account payable	386,304	-	-	-	-
Other payable	141,347	-	-	-	-
Long- term borrowing (Current portion)	30,939	-	-	-	-
Lease liability－current	9,034	-	-	-	-
Long -term borrowing	267,395	-	-	-	-
Lease liability－non current	42,301	-	-	-	-
Bonds payable	291,696	-	295,260	-	295,260
Deposits received	1,764	-	-	-	-
Subtotal	$ 1,200,780				

	December 31, 2020				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Unlisted common shares	$ 4,383	-	-	4,383	4,383
Financial assets at amortized cost					
Cash and cash equivalent	$ 224,685	-	-	-	-
Notes and accounts receivables (including related parties)	742,611	-	-	-	-
Other account receivables－related parties	19,012	-	-	-	-
Other financial assets－current	15,332	-	-	-	-
Other financial assets－non-current	8,620	-	-	-	-
Total	$ 1,010,260				
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Accounts payable (including related parties)	408,766	-	-	-	-
Other payable (including related parties)	125,984	-	-	-	-
Long-term liabilities, current portion	50,635	-	-	-	-
Lease liabilities－current	5,140	-	-	-	-
Long-term borrowings	315,444	-	-	-	-
Lease liabilities－non-current	8,425	-	-	-	-
Guarantee deposits received	1,764	-	-	-	-
Total	$ 1,016,158				

The Company 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.

(b) Valuation technique of financial instruments not measured at fair value

The methodology and assumptions used by the Company to estimate financial instrument measured at amortized cost, except for convertible bonds payable－liability portion use the discounted cash flows to estimate fair values, because of the short maturities of these instruments, the Company estimates that the carrying amount is a reasonable approximation of fair value.

(c) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments:

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

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

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

Derivative financial instruments:

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

(d) Transfers between Level 1 and Level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2021 and 2020.

(e) Movements of financial assets in level 3

	Fair value through other comprehensive income
	Equity investment without an active market
Balance at January 1, 2021	$ 4,383
Acquisition	16,000
Recognized in other comprehensive income (loss)	4,477
Balance at December 31, 2021	**$ 24,860**
Balance at January 1, 2020	$ 4,204
Recognized in other comprehensive income (loss)	179
Balance at December 31, 2020	**$ 4,383**

The gains or losses were reported in the unrealized valuation gains (losses) of financial assets measured at fair value through other comprehensive income, which is the outcome of assets that still hold by Group for the year ended December 31, 2021 and 2020.

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

The Company's financial instruments that use Level 3 inputs to measure fair value only a significant unobservable input. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	·Lack of market liquidity discount (38.22% and 65.99% on December 31, 2021 and 2020, respectively) ·Valuation multiples (1.78 and 1.37 on December 31, 2021 and 2020, respectively) ·Stock price volatility (41.05% and 70.61% on December 31, 2021 and 2020, respectively)	·The higher the lack of market liquidity discount is, the lower the fair value will be. ·The higher the valuation multiples is, the higher the fair value will be. ·The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	Net assets value	·Net assets value ·Discount for minority interest (As of December 31, 2021: 16.64%) ·Lack of market liquidity discount interest (As of December 31, 2021: 10%)	·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.

(g) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurements of the Company's financial instruments are reasonable. However, change in the use of valuation models or variables may affect the estimations. For fair value measurements in Level 3, the information of changes in the use of valuation variable was as follows:

	Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
			Favorable	Unfavorable
Balance at December 31, 2021				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market -Y.S.Tech U.S.A Inc	Market illiquidity discount rate 38.22%	10%	$ 2,089	(2,089)
	Valuation multiples 1.78	5%	631	(662)
	Stock price volatility 41.05%	5%	1,010	(978)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	159	(159)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD				
	Market illiquidity discount rate 10.00%	10%	1,328	(1,328)
Balance at December 31, 2020				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 65.99%	10%	$ 1,299	(1,299)
－Y.S.Tech U.S.A Inc.				
	Valuation multiples 1.37	5%	277	(228)
	Stock price volatility 70.61%	5%	454	(391)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(25) Financial risk management

A. Overview

The extent of risk exposure arising from the use of financial instruments was as follows:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

B. Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the company’s risk management framework. General administration department is responsible for planning and controlling the risk management of the Company’s operation and reports it to the Board regularly.

The Company’s financial risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how the management complies in monitoring the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors

C. Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Company’s accounts receivable and other receivable, bank deposits and guarantee.

(a) Accounts receivable and other receivables

The Company's exposure credit risk is influenced by the individual characteristics of each customer. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit rating of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and required customers to pay in advance when the customers' credit ratings did not meet the benchmark.

(b) Bank deposits

The exposure to credit risk for the bank deposits is measured and monitored by the Company's finance department. The Company only deals with banks with good credit rating. The Company does not expect any counterparty above fails to meet its obligations. Hence, there is no significant credit risk arising from these counterparties.

(c) Guarantee

The Company’s policy is to provide financial guarantees only to wholly owned subsidiaries. The further information please refer to note 13.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

As of December 31, 2021 and 2020, the Company has unused credit facilities for short-term amounting to $680,564 thousand and $706,587 thousand, respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Company engages in derivative financial instruments trading in order to manage the market risk, thus, generating financial liabilities or financial assets, all the execution of those transactions were under the Board's instruction.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in another currency. Functional currency is NTD. The currencies used in these transactions are the NTD, USD and CNY.

At any point of time, the Company's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operation. The Company mainly hedges its currency risk using the foreign forward exchange contracts wherein the maturity date is less than one year from the reporting date.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD, USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

Regarding monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the merged company purchases or sells foreign currencies at the real-time exchange rate to ensure that net risk exposure remains at an acceptable level.

(b) Interest rate risk

The Company adopts a policy to ensure the exposure of changes in interest rates on borrowings is evaluated by the trend in market interest rates. The Company can manage its interest risk through maintaining an appropriate portfolio of floating interest rate and fixed interest rate.

(c) Market price risk of equity instruments

Part of the Company's equity securities are classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. These assets are measured at fair value. Therefore, the Company will be exposed to the risk of changes in the value of the equity securities market.

(26) Capital management

The Company sets its objectives for managing capital to ensure its capacity to continue to operate, to continue to provide returns to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment, issue new shares, or sell assets to settle any liabiltiies.

The Company use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

In 2021, the Company's capital management strategy is consistent with the privious year. The Company’s debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 1,390,911	1,074,209
Less: cash and cash equivalents	90,417	224,685
Net liabilities	**$ 1,300,494**	**849,524**
Total equity	**$ 1,207,532**	**1,072,049**
Adjusted equity	**$ 2,508,026**	**1,921,573**
Liabilities-to-equity ratio	**51.85%**	**44.21%**

(27) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities of the Company were as follows:

	January 1, 2021	Cash flows	Non-cash changes: **Amortized interest**	Non-cash changes: **Increased in Right-of-use assets**	Non-cash changes: **Other changes**	December 31, 2021
Short-term borrowings	$ 100,000	(70,000)	-	-	-	30,000
Long-term borrowings (including current portion)	366,079	(67,745)	-	-	-	298,334
Bonds payable	-	327,642	622	-	(36,568)	291,696
Lease liabilities (current and non-current)	13,565	(8,003)	-	45,773	-	51,335
Guarantee deposit received	1,764	-	-	-	-	1,764
Total liabilities from financing activities	**$ 481,408**	**181,894**	**622**	**45,773**	**(36,568)**	**673,129**

	January 1, 2020	Cash flows	Non-cash changes: **Amortized interest**	Non-cash changes: **Increased in Right-of-use assets**	December 31, 2020
Short-term borrowings	$ 200,000	(100,000)	-	-	100,000
Long-term borrowings (including current portion)	349,437	16,642	-	-	366,079
Lease liabilities (current and non-current)	13,854	(4,803)	-	4,514	13,565
Guarantee deposit received	465	1,299	-	-	1,764
Total liabilities from financing activities	**$ 563,756**	**(86,862)**	**-**	**4,514**	**481,408**

7. Transaction with related parties:

(1) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

(2) Names and relationship with related parties

The following are subsidiaries and other related parties that have had transactions with the Company during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Yen Sun Technology (BVI) Corp. ("Yen Sun (BVI)")	Subsidiary, direct shareholding 100%
Yen Sun Tech International (SAMOA) Corp. ("Yen Sun (SAMOA)")	Subsidiary, direct shareholding 100%
LUCRATIVE INT'L GROUP INC. ("LUCRATIVE")	Subsidiary, direct shareholding 100%
YEN JIU TECHNOLOGY CORP. ("YEN JIU")	Subsidiary, direct shareholding 100%
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD. ("SHANGHAI YENSUN")	Subsidiary, indirect shareholding 100%
Yen Hung International Corp. ("Yen Hung")	Subsidiary, indirect shareholding 100%
Yen Tong Tech International (SAMOA) Corp. ("Yen Tong")	Subsidiary, indirect shareholding 100%
Y.H. Tech International Corp. ("Y.H. Tech")	Subsidiary, indirect shareholding 100%
DARSON ELECTRONICS (DONGGUAN) LTD. ("DARSON")	Subsidiary, indirect shareholding 100%
YEN GIANT METAL (DONGGUAN) CO., LTD. ("YEN GIANT")	Subsidiary, indirect shareholding 100%

(3) Significant related party transactions

A. Operating revenue

The amounts of significant sales by the Company to the related parties were as follows:

	2021	2020
Subsidiary－Yen Sun (SAMOA)	$ 10,255	24,356

The prices of goods sold to related parties due to the variety of goods; there is no comparison with the sales price to other customer. The credit terms with related parties were 180 days, which were no significantly different from other customer. Accounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

B. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	2021	2020
Subsidiary－YEN JIU	$ 646,012	616,487
Subsidiary－Yen Sun (BVI)	-	328,303
Subsidiary－Y.H. Tech	945,844	453,628
Subsidiary－Yen Sun (SAMOA)	458,289	417,244
	$ 2,050,145	1,815,662

The pricing of purchase transaction with related parties have not comparison with those purchase from other vendor due to the variety of goods. The payment terms were that the accounts payable offset against the prepayments of raw material by month. Remaining payment terms were 90 days, which were no different from the payment terms given by other vendors.

C. Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts receivables	Subsidiary－Yen Sun (SAMOA)	$ 75,697	94,603
	Subsidiary－SHANGHAI YENSUN	11,057	12,681
		$ 86,754	**107,284**

D. Payables to Related Parties

The Payables to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Account payable	Subsidiary－Yen Sun (BVI)	$ -	139
	Subsidiary－Y.H. Tech	83,065	107,054
	Subsidiary－Yen Sun (SAMOA)	31,402	29,100
		$ 114,467	**136,293**

E. Prepayments

The prepayments to related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary－YEN JIU	**$ 108,312**	**74,969**

The company prepays the operation funds for the subsidiary, in order to being able to produce the products ordered by the company. The above prepayments are presented in other current assets on the balance sheet.

F. Loans to Related Parties

The loans to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Other receivable-related parties	Subsidiary－Yen Sun (BVI)	**$ -**	**17,088**

In 2021 and 2020, the loans to subsidiary were not interest-bearing, and all of them are unsecured loans. There is no need to recognize as loss after assessment.

G. Guarantee

The guarantee for related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary－Yen Sun (BVI)	$ -	42,720
Subsidiary－YEN JIU	-	36,000
	$ -	78,720

The above endorsement guarantee is that the company obtains the bank credit line for the subsidiary, and provides US dollar and CNY deposits certificate as guarantee. Since they are all 100% owned subsidiaries of the company, no collateral is provided to the company.

The company loan from financial institutions on December 31, 2020. According to the requirements of some contracts, the major management staff of the company should provide a joint guarantee, which is $ 50,000 thousand.

H. Others

(a) Purchasing on raw materials and molds behalf of subsidiaries

The details of company purchasing on raw materials and molds behalf of subsidiaries as follow:

	2021	2020
Subsidiary－Yen Sun (BVI)	$ -	30,486
Subsidiary－Y.H. Tech	73,590	31,864
Subsidiary－Yen Sun (SAMOA)	132,250	88,885
Subsidiary－YEN JIU	11,485	4,076
	$ 217,325	155,311

(b) Payments behalf on related parties

The detail is as follow:

Accounts	Relationship	December 31, 2021	December 31, 2020
Other receivables-related parties	Subsidiary－Yen Sun (SAMOA)	$ 323	1,924
	Subsidiary－Y.H. Tech	13	-
		$ 336	1,924

(c) The company leased the factory to its subsidiary-YEN JIU TECHNOLOGY CORP. The lease contract was from January 1, 2019 to December 31, 2023. In the 2021 and 2020, the rental income were both $ 5,040 thousand; recognized as other income in the statement of comprehensive income. As of December 31, 2021 and 2020, the receivables have been received

(d) In 2020, the company cash capital increase to its subsidiary-LUCRATIVE with $ 8,583 thousand. Recognized as investments accounted for using equity method in under the balance sheet.

(e) In 2021, the company cash capital increase to its subsidiary-Yen Sun (BVI) with $ 25,002 thousand. Recognized as investments accounted for using equity method in under the balance sheet.

(f) As of December 31, 2021, the company collect the borrowing which the subsidiary-SHANGHAI YENSUN repaid to the subsidiary-Y.H.Tech, which amount to $ 24,912 thousand. Recognized as other current liability under the balance sheet.

(g) The company bought a machine equipment form the subsidiary- YEN JIU with $ 529 thousand. As of December 31, 2021, the transactions have been completed.

(4) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 15,050	8,660
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 15,050	**8,660**

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

8. Pledged assets

The details and carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Demand deposits (Reserve Account)	Long-term/short-term borrowing, customs taxes, company debt and other repayment accounts	$ 51,578	6,003
Time deposits	Guarantee of sales channel	2,661	1,000
Land	Guarantee of long-term/short-term borrowing and bonds payable	291,848	267,535
Buildings	Guarantee of long-term/short-term borrowing	124,089	132,508
		$ 470,176	**407,046**

9. Significant Commitments and Contingencies

(1) Unrecognized contractual commitments

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	**$ 12,094**	**16,157**

(2) The Company's outstanding standby letter of credit are as follows:

	December 31, 2021	December 31, 2020
Purchase of raw materials	**$ 69,436**	**36,366**

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	2021			2020		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	124,007	170,469	294,476	88,028	159,703	247,731
Labor and health insurance	11,242	13,614	24,856	8,854	12,394	21,248
Pension	3,717	6,526	10,243	4,297	5,501	9,798
Remuneration of directors	-	3,499	3,499	-	3,402	3,402
Others	6,807	5,551	12,358	5,914	5,322	11,236
Depreciation	25,376	35,071	60,447	21,443	33,868	55,311
Amortization	14	1,751	1,765	7	1,380	1,387

The additional information of number of employees and employee benefits in the year of 2021 and 2020 was as follows:

	2021	2020
Number of employees	471	438
Number of non- employee directors	5	5
Average employee benefits	$ 734	666
Average employee salary	$ 632	569
Adjustment of average employee salary	11%	
Remuneration of supervisor	$ -	-

The remuneration policy of the Company (includes: directors, managers and employees) was as follows:

(A) According to the Company Act, adding Article 235-1 and amendments to Articles 235, 240 and applicability against employee remuneration expenses, due to comprehensive consideration of shareholder rights and employee benefits; The estimated amounts of employee compensation and directors' remuneration are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles.

