

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

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

For The Six Months Ended June 30, 2024 And 2023

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

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Notice to readers

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

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Independent Auditors' Review Report

The Board of Director's
YEN SUN TECHNOLOGY CORP.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yen Sun Technology Corporation. (the Company) and subsidiaries as of June 30, 2024 and 2023. And the consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023; the changes in equity and cash flows, notes to the consolidated financial statements for the six months ended June 30, 2024 and 2023 (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with TWSRE 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Yen Sun Technology Corporation and subsidiaries as of June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended and six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 6, 2024

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

Consolidated Balance Sheets

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

Assets		June 30, 2024		December 31, 2023		June 30, 2023				June 30, 2024		December 31, 2023		June 30, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:																	
1100	Cash and cash equivalents (note 6(1))	\$	271,673	8	552,397	16	145,564	4	Liabilities and equity								
Current liabilities:																	
1110	Current financial assets measured at fair value								2100	Short-term borrowings (note 6(13) and 8)	\$	-	-	500	-	100	-
	through profit or loss (note 6(2) and (15))		230	-	459	-	-	-	2170	Accounts payable		734,446	22	710,613	21	766,848	21
1151	Notes receivables, net (note 6(4) and (23))		24,078	1	17,731	1	20,390	1	2200	Other payables		214,880	6	216,641	6	342,510	10
1170	Accounts receivable, net (note 6(4) and (23))		960,150	28	748,545	22	1,008,046	28	2230	Current income tax liabilities		114,912	3	107,315	3	79,145	2
130X	Inventories (note 6(6))		724,228	21	767,391	22	812,497	22	2260	Liabilities related to Non-current Assets Held for							
1460	Non-current Assets Held for Sale (disposal group)									Sale (disposal group) and Discontinued							
	and Discontinued Operations, net (note 6(7))		-	-	-	-	11,630	-		Operations (note 6(7))		-	-	-	-	1,846	-
1476	Other current financial assets (note 6(5) and 8)		27,418	1	16,637	-	295,934	8	2280	Current lease liabilities (note 6(16))		33,508	1	32,766	1	32,077	1
1479	Other current assets-other (note 6(12))		60,820	2	52,028	2	52,400	2	2321	Bonds payable, current portion (note 6(15) and 8)		75,987	2	119,578	3	-	-
Total Current Assets			2,068,597	61	2,155,188	63	2,346,461	65	2322	Long-term borrowings, current portion (note 6(14)		31,500	1	24,032	1	18,121	1
Non-Current Assets																	
1510	Financial asset at fair value through profit or loss-								2399	Other current liabilities (note 6(14)(17) and (23))		59,102	2	36,407	1	302,479	8
	non-current (note 6(2)(15))		-	-	-	-	638	-	Total of current liabilities			1,264,335	37	1,247,852	36	1,543,126	43
1517	Non-current financial assets at fair value through																
	other comprehensive income (note 6(3))		56,668	2	43,369	1	36,206	1	Non-current liabilities:								
1600	Property, plant and equipment (note 6(8) and 8)		988,577	29	930,303	27	909,156	25	2530	Bonds payable (note 6(15) and 8)		-	-	-	-	251,531	7
1755	Right-of-use assets (note 6(9) and 8)		215,892	6	230,527	7	242,723	7	2540	Long-term borrowings (note 6(14) and 8)		433,677	13	411,964	12	389,457	11
1780	Intangible assets (note 6(11))		7,463	-	8,298	-	6,269	-	2570	Deferred tax liabilities		25,985	1	22,777	1	3,779	-
1840	Deferred income tax assets		27,991	1	27,568	1	10,317	-	2580	Non-current lease liabilities (note 6(16))		165,369	5	181,259	5	192,489	5
1975	Net defined benefit assets - non-current		4,743	-	-	-	-	-	2630	Long-Term Deferred Revenue (note 6(14))		6,951	-	6,656	-	6,342	-
1980	Other non-current financial assets (note 6(5) and 8)		23,617	1	42,043	1	64,694	2	2640	Net defined benefit liability, non-current		-	-	5,752	-	6,929	-
1990	Other non-current assets-other (notes 6(12))		5,716	-	11,925	-	4,722	-	2645	Deposits received		1,569	-	1,569	-	1,764	-
Total Non-Current Assets			1,330,667	39	1,294,033	37	1,274,725	35	Total non-current liabilities			633,551	19	629,977	18	852,291	23

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

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

		For the three months ended June 30,				For the six months ended June 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (note 6(23))	\$ 977,787	100	963,901	100	1,885,017	100	1,815,180	100
5000	Operating costs (notes 6(6)(19) and 12)	808,421	83	790,842	82	1,561,610	83	1,505,808	83
5900	Gross Income (Loss) from Operations	169,366	17	173,059	18	323,407	17	309,372	17
6000	Operating expenses (notes 6(19)(24) and 12):								
6100	Selling expenses	48,741	5	45,492	5	96,222	5	88,397	5
6200	General and administrative expenses	34,583	4	33,986	3	71,652	4	68,782	4
6300	Research and development expenses	41,334	4	39,935	4	80,317	4	75,460	4
6450	Expected credit impairment loss(profit)(note6(4)(5))	487	-	(1,274)	-	312	-	(73)	-
	Total operating expenses	125,145	13	118,139	12	248,503	13	232,566	13
6900	Net operating income	44,221	4	54,920	6	74,904	4	76,806	4
7000	Non-operating income and expenses (notes 6(18)(25)):								
7100	Interest Income	1,910	-	1,010	-	3,106	-	1,059	-
7010	Other Income	5,708	1	10,075	1	11,793	-	16,605	1
7020	Other gains and losses	10,387	1	14,525	1	32,998	2	11,395	-
7050	Finance costs	(1,450)	-	(3,311)	-	(3,686)	-	(6,495)	-
	Total non-operating income and expenses	16,555	2	22,299	2	44,211	2	22,564	1
7900	Profit before income tax from continuing operations:	60,776	6	77,219	8	119,115	6	99,370	5
7950	Loss: Income tax expense (notes 6(20))	11,153	1	17,338	2	22,653	1	24,944	1
8000	Profit from continuing operations	49,623	5	59,881	6	96,462	5	74,426	4
8100	Profit (loss) from discontinued operations :								
8101	Profit (loss) from discontinued operations, net of tax	-	-	(7,973)	(1)	-	-	(4,054)	-
8200	Net Profit (loss)	49,623	5	51,908	5	96,462	5	70,372	4

See accompanying notes to consolidated financial statements.

8300	Other comprehensive income:								
8310	items that will not be reclassified to profit or loss								
8316	Instruments measured at fair value through other comprehensive income (notes 6(21))	11,483	1	(157)	-	13,299	1	2,416	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(20))	2,362	-	56	-	2,721	-	677	-
	Total items that will not be reclassified to profit or loss	<u>9,121</u>	<u>1</u>	<u>(213)</u>	<u>-</u>	<u>10,578</u>	<u>1</u>	<u>1,739</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation (notes 6(21))	2,069	-	(6,520)	-	6,608	-	(16,123)	(1)
8365	Equity related to Non-current Assets Held for Sale (disposal group) and Discontinued Operations (notes 6(7)(21))	-	-	3,479	-	-	-	13,574	1
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	<u>2,069</u>	<u>-</u>	<u>(3,041)</u>	<u>-</u>	<u>6,608</u>	<u>-</u>	<u>(2,549)</u>	<u>-</u>
8300	Other comprehensive income, net	<u>11,190</u>	<u>1</u>	<u>(3,254)</u>	<u>-</u>	<u>17,186</u>	<u>1</u>	<u>(810)</u>	<u>-</u>
8500	Comprehensive income	<u>\$ 60,813</u>	<u>6</u>	<u>48,654</u>	<u>5</u>	<u>113,648</u>	<u>6</u>	<u>69,562</u>	<u>4</u>
	Basic earnings per share (in dollar, note6(22))								
9750	Total basic earnings per share								
9710	Profit from continuing operations	\$	0.65	0.86		1.26		1.07	
9720	Loss from discontinued operations	-		(0.11)		-		(0.06)	
9750	Total basic earnings per share	<u>\$ 0.65</u>		<u>0.75</u>		<u>1.26</u>		<u>1.01</u>	
9850	Diluted earnings per share								
9810	Profit from continuing operations	\$	0.62	0.75		1.20		0.93	
9820	Loss from discontinued operations	-		(0.10)		-		(0.05)	
9850	Diluted earnings per share	<u>\$ 0.62</u>		<u>0.65</u>		<u>1.20</u>		<u>0.88</u>	

See accompanying notes to consolidated financial statements.