(B) Employees' remuneration, including: Salary (such as: base salary, duty allowance, food allowance, non-leave bonus) and Bonuses.

a. The Company's operating performance and employee's individual performance will take place as a reference basis for issuing year-end bonuses, and will be distribute based on the Company's overall operating conditions

b. The remuneration standard is determined by the salary market, the company's operating conditions and the organization structure. And adjust in time according to market salary dynamics, overall economic, industrial boom changes, and the government regulations.

c. Employees' salary and remuneration are based on their academic experience, professional knowledge and skill/professional experience and personal performance.

d. Salary adjustments are carried out based on the company's operating conditions and factors such as changes in the overall economy and industrial boom changes; then based on comprehensive considerations such as personal performance.

(C) The remuneration of managers is based on factors, such as operating strategy, profitability, performance and job contribution. And reference to the level of salary market, including salary, job bonus, severance payment, various bonuses, incentives, various allowances, etc.

(D) In addition to receiving a fixed amount of transportation expenses monthly for the execution of the business, the director's remuneration also includes salary, various bonuses and incentives, etc.

13. Other disclosures

(1) 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 Company for the year ended December 31, 2021.

A. Loans to other parties:

Number	Lender	Counter- party	Financial statement account	Related Party	Highest balance for the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period (Note 2)	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	The Company	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	41,520 (USD 1,500,000)	-	-	-	short - term financing	-	Working capital	-	-	-	483,013 (Note1)	483,013 (Note 1)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts－related parties	Yes	119,216 (USD 4,306,943)	-	-	-	short - term financing	-	Working capital	-	-	-	483,013 (Note 1)	483,013 (Note 1)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts－related parties	Yes	26,064 (RMB 6,000,000)	-	-	-	short - term financing	-	Working capital	-	-	-	483,013 (Note 1)	483,013 (Note 1)
2	Y.H. Tech International Corp.	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	46,547 (USD 1,681,614)	--	--	-	short - term financing	-	Working capital	-	-	-	315,712 (Note 3)	315,712 (Note 3)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	119,082 (USD 4,302,111)	119,082 (USD 4,302,111)	119,082 (USD 4,302,111)		(Note 4)	-	Working capital				315,712 (Note 3)	315,712 (Note 3)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	26,064 (RMB 6,000,000)	970 (RMB 223,285)	970 (RMB 223,285)		(Note 4)	-	Working capital				315,712 (Note 3)	315,712 (Note 3)

(Note 1) If necessary, for financing, the loan limit shall not exceed 40% of the company's net equity

(Note 2) The amount of TWD is translated at the exchange rate on the balance sheet date

(Note 3) If financing is necessary, the loan limit shall not exceed 200% of Y.H. Tech International Corp.'s net equity.

(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.

(continued)

YEN SUN TECHNOLOGY CORP.

Notes to the Parent-Company-Only Financial Statements(Continued)

B. Guarantees and endorsements for other parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note4)	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiar	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the endorser/ guarantor										
0	The Company	Yen Sun Technology (BVI) Corp.	Subsidiary	362,260 (Note 1)	41,520 (USD 1,500,000)	-	-	-	-	603,766 **(Note 3)**	Y	-	-
0	The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	241,506 (Note 2)	36,000	-	-	-	-	603,766 **(Note 3)**	Y	-	-

(Note 1) For a single overseas affiliated company, the limit shall not exceed 30% of the company's net equity.
(Note 2) For a single enterprise, the limit is not more than 20% of the company's net worth.
(Note 3) Not exceeding 50% of the company's net equity.
(Note 4) The amount of TWD is converted at the exchange rate on the balance sheet date.

(continued)

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

				December 31, 2021				
Name of security holder	**Name of security and type**	**Relationship with company**	**Account title**	**Units (shares)**	**Carrying Value**	**Percentage of ownership**	**Fair value**	**Remarks**
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	12,906	19.16%	12,906	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI－non-current	1,600,000	11,954	5.00%	11,954	-

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

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

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

(continued)

G. 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	Relation-ship	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)	Percentage of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	646,012	21.53%	(Note 1)	Single supplier	(Note 1)	108,312 (Note 2)	96.42% (Note 4)	
The Company	Y.H. Tech International Corp.	Sub-Subsidiary	Purchase	945,844	31.52%	(Note 1)	Single supplier	(Note 1)	(83,065)	21.50%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	458,289	15.27%	(Note 1)	Single supplier	(Note 1)	(31,402)	8.13%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Sub-Subsidiary	Purchase	953,173	93.56%	(Note 1)	Single supplier	(Note 1)	(131,028)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Sub-Subsidiary	Purchase	453,432	76.07%	(Note 1)	Single supplier	(Note 1)	(20,074)	21.11%	
YEN JIU TECHNOLOGY CORP	The Company	Ultimate parent company	Sale	646,012	100.00%	(Note 1)	Product sales	(Note 1)	(108,312) (Note 2)	100.00% (Note 3)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	945,844	100.00%	(Note 1)	Product sales	(Note 1)	83,065	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	458,289	97.67%	(Note 1)	Product sales	(Note 1)	31,042	30.15%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	953,173	100.00%	(Note 1)	Product sales	(Note 1)	131,028	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	453,432	61.09%	(Note 1)	Product sales	(Note 1)	20,074	16.81%	

(Note 1) The accounts receivable (payable) balance each month offset with other prepayments (advance receipts) arising from purchasing raw materials monthly.
(Note 2) Recognized as account prepayments (advance receipts).
(Note 3) The ratio of prepayments (advance receipts) is calculated based on the proportion of the prepayments (advance receipts)

(continued)

H. 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 Sub-Subsidiary	Other receivable 120,220	- (Note)	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Sub-Subsidiary to Subsidiary	Accounts receivable 131,028	9.88%	-	-	42,904	-	

(Note) Principal, interest receivable and long-term receivables of capital finance.

I. Derivative financial instrument transactions: Please refer to Note 6(2) and Note 6(14).

(2) 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	Investment income (less) Recognized	Remarks
				December 31,2021	December 31,2020	Shares owned	Percentage owned	Carrying value			
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	284,844	259,842	500,000	100%	(80,329)	23,060	23,060	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	129,608	32,228	32,228	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	167,621	25,313	25,313	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	91,326	1,164	(1,249)	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	157,864	20,528	20,528	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%	157,856	20,528	20,528	Sub-Subsidiary

(continued)

YEN SUN TECHNOLOGY CORP.

Notes to the Parent-Company-Only Financial Statements(Continued)

(3) Information on investments in Mainland China:

A. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January.1,2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December. 31, 2021	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 December. 31, 2021 (Note 3)	Accumulated investment income repatriated to Taiwan as of December. 31, 2021
					Remittance	Repatriation						
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	258,349 (USD8,700,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	233,347 (USD7,800,000)	25,002 (USD900,000)	-	258,349 (USD8,700,000)	22,781	100%	22,781 (Note1)	(115,074) (Note1)	-
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD1,000,000)	-	-	30,179 (USD1,000,000)	17,587	100%	18,092 (Note1)	47,282 (Note1)	-
SHANGHAI CHANSON WATER CO., LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD60,000)	-	-	1,916 (USD60,000)	-	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacture of electronic cooling fan and thermal module products	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China	8,583 (USD285,000)	-	-	8,583 (USD285,000)	32,228	100%	32,228 (Note1)	129,608 (Note1)	-

(continued)

B. Limitation of investment amount to Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2021	**Investment amount approved by the Investment Commission, Ministry of Economic Affairs**	**Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs**
278,048 (Note2) (USD 10,045 thousand)	300,192 (Note2) (USD 10,845 of thousand)	724,519

(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.

C. Significant transactions:

The significant inter-company transactions (direct or indirect) with the investees in Mainland China are disclosed in "Information on significant transactions".

D. Major shareholders:

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

The Company applied to Taiwan Depository & Clearing Corporation ("TDCC") to obtain the information in this form, to explain the following:

(a) The major shareholders information of this table is calculated by the TDCC on the last business day at the end of each quarter, and the total number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in the consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different calculation bases.

(b) Where the stocks are entrusted by shareholders, it will be disclosed by the individual trustee who opened the trust account. As for shareholders' declaration of insider's shareholdings that hold more than 10% of their shares in accordance with the Securities and Exchange Act, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the right to decide how to utilize the trust property, etc. For information on insider's shareholding declarations, please refer to Market Observation Post System.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

(5) Consolidated financial statements for the years ended December 31, 2021 and 2020, and independent auditors' report

Representation Letter

The entities that are required to be included in the combined financial statements of YEN SUN TECHNOLOGY CORP. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements. " In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, YEN SUN TECHNOLOGY CORP. and Subsidiaries do not prepare a separate set of combined financial statements.

YEN SUN TECHNOLOGY CORP.
By

CHEN, KUAN-HUNG
Chairman
March 8, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

YEN SUN TECHNOLOGY CORP.

Opinion

We have audited the consolidated financial statements of YEN SUN TECHNOLOGY CORP. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have judged the matters described below to be the key and it matters to be communicated in our report.

1. Loss allowance of accounts receivable

Please refer to Note 4(7) for significant accounting policies on loss allowance of accounts receivable and Note 5(1) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the loss allowance of accounts receivable is shown in Note 6(4) of the consolidated financial statements.

Description of key audit matter:

The Group selling cross-industry products and giving some customer longer credit term. The management has subjective and significant judgments with the loss allowance of receivables.

Therefore, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's internal control activities related to collection and inspecting the collection records after balance sheet date; inspecting and analyzing the receivable aging report; understating the assumptions made by the management and the industrial credit status, and considering the adequacy of the Group's disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss model.

2. Valuation of inventory

Please refer to Note 4(8) for significant accounting policies on inventories and Note 5(2) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the inventory is shown in Note 6(6) of the consolidated financial statements.

Description of key audit matter:

The sales of the Group is affected by the selling seasons and consumers preference of products in the home appliance division, and the demand fluctuation of the automotive market and electronic information product in the electronic cooling division. Therefore, the sale fluctuate greatly may result in the book value of inventory exceeds its net realizable value. In addition, the subjective judgment of the management involves the relevant inventory valuation, so the inventory valuation is one of the important evaluation matters for the accountant to audit the consolidated financial statement.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included analyzing the changes of inventory turnover; evaluating the rationality of the Group's accounting policies, such as the policy of provision for inventory valuation and obsolescence; understanding the selling prices adopted by the management for evaluating the rationality of net realizable value of inventories, evaluating the appropriateness of provision and the adequacy of the Group's disclosures in the accounts made by the management.

Other Matter

YEN SUN TECHNOLOGY CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards genera1ly accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the reviews resulting in this independent auditors’ review report are Po Jen, Yang and Chen-Lung, Hsu.

KPMG

Kaohsiung, Taiwan (Republic of China)

March 8, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial posit ion, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standard s, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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 、audit report and consolidated financial statements, the Chinese version shall prevail.

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

YEN SEN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollar)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 289,207	11	178,432	7
1151	Notes receivables, net (note 6(3) and (20))	24,056	1	20,978	1
1170	Accounts receivable, net (note 6(3) and (20))	742,484	28	696,195	29
130X	Inventories (note 6(5))	699,311	26	662,756	27
1470	Other current assets (note 6(10))	36,704	1	43,706	2
1476	Other current financial assets (note 6(4) and 8)	20,309	1	29,827	1
		1,812,071	68	1,631,894	67
	Non-Current Assets				
1510	Non-current financial assets at fair value through profit and loss (note 6(2)(14))	2,070	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	24,860	1	4,383	-
1600	Property, plant and equipment (note 6(7) and 8)	691,895	23	660,639	25
1755	Right-of-use assets (note 6(8))	150,073	5	128,284	5
1760	Investment Property (note 6(9))	12,192	-	12,677	-
1780	Intangible assets (note 6(10))	5,238	-	3,118	-
1840	Deferred income tax assets (note 6(19))	15,185	-	12,820	-
1980	Other non-current financial assets (note 6(5) and 8)	61,000	2	13,871	1
1990	Other non-current assets-others(notes 6(11))	15,742	1	18,602	1
	Total non-current asset	978,255	32	854,394	32
	Total Assets	**$ 3,059,294**	**100**	**2,666,465**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(l2) and 8)	$ 30,000	1	101,606	4
2170	Accounts payable	731,687	24	710,441	27
2200	Other payables	196,331	6	175,154	7
2230	Current income tax liabilities	73,892	2	39,278	1
2280	Current lease liabilities (note 6(15))	28,244	1	22,380	1
2320	Long-term borrowings, current portion (note 6(13) and 8)	30,939	1	50,635	2
2399	Other current liabilities (note 6(13) and (22))	41,103	1	36,462	1
		1,132,196	36	1,135,956	43
	Non-current liabilities:				
2530	Bonds payable (note 6(14) and 8)	291,696	10	-	-
2540	Long-term borrowings (note 6(13) and 8)	267,395	9	315,444	12
2570	Deferred tax liabilities (note 6(19))	1,958	-	315	-
2580	Non-current lease liabilities (note 6(15))	130,146	4	111,688	4
2640	Net defined benefit liability, non-current (note 6(18))	22,263	1	24,872	1
2645	Guarantee deposit received	6,108	-	6,141	-
	Total non-current liabilities	719,566	24	458,460	17
	Total liabilities	1,851,762	60	1,594,416	60
	Equity attributable to owners of parent (note 6(14)(20))：				
3100	Capital stock	697,869	23	697,869	26
3200	Capital surplus	157,151	5	119,761	4
3300	Retained earnings	343,402	11	248,346	9
3400	Other equity interest	20,883	1	17,846	1
3500	Treasury stock	(11,773)	-	(11,773)	-
	Total equity	1,207,532	40	1,072,049	40
	Total liabilities and equity	**$ 3,059,294**	**100**	**2,666,465**	**100**

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

YEN SEN TECHNOLOGY CORP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenues (note 6(22))**	$ 3,933,781	100	3,332,286	100
5000	**Operating costs (notes 6(6)(18))**	3,238,251	82	2,726,737	82
5900	**Gross profit from operations**	695,530	18	605,549	18
6000	**Operating expenses (notes 6(18)(23))：**				
6100	Selling expenses	201,107	5	194,418	6
6200	General and administrative expenses	137,359	3	103,973	3
6300	Research and development expenses	139,860	4	128,659	4
6450	Expected credit impairment loss (note6(3)(4)(25))	(11,894)	-	(4,340)	-
	Total operating expenses	466,432	12	422,710	13
6900	**Net operating income**	229,098	6	182,839	5
7000	**Non-operating income and expenses(notes 6 (24))：**				
7100	Interest income	258	-	929	-
7010	Other income	45,140	1	26,429	1
7020	Other gains and losses	(17,422)	(1)	(18,581)	(1)
7050	Finance costs	(13,193)	-	(14,029)	-
	Total non-operating income and expenses	14,783	-	(5,252)	-
7900	**Profit before income tax from continuing operations:**	243,881	6	177,587	5
7950	**Income tax expense (notes 6(19))**	46,815	1	38,185	1
8200	**Net Profit**	197,066	5	139,402	4
8300	**Other comprehensive income：**				
8310	**items that will not be reclassified to profit or loss**				
8311	Re-measurements of the defined benefit plans	1,521	-	(409)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(20))	4,477	-	179	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(19))	1,934	-	-	-
	Total items that will not be reclassified to profit or loss	4,064	-	(230)	-
8360	**Items that will be reclassified to profit or loss**				
8361	Exchange differences on translation (notes 6(20))	494	-	521	-
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	494	-	521	-
8300	**Other comprehensive income, net**	4,558	-	291	-
8500	**Comprehensive income**	**$ 201,624**	**5**	**139,693**	**4**
	Basic earnings per share (in dollar, note6(19))				
9750	Total basic earnings per share	**$**	**2.86**		**2.01**
9850	Diluted earnings per share	**$**	**2.74**		**2.01**

YEN SEN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	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
Balance at January 1, 2020	**$ 697,86**	**119,761**	**43,394**	**3,798**	**62,161**	**109,353**	**16,173**	**973**	**17,146**	**-**	**944,129**
Profit	-	-	-	-	139,402	139,402	-	-	-	-	139,402
Other comprehensive income	-	-	-	-	(409)	(409)	521	179	700	-	291
Total comprehensive income	-	-	-	-	138,993	138,993	521	179	700	-	139,693
Appropriation and distribution of retained earnings:											.
Appropriation for legal reserve	-	-	5,047	-	(5,047)	-	-	-	-	-	-
Treasury Stock Acquired	-	-	-	-	-	-	-	-	-	(11,773)	(11,773)
Balance at December 31, 2020	**697,869**	**119,761**	**48,441**	**3,798**	**196,107**	**248,346**	**16,694**	**1,152**	**17,846**	**(11,773)**	**1,072,049**
Profit	-	-	-	-	197,066	197,066	-	-	-	-	197,066
Other comprehensive income	-	-	-	-	1,521	1,521	494	2,543	3,037	-	4,558
Total comprehensive income	-	-	-	-	198,587	198,587	494	2,543	3,037	-	201,624
Appropriation and distribution of retained earnings:											
Appropriation for legal reserve	-	-	13,899	-	(13,899)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(103,531)	(103,531)	-	-	-	-	(103,531)
Issuance of convertible bond	-	37,390	-	-	-	-	-	-	-	-	37,390
Balance at December 31, 2021	**$ 697,86**	**157,151**	**62,340**	**3,798**	**277,264**	**343,402**	**17,188**	**3,695**	**20,883**	**(11,773)**	**1,207,532**

See accompanying notes to consolidated financial statements

YEN SEN TECHNOLOGY CORP AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020
(expressed in thousands of New Taiwan Dollar)

	2021	2020
Cash flows from (used in) operating activities：		
Profit before tax from continuing operations	$ 243,881	177,587
Adjustments：		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss (reversal gain)	(11,894)	(4,340)
Depreciation expense	107,718	93,040
Amortization expense	1,828	1,449
Net profit on financial assets or liabilities at fair value through profit or loss	(1,260)	-
Interest expense	13,193	14,029
Interest income	(258)	(929)
Loss on disposal of investment property and property, plant and equipment	893	425
Unrealized foreign exchange loss (gain)	1,248	12,828
Total adjustments to reconcile profit	111,468	116,502
Changes in operating assets and liabilities：		
Changes in operating assets：		
Notes receivable	(4,714)	(3,078)
Accounts receivable	(153,190)	(39,007)
Inventories	(250,277)	(36,555)
Other current assets decrease	(5,714)	7,002
Other financial assets decrease	12,184	8,700
Total changes in operating assets and liabilities	(401,711)	(62,938)
Changes in operating liabilities：		
Notes payable	30,607	120,704
Other payable	16,611	36,728
Other current liabilities	4,681	8,640
Net defined benefit liability	(1,088)	(3,220)
Other non-current liabilities	-	(72)
Total changes in liabilities of operating	50,811	162,780
Total changes in operating assets and liabilities	(350,900)	99,842
Total adjustments	(239,432)	216,344
Cash inflow generated from operations	4,449	393,931
Interest received	277	908
Interest paid	(12,948)	(14,080)
Income taxes paid	(14,857)	(19,403)
Net cash flows from (used in) operating activities	(23,079)	361,356
Cash flows from (used in) investing activities：		
Acquisition of financial assets at fair value through other comprehensive income	(16,000)	-
Acquisition of property, plant and equipment	(87,818)	(90,378)
Increase in guarantee deposits paid	(1,615)	(1,407)
Acquisition of intangible assets	(3,951)	(861)
Increase in restricted deposit	(47,235)	(1)
Increase in prepayment for equipment	(15,742)	(18,602)
Net cash flows from (used in) investing activities	(172,361)	(111,249)
Cash flows from (used in) financing activities：		
Decrease in short-term borrowings	(71,606)	(122,087)
Proceeds from long-term borrowings	315,000	70,000
Repayment of long-term borrowings	(382,745)	(53,358)
Increase (decrease) in guarantee deposits received	-	2,988
Payment of lease liabilities	(25,935)	(19,266)
Cash dividend of ordinary shares	(103,531)	-
Treasury stock buyback	-	(11,773)
Issuance of convertible bond	327,642	-
Net cash flows from (used in) financing activities	58,825	(133,496)
Effect of exchange rate changes on cash and cash equivalents	4,702	(5,836)
Net increase (decrease) in cash and cash equivalents	(131,913)	110,775
Cash and cash equivalents at beginning of period	289,207	178,432
Cash and cash equivalents at end of period	**$ 157,294**	**289,207**

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 years ended December 31, 2020 and 2019

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

1. Company history

Yen Sun Technology Corporation (the "Company") was incorporated in March 10, 1987 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). Registered address was No.329, Feng Ren Rd., Ren Wu Dist., Kaohsiung City 814, Taiwan (R.O.C.). The consolidated financial statements 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. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2022.

3. New standards, amendments and interpretations adopted

(4) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ('IFRSs') as endorsed by the Financial Supervisory Commission ('FSC').

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

–Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

–Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

–Amendments to IFRS 16 "COVID-19-Related Rent Concessions After June 30, 2021"

(5) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

–Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"

–Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

–Annual Improvements to IFRS Standards 2018–2020

–Amendments to IFRS 3 "Reference to the Conceptual Framework"

(6) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following 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"

–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"

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. Except the Note 3, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(a) Financial instruments at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value;

(c) The defined benefit liabilities are measured at present value of the defined benefit obligation less the fair value of the plan assets, limited as explained in Note 4(18).

B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand, unless otherwise noted.

(3) **Basis of consolidation**

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Business activity**	**December 31, 2021**	**December 31, 2020**	**Explanation**
The Company	YEN SUN TECHNOLOGY (BVI) CORP.	Investment holding	100%	100%	-
The Company	YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	-

Name of investor	Name of subsidiary	Business activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Explanation
The Company	LUCRATIVE INT'L GROUP INC.	Investment holding	100%	100%	-
The Company	YEN JIU TECHNOLOGY CORP.(“YEN JIU)	Sales and manufacture of home appliances products	100%	100%	-
YEN SUN TECHNOLOGY (BVI) CORP.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD. (“SHANGHAI YENSUN”)	Sales and manufacture of home appliances products	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN HUNG INTERNATIONAL CORP.	Investment holding	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	-
YEN HUNG INTERNATIONAL CORP.	Y.H.TECH INTERNATIONAL CORP.	Investment holding	100%	100%	-
Y.H.TECH INTERNATIONAL CORP.	DARSON ELECTRONICS (DONGGUAN) LTD. (“DARSON”)	Manufacture of electronic cooling products	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%	- (Note1)

Note1: In conjunction with the adjustment of the Group’s organizational structure, DARSON ELECTRONICS (DONGGUAN) LTD. transferred all the shares of the YEN GIANT (DONGGUAN) to LUCRATIVE

INT'L GROUP INC. on January 31, 2020. The aforementioned transaction did not affect the Company's control, and regarded it as an equity transaction.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) **Foreign currencies**

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) An investment in equity securities designated as at fair value through other comprehensive income;

(b) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) Qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within 12 months after the reporting period; or

D. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(e) Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows；
- terms that may adjust the contractual coupon rate, including variable rate features；
- prepayment and extension features；and
- terms that limit the Group’s claim to cash flows from specified assets（e.g. non-recourse features.

(f) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes receivable, accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

If there is a low risk of default on financial asset, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations, the financial asset would be considered low credit risk.

When the contract amount is past due 30 days or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(g) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present occasion and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

When the use of a property changes such that it is reclassified as property, plant and equipment, it carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) buildings: 3 to 60 years

(b) machinery equipment: 2 to 10 years

(c) mold equipment: 2 to 5 years

(d) others: 2 to 17 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

D. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(11) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable under a residual value guarantee; and
(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or
(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
(d) there is a change of its assessment on whether it will exercise a extension or termination option; or
(e) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group chose not to recognize the right-of-use assets and lease liabilities of short-term leases and low-value underlying asset lease of office and office equipment. The Group recognizes the lease payments related to these leases as expenses on a straight-line basis during the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(a) Patents: 10 to 20 years

(b) Computer software cost: 2 to 6years

(c) Technology licensing: 2 to 10years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) Recognition of revenue

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Group's main types of revenue are explained below.

(a) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group grants its customers the right to return the product within certain term. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to Note 4(14).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

A contract liability is recognized when receipt of a prepayment from a customer. Contract liability is recognized as revenue when control over the property has been transferred to the customer.

(b) Financing components.

The group expects the period between the transfer of every contracted goods to the customers and payment by the customers will not exceeds over 1 year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

B. Contract costs

(a) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is 1 year or less.

(b) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

(i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(16) Government grants and government assistance

The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

A short-term employee benefit is based on undiscounted part and will be recognized as expenses as the related service is provided.

D. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(18) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entitle which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(19) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(20) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(4).

(2) Valuation of inventory

Since inventory must be measured between the lower cost and net realizable value, the Group assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and writes down the cost of inventory to net realizable value. This inventory evaluation is mainly based on the product demand in specific period in the future as the basis for estimation, so it may cause significant changes due to rapid industrial changes. Please refer to Note 6 (6) for further description of inventory valuation.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash and petty cash	$ 2,162	3,437
Checking deposits	74	50
Demand deposits	154,758	283,711
Time deposits	300	2,009
Cash and cash equivalents in the consolidated statement of cash flows	$ 157,294	289,207

Please refer to Note 6(25) for the exchange rate risk, sensitivity analysis and credit risk of the financial assets and liabilities of the Group.

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

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Derivatives not designated as hedges		
Convertible bond (Embedded derivatives)	$ 2,070	-

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

	December 31, 2021	December 31, 2020
Equity instruments at fair value through other comprehensive income:		
Foreign un-listed stocks－		
Y.S. Tech U.S.A Inc.	$ 12,906	4,383
Domestic un-listed stocks－		
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	11,954	-
Total	**$ 24,860**	**4,383**

The Group intends to hold this equity Instrument for long-term strategic purposes and not for trade intend therefore the Group designated this investment 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 December 31, 2021 and 2020.

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

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

(4) Notes and accounts receivable

	December 31, 2021	**December 31, 2020**
Notes receivable from operating activities	$ 28,748	24,056
Accounts receivables–measured as amortized cost	901,040	766,911
Less: Allowance for impairment	(19,424)	(24,427)
	$ 910,364	**766,540**
Book as:		
Notes receivable	$ 28,748	24,056
Accounts receivable, net	881,616	742,484
	$ 910,364	**766,540**

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:

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

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

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

	2021	**2020**
Balance at January 1	$ 24,427	28,454
Impairment losses recognized (reversed)	1,127	(4,338)
Amounts written off	(5,989)	-
Foreign exchange losses	(141)	311
Balance at December 31	**$ 19,424**	**24,427**

None of the abovementioned financial assets have been provided as collateral.

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

(5) Other financial assets

	December 31, 2021	December 31, 2020
Refundable deposits	$ 10,445	8,870
Overdue receivables－receivables of disposed operation department in Mainland China	-	24,151
Other receivables－Other	14,718	14,108
Restricted deposits	58,439	11,204
Less: Loss allowance-Overdue receivables	-	(24,151)
Less: Loss allowance-Others	(1)	(2)
	$ 83,601	34,180
Book as:		
Other financial assets－current	$ 22,601	20,309
Other financial assets－non-current	61,000	13,871
	$ 83,601	34,180

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

(6) Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	$ 403,124	276,121
Work in progress	272,506	198,865
Finished goods and Merchandise inventories	272,794	224,325
	$ 948,424	699,311

The cost of inventories recognized as the cost of goods sold and expenses in 2021 and 2020 were $3,215,680 thousand and $2,675,618 thousand, respectively. Recognition of inventory impairment losses in 2021 and 2020 due to write-off of inventories to net realizable value was $15,517 thousand and $55,491 thousand, and has been recognize under operating costs.

None abovementioned inventories were pledged as collateral.

(7) Property, plant and equipment

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

	Land	Buildings and Structures	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
Cost or deemed cost：							
Balance at January 1,2021	$ 291,685	186,408	256,380	421,722	98,267	1,396	1,255,858
Additions	163	12,298	51,458	25,849	18,289	4,001	112,058
Reclassifications	-	187	-	-	939	(1,126)	-
Disposals	-	-	(5,364)	(5,388)	(1,383)	-	(12,135)
Effect of movements in	-	(117)	(651)	(391)	(110)	(4)	(1,273)

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Notes to the Consolidated Financial Statements (Continued)

	Land	Buildings and Structures	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
exchange rates							
Balance at December 31, 2021	**$ 291,848**	**198,776**	**301,823**	**441,792**	**116,002**	**4,267**	**1,354,508**
Balance at January 1,2020	$ 267,535	182,286	224,997	402,029	95,114	426	1,172,387
Additions	24,150	3,850	32,820	21,947	5,113	1,385	89,265
Reclassifications	-	-	-	-	424	(424)	-
Disposals	-	-	(3,001)	(3,177)	(2,639)	-	(8,817)
Effect of movements in exchange rates	-	272	1,564	923	255	9	3,023
Balance at December 31, 2020	**$ 291,685**	**186,408**	**256,380**	**421,722**	**98,267**	**1,396**	**1,255,858**
Accumulated depreciation and impairment：							
Balance at January 1,2021	$ -	39,854	144,651	344,140	66,574	-	595,219
Depreciation for the year	-	16,585	25,349	29,245	7,642	-	78,821
Disposals	-	-	(4,421)	(5,012)	(1,280)	-	(10,713)
Effect of movements in exchange rates	-	(69)	(298)	(271)	(76)	-	(714)
Balance at December 31, 2021	**$ -**	**56,370**	**165,281**	**368,102**	**72,860**	**-**	**662,613**
Balance at January 1,2020	$ -	25,534	125,818	318,270	61,841	-	531,463
Depreciation for the year	-	14,140	20,940	28,388	7,003	-	70,471
Disposals	-	-	(2,797)	(3,146)	(2,449)	-	(8,392)
Effect of movements in exchange rates	-	180	690	628	179	-	1,677
Balance at December 31, 2020	**$ -**	**39,854**	**144,651**	**344,140**	**66,574**	**-**	**595,219**
Carrying amounts：							
Balance at December 31, 2021	**$ 291,848**	**142,406**	**136,542**	**73,690**	**43,142**	**4,267**	**691,895**
Balance at January 1,2020	**$ 267,535**	**156,752**	**99,179**	**83,759**	**33,273**	**426**	**640,924**
Balance at December 31, 2020	**$ 291,685**	**146,554**	**111,729**	**77,582**	**31,693**	**1,396**	**660,639**

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

In addition, for the information of asset that have been used as collateral for the long-term and short-term borrowing. Please refer to Note 8.

(8) Right-of-use assets

The cost and accumulated depreciation of the Group's lease of Buildings, construction and transportation equipment, etc., its movements were as follows:

	Land	Buildings	Transportation equipment	Total
Right-of-use assets cost：				
Balance at January 1,2021	$ -	162,889	6,371	169,260
Additions	948	49,429	803	51,180
Re-measurement (The changes of contract rent)	-	-	(2,420)	(2,420)
Effect of movements in exchange rates	-	(1,114)	-	(1,114)
Balance at December 31, 2021	$ 948	211,204	4,754	216,906
Balance at January 1,2020	$ -	139,850	3,855	143,705
Additions	-	1,998	2,516	4,514
Re-measurement	-	18,922	-	18,922
(The changes of contract rent)				
Effect of movements in exchange rates	-	2,119	-	2,119
Balance at December 31, 2020	$ -	162,889	6,371	169,260
Accumulated Depreciation：				
Balance at January 1,2021	$ -	38,059	2,917	40,976
Depreciation for the period	16	26,813	1,679	28,508
Effect of movements in exchange rates	-	-	(2,420)	(2,420)
Balance at December 31, 2021	-	(231)	-	(231)
Balance at January 1,2020	$ 16	64,641	2,176	66,833
Depreciation for the period	$ -	16,778	1,377	18,155
Effect of movements in exchange rates	-	20,643	1,540	22,183
Balance at December 31, 2020	-	638	-	638
Balance at January 1,2020	$ -	38,059	2,917	40,976
Carrying amounts：				
Balance at December 31, 2021	$ 932	146,563	2,578	150,073
Balance at January 1,2020	$ -	123,072	2,478	125,550
Balance at December 31, 2020	$ -	124,830	3,454	128,284

(9)Investment Property

The movements of investment property are as follows:

	Owned property	Right-of-use assets	
	Building and construction	Land	Total
Cost or deemed cost：			
Balance at January 1,2021	$ 56,856	7,377	64,233
Effect of movements in exchange rates	(429)	(55)	(484)
Balance at December 31, 2021	$ 56,427	7,322	63,749
Balance at January 1, 2020	$ 55,921	7,255	63,176
Effect of movements in exchange rates	935	122	1,057
Balance at December 31, 2020	$ 56,856	7,377	64,233
Accumulated depreciation and impairment losses:			
Balance at January 1,2021	$ 50,988	568	51,556
Depreciation for the period	108	281	389
Effect of movements in exchange rates	(384)	(4)	(388)
Balance at December 31, 2021	$ 50,712	845	51,557
Balance at January 1,2020	$ 50,041	279	50,320
Depreciation for the period	108	278	386
Effect of movements in exchange rates	839	11	850
Balance at December 31, 2020	$ 50,988	568	51,556
Carrying amounts：			
Balance at December 31, 2021	$ 5,715	6,477	12,192
Balance at January 1,2020	$ 5,880	6,976	12,856
Balance at December 31, 2020	$ 5,868	6,809	12,677

In December 31, 2021 and 2020, the fair value of investment property is $34,204 thousand and $27,868 thousand respectively, and its evaluation basis considers the aggregate amount of estimated cash flows expected to be received if the property is leased. And discounts it by using a rate of return that reflects the specific risks inherent in the net cash flow to determine the value of the property. The inputs value used in the fair value evaluation is in Level 3. The yield ranges which adopted in 2021 and 2020 are as follows:

Location	2021	2020
Shanghai, Mainland China	4.750%	4.150%

As of December 31, 2021 and 2020, none of the investment property was pledged as collateral.

(10) Intangible assets

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

	Computer software		Other	Total
Cost:				
Balance at January 1,2021	$	43,300	17,531	60,831
Acquisition		3,951	-	3,951
Effect of movements in exchange rates		(3)	-	(3)
Balance at December 31, 2021	**$**	**47,248**	**17,531**	**64,779**
Balance at January 1,2020	$	42,434	17,531	59,965
Acquisition		861	-	861
Effect of movements in exchange rates		5	-	5
Balance at December 31, 2020	**$**	**43,300**	**17,531**	**60,831**
Accumulated amortization and impairment losses:				
Balance at January 1,2021	$	40,667	17,046	57,713
Amortization for the year		1,650	178	1,828
Balance at December 31, 2021	**$**	**42,317**	**17,224**	**59,541**
Balance at January 1,2020	$	39,397	16,866	56,263
Amortization for the year		1,269	180	1,449
Effect of movements in exchange rates		1	-	1
Balance at December 31, 2020	**$**	**40,667**	**17,046**	**57,713**
Book value:				
Balance at December 31, 2021	**$**	**4,931**	**307**	**5,238**
Balance at January 1,2020	**$**	**3,037**	**665**	**3,702**
Balance at December 31, 2020	**$**	**2,633**	**485**	**3,118**

None of any Group’s intangible asset was pledged as collateral.

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

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

	December 31, 2021	December 31, 2020
Prepayment for purchases	$ 5,896	10,504
Prepaid expense	4,331	4,135
Prepayments for equipment	15,742	18,602
Income tax refund receivable	28,816	17,894
Assets for right to recover product to be returned	2,579	3,437
Other	734	734
	$ 58,098	55,306
Current	$ 42,356	36,704
Non-current	15,742	18,602
	$ 58,098	55,306

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Letters of credit	$ -	1,606
Unsecured bank loans	30,000	60,000
Secured bank loans	-	40,000
Total	$ 30,000	101,606
Unused short-term credit lines	$ 785,554	810,204
Range of interest rates	1.10%～1.20%	1.00～1.4823%

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

Please refer to Note 6(25) for the interest rate risk, exchange rate risk and sensitivity analysis of the financial liabilities of the Group.

(13) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2021			
	Currency	Interest rate range	Maturity period	Amount
Unsecured bank borrowings	NTD	1.25%～1.35%	May21, 2024～ February 4, 2025	$ 63,334
Secured bank loans	NTD	1.20 %	July 26, 2034	235,000

				298,334
Less: current portion				30,939
Total				**$ 267,395**
Unused long-term credit lines				**$ -**

	December 31, 2020			
	Currency	**Interest rate range**	**Maturity period**	**Amount**
Unsecured bank borrowings	NTD	1.35%～1.70%	February 13, 2022～ September 4, 2025	$ 85,969
Secured bank loans	NTD	1.37%～1.42%	December 6, 2025～ November 21, 2033	280,110
				366,079
Less: current portion				50,635
Total				**$ 315,444**
Unused long-term credit lines				**$ -**

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

(14) Bonds payable

The details of secured convertible bonds were as follows:

	December 31, 2021
Total convertible corporate bonds issued	$ 300,000
Add: Interest payable refund	187
Less: Unamortized discounted bonds payable	(8,491)
Issued bonds payable balance at year-end	**$ 291,696**
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$ 2,070**
Equity component – conversion options, included in capital surplus– stock options	**$ 37,390**

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

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

1. Total issuance: $300,000 thousand NTD
2. Issued price: issued at 110.95% of par value
3. Issue period: 5 years, expired date will be September 30, 2026
4. Interest rate: 0%
5. Conversion subject: common stock of the company
6. Conversion price and its adjustment:

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

   a. When an increase in the company's issued or private offering shares of common stock. Except for various securities issued or private offering by the company that have conversion rights or options for exchange or new issued shares for employees' compensation.
   b. When the company pays cash dividends of ordinary shares.
   c. When the company re-issues or private offering various value securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share.
   d. When the reduction of the ordinary shares is not caused by capital reduction that is due to decrease in treasury stock.

   The conversion price on December 31, 2021 was $30.00 per share.

7. Conversion period:

   Started from the next day since the convertible bonds have issued for three months until the maturity date, except for following condition: (1) suspension period of the transfer of ordinary shares which according to law; (2) the period of before 15 business days of the date of the transfer suspension of stock dividend, cash dividends and cash capital increase subscription till interest distribute reference date.;(3) started from capital reduction reference date until the day before the share exchange trade date;(4) The period from the start date of the suspension of conversion/subscription of the stock change nominal value to the day before the trading day before the start of the exchange of new shares, the creditor may not request conversion, may request the company to convert the convertible bonds into ordinary shares of the company in accordance with these measures at any time.

8. Bondholder’s puttable option:

   Three years after the issued date of the convertible bonds will be seen as reference date on which the holders sold back in advance. The company shall send a letter to the

TPEx to announce the exercise of the bondholder's puttable option 40 days before the reference date. The holders of the bonds may inform the company's stock agency, to redeem the bonds held by it in cash at 100.75% of the bond's nominal value (with an annual yield of 0.25%).

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

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

11. Collateral:
    The First Commercial Bank acts as the guarantor for the convertible bonds. The real estates, plants, equipment and deposits will be provided as the collaterals of the First Commercial Bank. Please refer to Note 8 for details.

(15) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 28,244	22,380
Non-current	$ 130,146	111,688

For maturity analysis, please refer to Note 6 (25) Financial Instruments.
The amounts recognized in profit or loss were as follows：

	2021	2020
Interest on lease liabilities	$ 6,158	6,999
Expenses relating to short-term leases	$ 644	1,024
Expenses relating to leases of low-value assets (Excluding short-term leases of low-value assets)	$ 1,253	461
COVID-19-Related Rent Concessions (Recognize as Other income)	$ -	279

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

	2021	2020
Total cash outflow for leases	$ 33,990	27,471

A. Lease of land, Building and construction

Group leases buildings for its factory and warehouse. The leases typically run for a period of 3 to 10 years. Some leases include an option to renew the lease after the end of the contract term.

B. Other leases

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

	December 31, 2021	December 31, 2020
Advance receipts	$ 15,506	7,395
Guarantee deposit received	1,195	1,224
Provision for warranties	6,750	8,018
Refund liabilities	17,652	19,825
Other	$ 41,103	36,462
Current	$ 41,103	36,462

In addition, the movements in provision for warranties are as follows:

	2021	2020
Balance at January 1	$ 1,224	1,243
Provisions made during the year	1,195	1,224
Provisions used and reversed during the year	(1,224)	(1,243)
Balance at December 31	$ 1,195	1,224

The provision for warranties relates mainly to home appliance sold during the years ended December 31 2021 and 2020. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

(17) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020
Less than 1 year	$ 12,409	11,329
Between 1 and 2 years	5,229	11,647
Between 2 and 3 years	-	4,908
	$ 17,638	27,884

Rental income from investment properties during the years ended December 31 2021 and 2020 was $10,544 thousand and $6,148 thousand, respectively.

(18) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 44,020	44,892
Fair value of plan assets	(21,757)	(20,020)
Net defined benefit liabilities	$ 22,263	24,872

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the 6 months prior to retirement.

(a) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in Bank of Taiwan amounted to $21,757 thousand as of December 31, 2021. The utilization of the labor pension fund assets includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b)Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		2021	2020
Balance at January 1	$	44,892	44,143
Current service and interest cost		419	599
Re-measurement of the net defined benefit liability			
－Actuarial loss (gain) arising from experience		(2,430)	(1,032)
－Actuarial loss (gain) based on demographic assumptions		1,139	1,938
Benefits paid		-	(756)
Defined benefit obligations at December 31	**$**	**44,020**	**44,892**

(c)Movements of defined benefit plan assets fair value

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2021	2020
Fair value of plan assets at January 1	$	20,020	16,460
Interest income		125	166
Re-measurement of net defined benefit liability			
－Return on plan assets(excluding current interest cost)		230	497
Contributions paid by the employer		1,382	3,653
Benefits paid		-	(756)
Fair value of plan assets at December 31	**$**	**21,757**	**20,020**

(d) Cost recognized in profit or loss

The details of Cost recognized in profit or loss were as follows:

		2021	2020
Current service cost	$	140	159
Interest cost on net defined benefit liability		154	274
	$	**294**	**433**
Operating cost	$	206	289
Selling expenses		88	144
	$	**294**	**433**

(e) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
Future salary increase rate	3.000%	3.000%

The expected amount of contributions for the following year after the reporting date is $410 thousand. The weighted-average lifetime of the defined benefit obligation is 12.25 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2021		
Discount rate	$ (1,209)	1,255
Change in future salary	1,202	(1,164)
December 31, 2020		
Discount rate	$ (1,307)	1,365
Change in future salary	1,306	(1,261)

The above sensitivity analysis analyzing the effects of changes in single assumptions is based on other assumptions remaining unchanged. In actuality, changes in some assumptions may be linked together. The sensitivity analysis and calculation of the net pension liability on the balance sheet were performed using the same approach.

There is no change in the method and assumptions used in the preparation of sensitivity analysis.

B. Defined contribution plans

The Company and its subsidiary YEN JIU Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's entities other than those described in the previous paragraph are based on their respective local regulation of defined contribution plans, the accrued expenses should be recognized as current expenses.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2021 and 2020 was as follow:

		2021	2020
Operating cost	$	5,332	5,689
Selling expenses		2,568	2,295
General and administrative expenses		1,921	1,159
Research and development expenses		2,074	1,991
Total	$	11,895	11,134

(19) Income tax

A. Tax expense

The amounts of income tax expense were as follows:

		2021	2020
Current tax expense			
Current portion	$	48,506	41,713
Adjusted current income tax of previous period		965	(66)
	$	49,471	41,647
Deferred income tax benefit			
Origination and reversal of temporary differences		(2,367)	(6,438)
Change in unrecognized deductible temporary differences		839	2,976
Unrecognized tax loss of previous period		(1,128)	-
		(2,656)	(3,462)
Income tax expense	$	46,815	38,185

The Group did not directly recognize the income tax in equity in 2021 and 2020.
Tax which recognize under other comprehensive income is shown as follows:

		2021	2020
Equity at fair value through other comprehensive income -Unrealised gains (losses) from investments in equity instruments	$	1,934	-

Reconciliation of income tax and profit before tax is as follows:

	2021	2020
Profit (loss) before tax	$ 243,881	177,857
Income tax using the Company's domestic tax rate	$ 48,776	35,518
Effect of tax rates in foreign jurisdiction	3,042	5,288
Non-deductible expenses	907	1,422
Change in unrecognized temporary differences	(1,128)	-
Current-year losses for which no deferred tax asset was recognized	839	2,976
Adjustment for prior periods	965	(66)
Tax on undistributed profit	-	656
Loss deduction	(6,975)	(5,262)
Tax-exempt income	-	(1,954)
Others	389	(393)
Total	$ 46,815	38,185

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Employee benefits	$ 22,263	24,872
Temporary differences- related to investments in subsidiaries	365,174	389,649
Tax losses	-	21,080
Unrealized inventory loss and Others	31,650	26,364
	$ 419,087	461,965

In December 31, 2021 and 2020, deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

In December 31, 2021 and 2020, temporary differences that related to subsidiaries investment, due to the Group being able to control the reversal time of temporary differences an believe it is very unlikely to be reversal in the foreseeable future. Therefore, the deferred income tax liabilities that will not be recognize by Group are $ 256,045 thousand and $ 199,930 thousand, respectively.

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Inventory valuation loss	Loss deduction	Unrealized foreign exchange loss	Other	Total
Balance at January 1, 2021	$ 11,913	-	-	907	12,820
Recognized in profit or loss	857	1,128	396	(16)	2,365
Balance at December 31, 2021	$ 12,770	1,128	-	891	15,185
Balance at January 1, 2020	$ 5,930	-	2,056	1,184	9,170
Recognized in profit or loss	5,983	-	(2,056)	(277)	3,650
Balance at December 31, 2020	$ 11,913	-	-	907	12,820

Deferred tax liabilities：

	Unrealized exchange gain	Fair value gains	Total
Balance at January 1, 2021	$ 315	-	315
Recognized in profit or loss	(291)	-	(291)
Recognized in other comprehensive income	-	1,934	1,934
Balance at December 31, 2021	$ 24	1,934	1,958
Balance at January 1, 2020	$ 12'		127
Recognized in profit or loss	188	-	188
Balance at December 31, 2020	$ 315	-	315

The Company’s income tax returns through 2019 have been assessed and approved by the R.O.C tax Authority. There were no disputes between the Company and the Tax Authority.

(20) Capital and other equity

A. Share capital

As of December 31, 2021 and 2020, the total value of authorized ordinary shares was amounted to $ 1,500,000 thousand and $ 1,000,000 thousand, respectively. Numbers of authorized ordinary shares were $ 1,500,000 thousand and $ 1,000,000 thousand shares with par value $10. Issued shares were both 69,787 thousand shares. All the capital was fully paid in.

Reconciliation of share outstanding for 2021 and 2020 was as follows:

(Expressed in thousands of shares)	2021	2020
Balance at January 1	69,021	69,787
Conversion of convertible bonds	-	-
Shares buyback	-	(766)
Balance at December 31	69,021	69,021

B. Capital surplus

Capital surplus was as follows：

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

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

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

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

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

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

Distribution ratio of cash dividends and stock dividends:

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

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or distributing cash, and only the portion which excess of 25% of the paid-in capital may be distributed.

(b) Special reserve

During the first-time adoption of the IFRSs endorsed by the FSC, Company choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards". The cumulative conversion adjustment (benefit) under the account of shareholders' equity is zeroed on the conversion date and the amount of retained earnings increased by $3,798 thousand

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. And when using, disposing or reclassifying the relevant assets, the surplus may be redistributed according to the proportion of the original special surplus reserve.

Therefore, the amount of special reserve are both $3,798 thousand in December 31, 2021 and 2020.

According to previous paragraph, when the Company distributes distributable earnings, the difference between the net deduction of other shareholders' equity that occurred in the current year and the special reserve balance mentioned in the previous paragraph. From the current profit and loss and the undistributed earnings in the previous period shall be reclassified as a special reserve; the amount of other shareholders' equity deductions accumulated in the previous period shall be reclassified as a special reserve from the previous undistributed earnings. When there is a reversal in the amount of deductions for other shareholders' equity afterwards, could distribute the same amount of aforementioned earnings.

(c) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 8, 2022 and March 9, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

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

D. Other equity, net of tax

	Foreign exchange differences arising from foreign operation	Unrealized gains(losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	$ 16,694	1,152	17,846
The Group	494	2,543	3,037
Balance at December 31, 2021	$ 17,188	3,695	20,883
Balance at January 1, 2020	$ 16,173	973	17,146
The Group	521	179	700
Balance at December 31, 2020	$ 16,694	1,152	17,846

E. Treasury shares

In the year of the 2020, 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 December 31, 2021 and 2020, the total number of none cancelled shares was 766,000 shares.

In accordance with the provisions of Securities and Exchange Act, treasury stocks that held by the company shall not be pledged, and shall not have shareholder rights before being transferred.

(21) Earnings per share

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

	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 197,066	139,402
Weighted average number of ordinary shares outstanding during the period (thousand)	69,021	69,259
Earnings per share	$ 2.86	2.01
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 197,066	139,402
Effect of potentially dilutive common stock-Convertible Bonds	(510)	-
Profit(loss) attributable to ordinary shareholders of the Company	$ 196,556	139,402

(After adjusted effected amount of potentially dilutive common stock)		
Weighted-average number of common shares(thousand)	69,021	69,259
Effect of convertible bonds	2,548	-
Effect of employee share bonus	135	155
Weighted average number of ordinary shares outstanding during the period(After adjusted effected amount of potentially dilutive common stock)(thousand)	**71,704**	**69,414**
Diluted earnings per share	**$ 2.74**	**2.01**

(22) Revenue from contracts with customers

A. Details of revenue

	2021		
	Home Appliances Department	**Electronics Cooling Department**	**Total**
Primary geographical markets:			
Domestic	$ 683,165	1,410,449	2,093,614
Mainland China	738	428,263	429,001
Germany	-	911,671	911,671
America	8,640	161,141	169,781
Japan	15,386	12,703	28,089
South Korea	2,145	66,361	68,506
Others	21,793	211,326	233,119
	$ 731,867	**3,201,914**	**3,933,781**
Major products：			
Cooling fan	$ -	2,630,961	2,630,961
Product of home appliances–air series	443,700	-	443,700
Product of home appliances–water series	236,052	-	236,052
Heat sink and thermal module	-	531,045	531,045
Others	52,115	39,908	92,023
	$ 731,867	**3,201,914**	**3,933,781**

	2020		
	Home Appliances Department	**Electronics Cooling Department**	**Total**
Primary geographical markets:			
Domestic	$ 641,816	1,119,333	1,761,149
Mainland China	1,804	347,107	348,911
Germany	-	754,386	754,386
America	7,757	172,143	179,900
Japan	24,760	8,976	33,736
South Korea	-	72,014	72,014
Others	10,372	171,818	182,190
	$ 686,509	2,645,777	3,332,286
Major products：			
Cooling fan	$ -	2,182,096	2,182,096
Product of home appliances–air series	407,937	-	407,937
Product of home appliances–water series	230,244	-	230,244
Heat sink and thermal module	-	436,740	436,740
Others	48,328	26,941	75,269
	$ 686,509	2,645,777	3,332,286

B. **Contract balance**

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes and accounts receivable	$ 929,788	790,967	745,627
Less: allowance for impairment	(19,424)	(24,427)	(28,454)
Total	$ 910,364	766,540	717,173
Contract liabilities- unearned sales revenue	$ 15,506	7,395	5,294

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

The unearned revenue at January 1 of the 2021 and 2020 will be recognized as revenue, which is $6,203 thousand and $4,914 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Contract liabilities-Unearned Revenue was classified under other current liabilities.

(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 2021 and 2020, the Company accrued the compensation of employees amounted to $ 4,682 thousand and $2,977 thousand, respectively and the remuneration of directors' amounted to $2,341 thousand and $1,489 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.

The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Director. Related information would be available at the Market Observation Post System website. (https://mops.twse.com.tw/mops/web/index).

There is no amount difference between the amount of compensation for employees and directors estimated in the aforementioned consolidated financial report of 2021 and 2020.

(24) Non-operating income and expenses

E. Interest income

The details of interest income were as follows:

	2021	2020
Interest income from bank deposits	$ 247	909
Other interest income	11	20
	$ 258	929

F. Other income

The details of other income were as follows:

	2021	2020
Income from selling samples	$ 6,019	5,077
Rent income	11,486	6,148
Others	27,635	15,204
	$ 45,140	26,429

G. Other gains and losses

The details of other gains and losses were as follows:

		2021	2020
Net profit on foreign exchange gains	$	(16,706)	(17,533)
Net loss on disposal of investment property and property, plant and equipment		(893)	(425)
Net loss on value of current financial liabilities at fair value through profit or loss		(432)	-
Putable option of bonds payable/Net profit on value of putable option		1,260	-
Others		(651)	(623)
	$	(17,422)	(18,581)

H. Finance costs

The details of finance costs were as follows:

		2021	2020
Interest expense			
Bank loan	$	(6,400)	(7,030)
Lease liability		(6,158)	(6,999)
Amortization of discount on bonds payable		(635)	-
	$	(13,193)	(14,029)

(25) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are centralized in industries within similar areas and dealers. To reduce concentration of credit risk, the Group evaluates those customers' financial positions and requires customers to provide collateral, if necessary.

As of December 31, 2021 and 2020, major customers of the Group were significant concentrating on certain customers, which accounted for 17.67% and 18.87% of the notes and accounts receivable from different customer, 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:

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

	December 31, 2020		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	$ 8,870	-	-
Other receivable	12,430	1,676	24,153
Restricted Deposit	11,204	-	-
Loss allowance	-	-	(24,153)
Amortized cost	$ 32,504	1,676	-
Carrying amount	$ 32,504	1,676	-

The following presents the movement of the provision for impairment with respect to the financial assets measured with amortized cost in 2021 and 2020:

	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2021	$ -	-	24,153	24,153
Impairment loss recognized	-	-	(13,021)	(13,021)
Written off amount due to unrecoverable in current portion	-	-	(10,928)	(10,928)
Effect of changes in foreign currency exchange rates	-	-	(203)	(203)
Balance at December 31, 2021	$ -	-	1	1

		12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2020	$	-	-	22,837	22,837
Impairment loss recognized		-	-	(2)	(2)
The amount of discount reversing		-	-	916	916
Effect of changes in foreign currency exchange rates		-	-	402	402
Balance at December 31, 2020	**$**	**-**	**-**	**24,153**	**24,153**

B. Liquidity risk

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

	Carrying amount	Contracted cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating rate)	$ 328,334	349,662	43,513	20,96	44,741	80,125	160,319
Accounts payable (non-interest bearing)	731,687	731,687	731,687	-	-	-	-
Other payables (non-interest bearing)	196,331	196,331	196,331	-	-	-	-
Bonds payable (fixed interest rate)	291,696	303,768	-	-	-	303,768	-
Lease liability (maturity within one year) (fixed interest rate)	158,390	174,913	17,073	16,722	33,849	91,645	15,624
Guarantee deposits (non-interest bearing)	6,108	6,108	-		1,764	4,344	-
	$ 1,712,546	**1,762,469**	**988,604**	**37,686**	**80,354**	**479,882**	**175,943**
December 31, 2020							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating rate)	$ 467,685	495,051	129,888	27,90	72,134	117,665	147,455
Accounts payable (non-interest bearing)	710,441	710,441	710,441		-	-	-
Other payables (non-interest bearing)	175,154	175,154	175,154	-	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	134,068	153,078	14,258	13,843	26,813	78,308	19,856
Guarantee deposits received (non-interest bearing)	6,141	6,141	-		1,764	4,377	-
	$ 1,493,489	**1,539,865**	**1,029,741**	**41,752**	**100,711**	**200,350**	**167,311**

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

C. Foreign currency risk

(a) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD amount**	**Foreign currency**	**Exchange rate**	**TWD amount**
Financial assets						
Monetary items						
USD	$ 33,672	27.68	931,913	36,370	28.48	1,035,860
EUR	769	31.32	24,100	944	35.02	33,054
CNY	41,259	4.344	179,228	50,175	4.337	219,616
Non-monetary item						
USD	466	27.68	12,906	154	28.48	4,383
Financial liabilities						
Monetary items						
USD	20,568	27.68	569,357	24,257	28.48	690,939
EUR	21	31.32	649	86	35.02	3,000
CNY	34,904	4.344	151,624	40,795	4.337	178,556
TWD	38,534	1	38,534	42,834	1	42,834

(b) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivables (including related parties), other receivables (including related parties), restricted deposits, loans, accounts payable (including related parties), and other payables (including related parties). As of December 31, 2021 and 2020, if the exchange rate of the NTD versus the USD, CNY and EUR had increased or decreased by 1%, given no changes in other factors, the impact were as follow:

	NTD Appreciate 1%	**NTD Depreciate 1%**
Net profits after tax, 2021	Decrease in profits $3,309 thousand	Increase in profits $3,309 thousand
Net profits after tax, 2020	Decrease in profits $3,328 thousand	Increase in profits $3,328 thousand

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses (including realized and unrealized) of the currency items of the Group are converted into the functional currency of the company's new Taiwan dollar (the currency of Group's currency) and exchange rate information as follows:

	2021		2020	
	Exchange (loss) gain	Average exchange rate	Exchange (loss) gain	Average exchange rate
TWD	$ (13,631)	-	(12,357)	-
CNY	(3,075)	4.3402	(5,176)	4.2811
	$ (16,706)		(17,533)	

D. 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 profit after tax, 2021	Net profit decrease $657 thousand	Net profit increase $657 thousand
Net profit after tax, 2020	Net profit decrease $935 thousand	Net profit increase $935 thousand

E. 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 on the comprehensive gain or loss items are as follows:

	2021		**2020**	
Equity price at reporting date	**Other comprehensive income After tax**	**Net income**	**Other comprehensive income After tax**	**Net income**
Increase 3%	$ 669	-	105	-
Decrease 3%	$ (669)	-	(105)	-

F. Fair value of financial instruments

(a) Fair value hierarchy

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

	December 31, 2021				
	Carrying	Fair value			
	Amount	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	$ 2,070	-	2,070	-	2,070
Financial assets at FVOCI					
Foreign unlisted stock	$ 12,906	-	-	12,906	12,906
Domestic unlisted stock	11,954	-	-	11,954	11,954
Subtotal	$ 24,860				
Financial assets at amortized cost					
Cash and cash equivalent	$ 157,294	-	-	-	-
Notes and accounts receivables	910,364	-	-	-	-
Other Financial assets -current	22,601	-	-	-	-
Other Financial assets -non current	61,000	-	-	-	-
Subtotal	$ 1,151,259				
Financial liabilities at amortized cost					
Short-term borrowing	$ 30,000	-	-	-	-
Account payable	731,687	-	-	-	-
Other payable	196,331	-	-	-	-
Long- term borrowing (Current portion)	30,939	-	-	-	-
Lease liability－current	28,244	-	-	-	-
Long -term borrowing	267,395	-	-	-	-
Lease liability－non current	130,146	-	-	-	-
Bonds payable	291,696	-	295,260	-	295,260
Deposits received	6,108	-	-	-	-
Subtotal	$ 1,712,546				

	December 31, 2020				
	Carrying Amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Foreign unlisted stock	$ 4,383	-	-	4,383	4,383
Financial assets at amortized cost					
Cash and cash equivalent	$ 289,207	-	-	-	-
Notes and accounts receivables	766,540	-	-	-	-
Other Financial assets -current	20,309	-	-	-	-
Other Financial assets -non current	13,871	-	-	-	-
Subtotal	$ 1,089,927				
Financial liabilities at amortized cost					
Short-term borrowing	$ 101,606	-	-	-	-
Account payable	710,441	-	-	-	-
Other payable	175,154	-	-	-	-
Long- term borrowing (Current portion)	50,635	-	-	-	-
Lease liability－current	22,380	-	-	-	-
Long -term borrowing	315,444	-	-	-	-
Lease liability－non current	111,688	-	-	-	-
Deposits received	6,141	-	-	-	-
Subtotal	$ 1,493,489				

When merging the Group's statutory assets and the fair value of liabilities, the market-observable input value is used. The level of fair value is based on the input of the evaluation technology and the relative classification is as follows:

Level 1: Public quotation of the same assets or debts in the active market (None been adjust).

Level 2: In addition to the public quotes included in Level 1, the input parameters of assets or liabilities are observable directly (price) or indirectly (derived from price).

Level 3: The input parameters of assets or debts are not based on observable market data (Non-observable parameters).

(b) Valuation techniques for financial instruments not measured at fair value

The methodology and assumptions used by the Company to estimate financial instrument measured at amortized cost, except for convertible bonds payable－liability portion use the discounted cash flows to estimate fair values, because of the short maturities of these instruments, the Company estimates that the carrying amount is a reasonable approximation of fair value.

(c) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments:

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

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

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

Derivative financial instruments:

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

(d) Transfers between Level 1 and Level 2

In 2021 and 2020, there was no transfer in the fair value grade of financial instruments assessed by the Group.

(e) Movement of financial assets through other comprehensive income categorized within Level 3.

	Financial assets measured at fair value through other comprehensive income
	Investment of equity instruments without active market
Balance at January 1, 2021	$ 4,383
Acquisition	16,000
Recognized in other comprehensive profit or loss	4,477
Balance at December 31, 2021	**$ 24,860**
Balance at January 1, 2020	$ 4,204
Recognized in other comprehensive profit or loss	179
Balance at December 31, 2020	**$ 4,383**

The gains or losses were reported in the unrealized valuation gains (losses) of financial assets measured at fair value through other comprehensive income, which is the outcome of assets that still hold by Group for the year ended December 31, 2021 and 2020.

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

The Group's fair value have been classified as Level3 and only contains single significant unobservable inputs. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	·Lack of market liquidity discount (38.22% and 65.99% on December 31, 2021 and 2020, respectively) ·Valuation multiples (1.78 and 1.37 on December 31, 2021 and 2020, respectively) ·Stock price volatility (41.05% and 70.61% on December 31, 2021 and 2020, respectively)	·The higher the lack of market liquidity discount is, the lower the fair value will be. ·The higher the valuation multiples is, the higher the fair value will be. ·The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	Net assets value	·Net assets value ·Discount for minority interest (As of December 31, 2021: 16.64%) ·Lack of market liquidity discount interest (As of December 31, 2021: 10%)	·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.

(g) 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:

	Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
			Favorable	Unfavorable
Balance at December 31, 2021				
Financial assets at fair value through				

other comprehensive income-					
Investment of equity instruments without an active market	Market illiquidity discount rate 38.22%	10%	$	2,089	(2,089)
-Y.S.Tech U.S.A Inc					
	Valuation multiples 1.78	5%		631	(662)
	Stock price volatility 41.05%	5%		1,010	(978)
Financial assets at fair value through other comprehensive income-					
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%		159	(159)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,328	(1,328)
Balance at December 31, 2020					
Financial assets at fair value through other comprehensive income-					
Investment of equity instruments without an active market	Market illiquidity discount rate 65.99%	10%	$	1,299	(1,299)
－Y.S.Tech U.S.A Inc.					
	Valuation multiples 1.37	5%		277	(228)
	Stock price volatility 70.61%	5%		454	(391)

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

A. Overview

The Group have exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the General administration department, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group’s financial risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments in debt securities as follows:

(a) Trade and other receivables

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

(b) Deposits

The exposure to credit risk for the bank deposits is monitored by the Group’s finance department. The Group only deals with counterparties and financial institutions which with good credit rating. The Group expected counterparty above will not fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

The Group’s policy is to provide financial guarantees only to wholly owned subsidiaries. For details of financial guarantees, please refer to Note 13

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

As of December 31, 2021 and 2020, the Group's unused credit line were amounted to $785,554 thousand and $810,204 thousand, respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Boards.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and China Yuan (RMB). The currencies used in these transactions are same as above. The Group uses forward exchange contracts with a maturity of less than one year from the reporting date to hedge its currency risk. When necessary, forward exchange contracts are rolled over at the maturity date.

Interest is denominated in the currency of the principal. Normally, the currency of Group's borrowing is the same as the currency of the cash flow generated by the operations, which is mainly NTD, US dollar and RMB. This provides an economic hedge without derivatives being entered into, and therefore, hedging accounting has not been adopted.

Regarding monetary assets and liabilities denominated in other foreign currencies, when a short-term unbalance occurs, the Group purchases or sells foreign currencies at the spot exchange rate to ensure that net risk exposure remains at an acceptable level.

(b) Interest rate risk

The Group adopts a policy of ensuring its exposure with fixed rate or floating rate, by assess with international economic situation or market interest rate. Control interest rate risk with a appropriate combination of fixed rate and floating rate.

(c) Market risk of equity instruments

The main part of the equity securities held by the Group is classified as financial assets measured at fair value through other comprehensive profit and loss. Therefore, such assets are measured at fair value, so the Group will be exposed to the risk of changes of it.

(27) Capital management

The Group meets its objectives in managing its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities, less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

In 2021, the Company's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as at December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 1,851,762	1,594,416
Less: cash and cash equivalents	157,294	289,207
Net liabilities	$ 1,694,468	1,305,209
Total equity	$ 1,207,532	1,072,049
Adjusted equity	$ 2,902,000	2,377,258
Liabilities-to-equity ratio	58.39%	54.90%

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

The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes				
	January 1, 2021	Cash flows	foreign exchange movement	Interest amortized	Right-of-use asset addition amount	Other movement (Note)	December 31, 2021
Short-term loans	$ 101,606	(71,606)	-	-	-	-	30,000
Long-term loans (current portion)	366,079	(67,745)	-	-	-	-	298,334
Bonds payable	-	327,642	-	622	-	(36,568)	291,696
Lease liability (Current and non-current)	134,068	(25,935)	(923)	-	51,180	-	158,390
Guarantee deposits received	6,141	-	(33)	-	-	-	6,108
Total liabilities from financing activities	$ 607,894	162,356	(956)	622	51,180	(36,568)	784,528

Note: Recognized equity components and derivative financial instruments.

			Non-cash changes		
	January 1, 2020	Cash flows	Foreign exchange movement	Right-of-use asset addition amount	December 31, 2020
Short-term loans	$ 224,574	(122,087)	(881)	-	101,606
Long-term loans-current portion	349,437	16,642	-	-	366,079
Bonds payable	128,309	(19,266)	1,589	23,436	134,068
Lease liability (Current and non-current)	3,057	2,988	96	-	6,141
deposits received	$ 705,377	(121,723)	804	23,436	607,894

7. Transaction with related parties

(1) Endorsement and guarantee

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

(2) Compensation of major management staff

The information on major management staff compensation was as follows:

	2021	2020
Short-term employee benefits	$ 15,050	$ 8,660
Post-employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 15,050	$ 8,600

On December 31, 2021 and 2020, the Group provided 2 rental cars for the use of main management and been recognized as right of use assets of transportation equipment, the originally cost was $3,319 thousand and $4,067 thousand, respectively.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	December 31, 2021	December 31,2020
Deposit account (Reserve account)	Long-term/short-term borrowing, customs taxes, bonds payable and other repayment accounts	$ 55,778	10,204
Time deposit	Guarantee of sales channel and short-term borrowing	2,661	1,000
Land	Guarantee of long-term/short-term borrowings and bonds payable	291,848	267,535
Buildings	Guarantee of long-term/short-term borrowings	124,089	132,508
		$ 474,376	411,247

9. Significant Commitments and Contingencies

(1) Unrecognized contingencies of contracts

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 12,231	17,750

(2) The Company's outstanding standby letter of credit are as follows：

	December31, 2021	December31, 2020
Purchases of raw materials	$ 72,446	47,749

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	2021	2020

By item	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits						
Salary	277,124	199,340	476,464	223,469	192,247	415,716
Labor and health insurance	19,057	14,634	33,691	15,091	13,314	28,405
Pension	13,488	8,525	22,013	6,597	5,951	12,548
Remuneration of directors	-	3,499	3,499	-	3,070	3,070
Others	19,893	7,638	27,531	17,675	7,147	24,822
Depreciation	59,863	47,855	107,718	49,491	43,549	93,040
Amortization	14	1,814	1,828	7	1,442	1,449

(2) Seasonality of operation

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

13. Supplementary Disclosures

(1) 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 Company for the year ended December 31, 2021

A. Loans to other parties:

Number	Lender	Counter- party	Financial statement account	Related Party	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	The Company	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	41,520 (USD 1,500,000)	-	-	-	short - term financing	-	Working capital	-	-	-	483,013 (Note 2)	483,013 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts－related parties	Yes	119,216 (USD 4,306,943)	-	-	-	short - term financing	-	Working capital	-	-	-	483,013 (Note 2)	483,013 (Note 2)
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	long-term accounts－related parties	Yes	26,064 (RMB 6,000,000)	- -	- -	-	short - term financing	-	Working capital	-	-	-	483,013 (Note 2)	483,013 (Note 2)
2	Y.H. Tech International Corp.	Yen Sun Technology (BVI) Corp.	Other receivable –related parties	Yes	46,547 (USD 1,681,614)	- -	- -	-	short - term financing	-	Working capital	-	-	-	315,712 (Note 4)	315,712 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	119,082 (USD 4,302,111)	119,082 (USD 4,302,111)	119,082 (USD 4,302,111)		(Note 5)	-	Working capital				315,712 (Note 4)	315,712 (Note 4)
3	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Other receivable –related parties	Yes	26,064 (RMB 6,000,000)	970 (RMB 223,285)	970 (RMB 223,285)		(Note 5)	-	Working capital				315,712 (Note 4)	315,712 (Note 4)

(Note 1) When preparing this consolidated financial report, it has been eliminated.
(Note 2) If necessary, for financing, the loan limit shall not exceed 40% of the company's net equity
(Note 3) The amount of TWD is translated at the exchange rate on the balance sheet date
(Note 4) If financing is necessary, the loan limit shall not exceed 200% of Y.H. Tech International Corp.'s net equity.
(Note 5) The Company held directly and indirectly 100% of the voting right shares foreign subsidiaries, their financing period is not restricted by 1 year or one business cycle. The loan period is 3 years from the date of actual allocation.

(continued)

B. Guarantees and endorsements to others parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement: Company name	Counter-party of guarantee and endorsement: Relationship with the endorser/ guarantor	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note4)	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
0	The Company	Yen Sun Technology (BVI) Corp.	Subsidiary	362,260 (Note 1)	41,520 (USD 1,500,000)	-	-	-	-	603,766 **(Note 3)**	Y	-	-
0	The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	241,506 (Note 2)	36,000	-	-	-	-	603,766 **(Note 3)**	Y	-	-

(Note 1) For a single overseas affiliated company, the limit shall not exceed 30% of the company's net equity.
(Note 2) For a single enterprise, the limit is not more than 20% of the company's net equity.
(Note 3) Not exceeding 50% of the company's net equity.
(Note 4) The amount of TWD is converted at the exchange rate on the balance sheet date.

(continued)

C. Securities owned as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

				December 31, 2021					
Name of security holder	**Name of security and type**	**Relationship with company**	**Account title**	**Units (shares)**	**Carrying Value**	**Percentage of ownership**	**Fair value**	Interim highest percentage of ownership	**Remarks**
Yen Tong Tech International (Samoa) Corp.	SHANGHAI CHANSON WATER CO., LTD.	-	Financial assets at FVTPL－non-current	-	-	17.75%	-	17.75%	-
The Company	Y.S. Tech U.S.A Inc. stock	-	Financial assets at FVOCI－non-current	114,000	12,906	19.16%	12,906	19.16%	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI－non-current	1,600,000	11,594	5.00%	11,594	5.00%	-

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Purchasing (selling) company	Counter party	Relation-ship	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)	Percentage of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	646,012	21.53%	(Note 1)	Single supplier	(Note 1)	108,312 (Note 2)	96.42% (Note 4)	
The Company	Y.H. Tech International Corp.	Sub-Subsidiary	Purchase	945,844	31.52%	(Note 1)	Single supplier	(Note 1)	(83,065)	21.50%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	458,289	15.27%	(Note 1)	Single supplier	(Note 1)	(31,402)	8.13%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Sub-Subsidiary	Purchase	953,173	93.56%	(Note 1)	Single supplier	(Note 1)	(131,028)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Sub-Subsidiary	Purchase	453,432	76.07%	(Note 1)	Single supplier	(Note 1)	(20,074)	21.11%	
YEN JIU TECHNOLOGY CORP	The Company	Ultimate parent company	Sale	646,012	100.00%	(Note 1)	Product sales	(Note 1)	(108,312) (Note 2)	100.00% (Note 4)	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	945,844	100.00%	(Note 1)	Product sales	(Note 1)	83,065	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	458,289	97.67%	(Note 1)	Product sales	(Note 1)	31,042	30.15%	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary	Sale	953,173	100.00%	(Note 1)	Product sales	(Note 1)	131,028	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Sale	453,432	61.09%	(Note 1)	Product sales	(Note 1)	20,074	16.81%	

(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)

(continued)

H. 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 Sub-Subsidiary	Other receivable 120,220 (Note 2)	- (Note 1)	-	-	-	-	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Sub-Subsidiary to Subsidiary	Accounts receivable 131,028 (Note 2)	9.88%	-	-	42,904	-	

(Note 1) Principal, interest receivable and long-term receivables of capital finance.
(Note 2) When preparing this consolidated financial report, it was eliminated in the consolidation.

I. Derivative financial instrument transactions: Please refer to Note 6(2) and Note 6(14)

(continued)

J. Business relationships and significant intercompany transactions:

No.	Counterparty	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	11,057	Overdue accounts receivable None comparable terms	0.36%
0	The Company	Y.H. Tech International Corp.	1	Purchase Procurement of raw materials Accounts payable	945,844 73,590 83,065	None comparable terms； The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	24.04% 2.41% 2.72%
0	The Company	Y.H. Tech International Corp.	1	Other receivables Receipts under custody	13 24,912	Receipts under custody; None comparable terms	- 0.81%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase Sale Procurement of raw materials Accounts receivable Accounts payable	458,289 10,255 132,250 75,697 31,402	None comparable terms； The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	11.65% 0.26% 3.36% 2.47% 1.03%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	323	None comparable terms	0.01%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase Procurement of raw materials Prepayment Rental income	646,012 11,485 108,312 5,040	None comparable terms； The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	16.42% 0.29% 3.54% 0.13%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Fixed assets	529	None comparable terms	0.02%
1	Yen Sun Technology (BVI) Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Long-term accounts receivable-Interest	12,559	Financial intermediation. No interest since 2017	0.41%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase Procurement of raw materials Accounts payable	953,173 72,780 131,028	None comparable terms； The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly.	24.23% 1.85% 4.28%
2	Y.H. Tech International Corp.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other receivables－Loans to other parties	120,220	Financial intermediation. No interest.	3.93%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Sales Accounts receivable Procurement of raw materials	453,432 10,880 72,766 134,855 20,074	None comparable terms； The payment terms are that the accounts payable	11.53% 0.28% 2.38% 3.43% 0.66%

(continued)

				Account payable Other receivable	671	shall be offset against prepayment for purchases monthly.	0.02%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase Accounts payable Other payable	10,772 2,691 49	None comparable terms	0.27% 0.09% -
4	DARSON ELECTRONIC (DONGGUAN) LTD.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	3	Other payable Receipts under custody	2,246 17,376	Receipts under custody; None comparable terms	0.07% 0.57%

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)

(2) 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			Highest percentage owned during the year	Net income (loss) of the Investee (Note)	Investment income (less) Recognized (Note)	Remarks
				December 31,2021	December 31,2020	Shares owned	Percentage owned	Carrying value (Note)				
The Company	Yen Sun Technology (BVI) Corp.	British Virgin Islands	Investment holding	284,844	259,842	500,000	100%	(80,329)	100%	23,060	23,060	Subsidiary
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	129,608	100%	32,228	32,228	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	167,621	100%	25,313	25,313	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	91,326	100%	1,164	(1,249)	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	157,864	100%	20,528	20,528	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	100%	-	-	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%	157,856	100%	20,528	20,528	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)

(3) Information on investments in Mainland China:

A. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January.1,2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December. 31, 2021	Net income Of investee (Note 3)	The Group's direct or indirect investment ratio	Highest ratio during the year	Investment gain (loss) recognized by the Group (Note 3)	Book value of the investment as of December. 31, 2021 (Note 3)	Accumulated investment income repatriated to Taiwan as of December. 31, 2021
					Remittance	Repatriation							
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Manufacturing and sales of Home Appliances, Cooling fan	258,349 (USD8,700,000)	Invest through Yen Sun Technology (BVI) Corp. then invest in Mainland China	233,347 (USD7,800,000)	25,002 (USD900,000)	-	258,349 (USD8,700,000)	22,781	100%	100%	22,781 (Note1)	(115,074) (Note1)	-
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD1,000,000)	-	-	30,179 (USD1,000,000)	17,587	100%	100%	18,092 (Note1)	47,282 (Note1)	-
SHANGHAI CHANSON WATER CO., LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD60,000)	-	-	1,916 (USD60,000)	-	17.75%	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacture of electronic cooling fan and thermal module products	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China	8,583 (USD285,000) (Note4)	-	-	8,583 (USD285,000)	32,228	100%	100%	32,228 (Note1)	129,608 (Note1)	-

(continued)

B. Limitation of investment amount to Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2020	**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**
278,048 (Note2) (USD 10,045 thousand)	300,192 (Note2) (USD 10,845 of thousand)	724,519

(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.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

D. Major shareholders:

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

The Company applied to Taiwan Depository & Clearing Corporation ("TDCC") to obtain the information in this form, to explain the following:

(c) The major shareholders information of this table is calculated by the TDCC on the last business day at the end of each quarter, and the total number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in the consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different calculation bases.

(d) Where the stocks are entrusted by shareholders, it will be disclosed by the individual trustee who opened the trust account. As for shareholders' declaration of insider's shareholdings that hold more than 10% of their shares in accordance with the Securities and Exchange Act, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the right to decide how to utilize the trust property, etc. For information on insider's shareholding declarations, please refer to Market Observation Post System.

14. Segment Information

(1) General information

The Group has three reportable segments: Taiwan home appliance business segment, Mainland China home appliance business segment, and electronic cooling business segment. Taiwan home appliance business segment produces and sells beverage dispensers, fans, air conditioners, air purifiers, dehumidifiers, tissue machines, ice wine machines, etc. Mainland China home appliance business segment mainly sells induction cookers, pressure cookers, and electronic cookers. Electronic cooling business segment produces and sells cooling fans.

(2) The reportable segments are the Group’s strategic divisions.

The Group uses the internal management report of segment's pre-tax profit and loss (excluding non-recurring gains and losses), which reviewed by the operating decision maker as the basis for management resource allocation and performance assessment. Since income tax and non-recurring gains and losses are managed on a Group basis, the Group does not allocate income tax expenses (interests) and non-recurring gains and losses to the reportable segment.

The amount reported by the Group is consistent with the report used by the operating decision maker, and the accounting policies of the operating segment are the same as the summary of important accounting policies described in Note 4. The group transfers the sales and transfers between segments, and each segment considers its self-performance indicators to measure the cost increase.

Reportable segment information is as follows:

(continued)

	2021			
	Home Appliances	Electronics Cooling	Adjustments And elimination	Total
Revenue：				
Revenue from external customers	$ 731,867	3,201,914	-	3,933,781
Interest revenue	24	223	11	258
Total revenue	**$ 731,891**	**3,202,137**	**11**	**3,934,039**
Reportable segment income	**$ (73,237)**	**292,678**	**24,440**	**243,881**
Interest expenses	**$ 1,533**	**11,658**	**2**	**13,193**
Depreciation and amortization	**$ 28,495**	**80,663**	**388**	**109,546**
Reportable segment assets	**$ 909,294**	**2,109,313**	**40,687**	**3,059,294**

	2020			
	Home Appliances	Electronics Cooling	Adjustments And elimination	Total
Revenue：				
Revenue from external customers	$ 686,509	2,645,777	-	3,332,286
Interest revenue	67	322	540	929
Total revenue	**$ 686,576**	**2,646,099**	**540**	**3,333,215**
Reportable segment income	**$ (89,053)**	**253,791**	**12,849**	**177,587**
Interest expenses	**$ 2,250**	**11,361**	**418**	**14,029**
Depreciation and amortization	**$ 28,053**	**66,050**	**386**	**94,489**
Reportable segment assets	**$ 859,578**	**1,787,443**	**19,444**	**2,666,465**

(3) Sales to customers other than consolidated entities：

Product		**2021**	**2020**
Cooling fan	$	2,630,961	2,182,096
Air series		443,700	407,937
Water series		236,052	230,244
Heat sink and thermal module		531,045	436,740
Other		92,023	75,269
Total	**$**	**3,933,781**	**3,332,286**

(4) Geographic information

The difference information of the Group is as follows. The revenue is classified based on the geographic location of the customer, and the non-current assets are classified according to the geographic location of the asset.

Geographic Area		**2021**	**2020**
Sales to customers other than consolidated entities：			
Taiwan	$	2,093,614	1,761,149
Germany		911,671	754,386
America		169,781	179,901
Mainland China		429,001	348,910
Japan		28,089	33,736
South Korea		68,506	72,014
Others		233,119	182,190
	$	**3,933,781**	**3,332,286**
Non-current assets：			
Taiwan	$	656,324	611,225
Mainland China		218,815	212,095
Total	**$**	**875,139**	**823,320**

Non-current assets include property, plant and equipment, right-of-use assets, investment real estate, intangible assets and other non-current assets, but excluding financial instruments, deferred income tax assets and retirement benefits assets.

(5) Major customers' information

		2021	**2020**
Customer A from Electronics Cooling Department	$	909,901	753,085
Customer B from Electronics Cooling Department		740,752	585,069
Customer C from Electronics Cooling Department		341,593	284,098
Total	**$**	**1,992,246**	**1,622,252**

(6) Financial difficulties and corporate events encountered by the Company and affiliates in the recent years and up to the date of report that have material impact on the financial status of the Company

: None.

7. The review and analysis of the company's financial position and financial performance as well as assessment of risks

(1) Financial Status

(a) Financial status comparison analysis

Units: NT$ thousands

Year / Item	2021	2020	Variance	
			Amount	Ratio Variance %
Current Assets	2,081,039	1,812,071	268,968	14.84
Property, plant and equipment	691,895	660,639	31,256	4.73
Investment Property	12,192	12,677	(485)	(3.83)
Intangible assets	5,238	3,118	2,120	67.99
Other non-current assets	268,930	177,960	90,970	51.12
Total assets	3,059,294	2,666,465	392,829	14.73
Current liabilities	1,132,196	1,135,956	(3,760)	(0.33)
Non-current liabilities	719,566	458,460	261,106	56.95
Total liabilities	1,851,762	1,594,416	257,346	16.14
Capital stock	697,869	697,869	—	—
Capital surplus	157,151	119,761	37,390	31.22
Retained earnings	343,402	248,346	95,056	38.28
Other equities	9,110	6,073	3,037	50.01
Total shareholders' equity	1,207,532	1,072,049	135,483	12.64

(b) For those items that increase or decrease ratio changes by more than 20%, the explanation is as follows:

(i) Intangible assets: mainly due to the purchase of computer software in the current period.
(ii) Other non-current assets: mainly due to the increase in the right-to-use assets for newly-added office leases and the increase in restricted deposits due to the issuance of sixth domestic secured convertible bonds.
(iii) Non-current liabilities: mainly due to the issuance of sixth domestic secured convertible bonds.
(iv) Capital surplus: mainly due to the issue of the sixth secured conversion of corporate bonds.
(v) Retained earnings: mainly due to the net profit after tax of 2021.
(vi) Other equities: mainly due to the exchange difference from the conversion of the financial statements of foreign operating agencies.

(2) Financial performance

(a) Profit and loss statement of the most recent two years

Units: NT$ thousands; %

Year / Item	2021	2020	Amount Variance	Ratio Variance (%)
Operating revenue	$3,933,781	$3,332,286	$ 601,495	18.05
Operating cost	3,238,251	2,726,737	511,514	18.76
Gross profit	695,530	605,549	89,981	14.86
Operating expenses	466,432	422,710	43,722	10.34
Operating profit	229,098	182,839	46,259	25.3
Non-operating revenue and expense	14,783	(5,252)	20,035	381.47
Profit before tax from continuing operations	243,881	177,587	66,294	37.33
Income tax expenses	46,815	38,185	8,630	22.6
Profit from continuing operations	$ 197,066	$ 139,402	$ 57,664	41.37
Net profit (loss)	$ 197,066	$ 139,402	$ 57,664	41.37

(b) For those items that increase or decrease ratio changes by more than 20%, the explanation is as follows:

(i) Operating profit: mainly due to the growth of turnover and the proper control of operating expenses.

(ii) Non-operating revenue and expense: mainly due to the increase in other income such as molds.

(iii) Income tax expenses: due to the increase in net profit before tax.

(iv) Net profit (loss): Mainly due to the growth of turnover and the proper control of operating expenses.

(3) Analysis of Cash Flow

(a) Illustration on changes of the cash flow in the recent years

Year / Item	2021	2020	Ratio Variance (%)
Cash flow ratio	-	31.81	-
Cash flow adequacy ratio	60.31	79.43	(24.07)
Cash flow reinvestment ratio	(4.33)	18.28	(123.69)

Explanation on increase or decrease of the ratio:

(i) The cash flow ratio decreased compared with 2020, mainly due to the increase in inventory, resulting in cash outflow in the current period.

(ii) The cash flow adequacy ratio decreased compared with 2020, which was due to the decrease in net cash flow from operating activities in the last five years.

(b) Plans for improve the lack of liquidity: Not applicable.

(c) Prediction on cash liquidity in the following year

Units: NT$ thousands

Cash balance – beginning of the period (1)	The estimated cash flow of operating activities throughout the year (2)	The estimated cash flow of investment and financing activities throughout the year (3)	The estimated amount of surplus (shortage) of cash. (1)+(2)-(3)	Responsive measures with cash balance	
				Investment plan	Financing plan
157,294	249,214	262,784	143,724	-	-

(a) Analysis on changes in cash flow in the following 2022:

(i) Operating activities: It is expected that the revenue growth will be accompanied by an increase in net profit, which will result in a net cash inflow from operating activities;
(ii) Investment activities: It is expected to pay for the new build factory plant, purchase of machinery and equipment and the development of new molds, etc.;
(iii) Financing activities: It is expected to increase mid-term and long-term borrowings, etc.

(b) Remedial measures for shortage in cash and analysis on the flow: Not applicable.

(4) Major Capital Expenditure Items:

The Company spent NT$ 132 million in 2016 to purchase land in Guantian District of Tainan City and spent about NT$ 140 million in 2018 to build a plant, and the construction have been completed in the first quarter of 2019. Another new plant in Dongguan invested approximately NT$ 24 million in the purchase of related equipment in 2019, and passed automobile industry certification in the fourth quarter of that year. Therefore, the Company's overall production capacity increased, which had a positive impact on the business.

(5) The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses generated thereby, the plan for improving re-investment profitability, and investment for the coming year:

Units: NT$ thousands

Desp / Item	Investment gain (loss) of 2021	Policy	Main reasons for profits/losses	Improvement plans	Other investment plans in the future
YEN JIU TECHNOLOGY CORP.	1,163	In order to improve competitiveness and operating performance, the Company implemented reorganization and work specialization, the relevant business of the Changhua plant of the Company's home appliance business division was split, and the wholly-owned subsidiary was established.	In the first half of 2019, the Guantian plant was opened, and the production yield of the initial run-in stage needs to be improved, and resulting in a decrease in profit.	Continuously improve production efficiency and quality, enhance market competitiveness	None

(6) Risk Management

A. The effect on the Company’s profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Units: NT$ thousands

Item	Effect on the profits (losses)			Future measures
	Account	2021	2020	
Changes in interest	Interest revenue	258	929	The Company's liquidity is reasonable. The decrease in interest income in 2021 was mainly due to the decrease in time deposits (including pledged assets); the decrease in interest expenses in 2021 was mainly due to the reduction of interest expenses by repaying bank loans. Therefore, fluctuations in interest rates have little impact on the Company.
	Interest expenses	13,193	14,029	
Changes in exchange rate	Exchange gain (loss), net	(16,706)	(17,533)	The Company will adopt a strategy of balance between accounts receivable and payable to reduce exchange rate risk. In addition, the Company collects foreign exchange market information at any time to keep track of foreign exchange market trends, prepare cash flow forecasts, grasp the supply and demand of foreign currencies, propose appropriate hedging policies and methods, and timely buy and sell foreign currencies to reduce the exchange losses caused by the appreciation of the TWD.
Inflation	-	-	-	The company is less affected by inflation.

B. The Company’s policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transaction; the main reasons for the profits/ losses generated thereby; and response measures to be taken in the future.

The company has not engaged in high-risk and high-leverage investment activities in the most recent year. The capital, loan and endorsement guarantees are handled in accordance with the relevant operating procedures prescribed by the company.

In addition, the company has a “Procedures for Acquisition and Disposal of Assets,” that regulates the risk management system for derivative commodity transactions, so there is no significant adverse impact on the company’s profit and loss.

C. The plan of R&D and reinvestment in Future

Given that the sustainable development of YEN SUN and the uniqueness of the market, YEN SUN always plans and invests a lot of resources for the investment and development of the future products.

Furthermore, the mechanisms used in the field of electronic cooling are still inseparable from the cooling fans and modules, and their demand has not been reduced, therefore the state-of-the-art fan wing design, effective vibration and initiative/passive vibration suppression、 sound control and optimization, and motor power will continue to develop.

According green energy development, through development of the fan wing and motor power innovation, there is efficiency of energy saving can be effectively improved, as the same time can expand the scope of applicability. At present, the application fields include automotive electronics, medical equipment, 5G network, AI control, etc., all of which have different application and Specification Control. Therefore, YEN SUN organize its own independent technology and becomes the core foundation for future development. In addition to the core technology, independent automatic production technology is also continuously developed in the area of process, which not only improves the production efficiency but also improves the quality requirements, so as to control the consistency of production and exclude the potential risks of human assembly.

In recent years, in addition to actively developing core technologies by YEN SUN, also cooperated with major universities of domestic to not only accumulate technical energy, but also obtain the update and promotion of academic theories, which will provide customers with more effective technical and quality requirements.

Rely on the R & D capabilities of continuous in development research, combined with a high passion and creativity for products, YEN SUN always prioritizes customer's problems, and hope to be the best product development partner to open up innovative market and future with customers, so that it will become the important way of steady growth and foothold on market of YEN SUN.

Abstract of future major R&D plans

Project name	Proposal	Schedule
Development of passive specific frequency noise suppression technology	For the whole series of centrifugal fan sound control	2023
Development of stall zone for passive feature suppression	Performance optimization for high-speed axial fan	2022

The R&D expenditures of the above plans account for approximately 45% of the total R&D budget in 2022, and the total R&D budget accounts for approximately 6% of the total budget revenue in 2022.

D. Effect on the Company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None

E. Effect on the Company’s financial operations of developments in science and technology as well as industrial change, and the measures to be taken in response:

(a) The automotive and communication related products are gradually diversifying, so multi-functional products are the focus of research and development. The Company will adjust the product development direction in a timely manner. Under the Company’s existing technology, it will adjust the product development based on customer needs. In addition, the company also continuously strengthens product functions to become the main product in the future.

(b) Risk evaluation of information security：

The company has established operational procedures for treatment of information processing system on the computer and properly implement the policy for internal control and information security.

Aims of the electronic information security policy:

(i) To organize training session and propaganda for information security.
(ii) To protect confidential information of the Company

(iii) To respect intellectual property and protect information of the client and the Company.
(iv) To prevent computer virus attack.

Specific management plans of the electronic information security:
(i) Access control: The system and filesserver can only be accessed by authorized users.
(ii) Information Equipment control: workers are banned from using USB.
(iii) Internet control: downloading files from the cloud storage space is banned, and Internet firewall has been established.
(iv) E-mail Control: A security mechanism is established to control mail delivery.
(v) Antivirus software: The Company adopts legal antivirus software and regularly updates virus code as well as antivirus engine.。

F. Effect on the Company's crisis management of changes in the Company's corporate image, and the measure to be taken in response:

For many years, the Company's philosophy on corporate operation is brand image, innovation and sharing. Whether in home appliance products or cooling fan products, the Company maintains a good image in the industry. As of now, nothing happened what would affect the corporate image.

G. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None

H. Expected benefits and possible risks associated with any plant expansion: None.

(i) The company's application to enter the Renwu Industrial Park in 2021 has been approved by the Economic Development Bureau, Kaohsiung City. The leased land area is 10,139 square meters, and the new plant area is about 6,000 square meters. It is expected to be completed within 3 years and put into production.

(ii) The company's current existing Renwu plant has been in use for more than 30 years. In order to ensure the company's operational stability and competitiveness, it is planned to invest in the construction of a new plant. The company will continue to pay attention to future customer needs in order to evaluate the benefits of expanding production capacity and increasing equipment automation to reduce costs. As of the publication date of the annual report, the company's production capacity expansion is still in line with the company's expectations.

I. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

J. The impact and risk brought by changes in directors, supervisors, or top-ten major shareholders possessing over 10 percent of outstanding stocks, transfer or change of a large number of shares and mitigation measures being or to be taken: None.

K. The impact and risk brought by changes in the Company's management right and mitigation measures being or to be taken: None.

L. Lawsuit events and non-contentious events:：None。

M. Other significant risks and responsive measures:： None 。

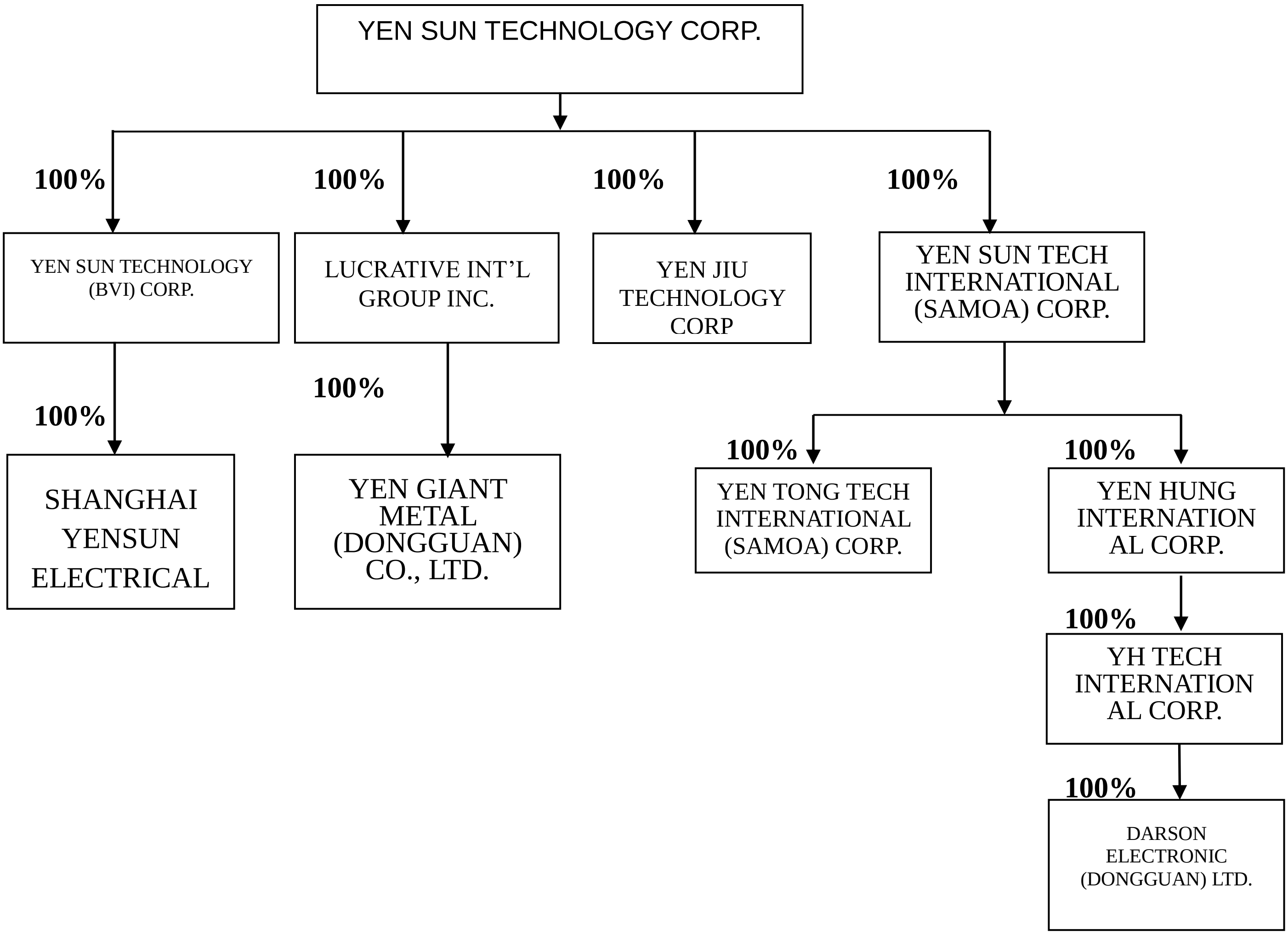
(7) Other notable matters: None.

8. Special Disclosure

(1) Information Regarding Affiliated Companies

A. Consolidated business report of affiliated companies

(a) Organizational chart of the affiliates:



(b) Information of subsidiaries and affiliates

Affiliates	Date of establishment	Address	Actual investment amount of the company	Business Scope
YEN SUN TECHNOLOGY (BVI) CORP.	1998.05.29	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, B.V.I.	US$8,700 of thousand	Investment holding
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	1993.09.14	No. 2778 Baoan Road, Malu Town, Jiading District, Shanghai	US$8,700 of thousand	Manufacturing and sales of Home Appliances, Cooling fan
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	2005.07.29	Offshore Chambers, P.O. Box217, Apia, Samoa.	US$1,060 of thousand	Investment holding
YEN HUNG INTERNATIONAL CORP.	2005.08.02	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, samoa	US$1,000 of thousand	Investment holding
YH TECH INTERNATIONAL CORP.	2004.07.05	Springates South Lower Government Rd. CharlestownNevis	US$1,000 of thousand	Investment holding
YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	2009.08.04	Level 5, Development Bank of Samoa Building, Beach Road, Apia, Samoa	US$60 of thousand	Investment holding
DARSON ELECTRONIC (DONGGUAN) LTD.	2010.06.10	Xinsi Admin Zone, Heng Li Town, Dongguan City, Guangdong Province 523466, P.R. China	US$1,000 of thousand	Manufacturing of Cooling fan
YEN GIANT METAL (DONGGUAN) CO., LTD.	2012.08.31	No.10, Dongxing W. First Road, Jiaoshe Village, Dongkeng Town, Dongguan, Guangdong Province 523443, P. R. China	CNY$2,002 of thousand	Manufacturing of heat sink and cooling fan
YEN JIU TECHNOLOGY CORP.	2013.05.20	No.421, Guantian, Guantian Dist., Tainan City 72047, Taiwan (R.O.C.)	TWD$110,500 of thousand	Home Appliance OEM Business
LUCRATIVE INT’L GROUP INC.	2017.06.05	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	US$ 285 of thousand	Investment holding

(c) Shareholders presumed to have a relationship of control and subordination: None.

(d) The names of the Directors, Supervisors, and president of each affiliate:

April 2, 2022; Unit: NT$ thousands

Company name	Position	Name of representative	Number of shares held	
			Number ofshares	Shareholding Percentage
YEN SUN TECHNOLOGY (BVI) CORP.	Chairman	Fang, Jin-Zhong	-	-
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	Chairman	Fang, Jin-Zhong	-	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Chairman	Wu, Wen-Jie	-	-
YEN HUNG INTERNATIONAL CORP.	Chairman	Lin, Shu-Qin	-	-
Y.H. TECH INTERNATIONAL CORP.	Chairman	Fang, Jin-Zhong	-	-
YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Chairman	Chen, Yi-Jun	-	-
DARSON ELECTRONIC (DONGGUAN) LTD.	Chairman	Wu, Wen-Jie	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Chairman	Ye, Sheng-Zan	-	-
YEN JIU TECHNOLOGY CORP.	Chairman	Chen, Chien-Jung	-	-
LUCRATIVE INT’L GROUP INC.	Chairman	Ye, Sheng-Zan	-	-

(e) The overview of the operations of the affiliates:

Unit: NT$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net Value	Revenue	Operating profit	Profit after tax	Earnings per share (NT$) (after tax)
YEN SUN TECHNOLOGY (BVI) CORP.	284,844	(80,329)	0	(80,329)	0	(620)	23,061	—
Yen Sun Tech International (Samoa) Corp	32,098	263,210	96,094	167,116	469,170	4,922	24,808	—
SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD.	258,349	17,640	132,714	(115,074)	0	8,888	22,781	—
Yen Hung International Corp.	30,179	157,864	0	157,864	0	0	20,023	—
YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	1,916	1	0	1	0	0	0	—
Y.H. Tech International Corp.	30,179	297,382	139,526	157,856	945,844	2,505	20,024	—
DARSON ELECTRONIC (DONGGUAN) LTD.	30,179	330,041	285,759	47,282	953,173	29,930	17,587	—
YEN GIANT METAL (DONGGUAN) CO., LTD.	9,008	428,228	298,620	129,608	742,254	47,379	32,228	—
YEN JIU TECHNOLOGY CORP.	110,500	372,560	283,509	89,051	646,012	(1,110)	1,164	—
LUCRATIVE INT'L GROUP INC.	8,583	129,608	0	129,608	0	0	32,228	—

B. Consolidated Financial Statements of Affiliated Companies: Please refer to page179 to 264

C. Declaration of Consolidated Financial Statements of Affiliated Companies: Please refer to page179

(2) A private placement of securities during the most recent year or during the current fiscal year up to the date of publication of the annual report

: None.

(3) Possession or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

: None.

(4) Other matters that require additional description

: None.

(5) Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Excahnge Act, which might materially affect shareholders equity or the price of the company's securities which has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report shall be listed one by one

: None.

YEN SUN TECHNOLOGY CORP.

Chairman：*CHEN*, *GUAN-HONG*