(Reviewed, not audited)
YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent						Other equity interest					
	Retained earnings					Total	Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Equity related to Non-current Assets Held for Sale and Discontinued Operations	Total	Treasury stock	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance at January 1, 2023	\$ 701,669	164,367	82,199	3,798	310,168	396,165	18,392	7,473	-	25,865	(11,773)	1,276,293
Profit	-	-	-	-	70,372	70,372	-	-	-	-	-	70,372
Other comprehensive income	-	-	-	-	-	-	(16,123)	1,739	13,574	(810)	-	(810)
Total comprehensive income	-	-	-	-	70,372	70,372	(16,123)	1,739	13,574	(810)	-	69,562
Earnings allocation and distribution:												
Provision of legal reserve	-	-	20,510	-	(20,510)	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(152,682)	(152,682)	-	-	-	-	-	(152,682)
	-	-	20,510	-	(173,192)	(152,682)	-	-	-	-	-	(152,682)
Convert of convertible Bond	11,900	20,696	-	-	-	-	-	-	-	-	-	32,596
Balance as of June 30, 2023	\$ 713,569	185,063	102,709	3,798	207,348	313,855	2,269	9,212	13,574	25,055	(11,773)	1,225,769
Balance at January 1, 2024	\$ 763,238	267,531	102,709	3,798	429,864	536,371	3,306	12,719	-	16,025	(11,773)	1,571,392
Profit	-	-	-	-	96,462	96,462	-	-	-	-	-	96,462
Other comprehensive income	-	-	-	-	-	-	6,608	10,578	-	17,186	-	17,186
Total comprehensive income	-	-	-	-	96,462	96,462	6,608	10,578	-	17,186	-	113,648
Earnings allocation and distribution:												
Provision of legal reserve	-	-	29,289	-	(29,289)	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(113,748)	(113,748)	-	-	-	-	-	(113,748)
	-	-	29,289	-	(143,037)	(113,748)	-	-	-	-	-	(113,748)
Convert of convertible Bond	17,072	26,763	-	-	-	-	-	-	-	-	-	43,835
Capital reserve allotment of cash dividends	-	(113,749)	-	-	-	-	-	-	-	-	-	(113,749)
Balance as of June 30, 2024	\$ 780,310	180,545	131,998	3,798	383,289	519,085	9,914	23,297	-	33,211	(11,773)	1,501,378

See accompanying notes to consolidated financial statements.

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

(Reviewed, not audited)

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	\$ 119,115	99,370
Loss from discontinued operations, before tax	-	(4,054)
Profit before tax	\$ 119,115	95,316
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	312	(73)
Depreciation expense	61,423	60,260
Amortization expense	1,324	971
Net profit on financial assets or liabilities at fair value through profit or loss	60	(1,260)
Interest expense	3,686	6,495
Interest revenue	(3,106)	(1,063)
Loss (gain) from disposal of investment property, and property, plant and equipment	13	62
Increase of provision	301	(433)
Unrealized foreign exchange loss (gain)	(19,117)	(1,170)
Deferred income amortized as income	(522)	(318)
Total adjustments to reconcile profit (loss)	44,374	63,471
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(6,347)	8,979
Accounts receivable	(188,525)	(243,803)
Inventories	48,545	(2,420)
Other current assets	(7,758)	(13,132)
Other financial assets	1,049	(8,945)
Net defined benefit asset	(10,495)	-
Total net changes in operating assets:	(163,531)	(259,321)
Net changes in operating liabilities:		
Accounts payable	9,402	139,805
Other payable	(26,519)	(21,281)
Other current liabilities	15,530	3,361
Net defined benefit liability	-	(418)
Total net changes in operating liabilities	(1,587)	121,467
Total changes in operating assets and liabilities	(165,118)	(137,854)
Total adjustments	(120,744)	(74,383)
Cash inflow generated from operating	(1,629)	20,933
Interest received	3,156	1,063
Interest paid	(3,400)	(5,089)
Income taxes paid	(16,500)	(23,603)
Net cash flows from (used in) operating activities	(18,373)	(6,696)
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive profit or loss	-	(1,500)
Acquisition of property, plant and equipment	(63,603)	(168,416)
Proceeds from disposal of property, plant and equipment	79	-
Increase in guarantee deposits paid	(58)	2,366
Acquisition of intangible assets	(473)	(2,713)
Increase in restricted deposit	6,975	3,463
Increase in prepayments for equipment	(5,716)	(4,722)
Net cash flows from (used in) investing activities:	(62,796)	(171,522)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(500)	-
Proceeds from long-term borrowings	45,000	310,180
Repayment of long-term borrowings	(16,107)	(145,037)
Payments of lease liabilities	(17,951)	(15,855)
Increase (decrease) in deposits received	6,920	(3,277)
Cash dividends issuance of ordinary shares	(227,497)	-
Net cash flows from (used in) financing activities	(210,135)	146,011
Effect of exchange rate changes on cash and cash equivalents	10,580	(1,262)
Net increase (decrease) in cash and cash equivalents	(280,724)	(33,469)
Cash and cash equivalents at beginning of period	552,397	180,770
Cash and cash equivalents at end of period	\$ 271,673	147,301
Component of cash and cash equivalents at the end of the period:		
Cash and cash equivalents in the consolidated balance sheet	\$ 271,673	145,564
Cash and cash equivalents classified as non-current assets held for sale (disposal group) and discontinued operations	-	1,737
Cash and cash equivalents at the end of the period	\$ 271,673	147,301

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 six months ended June 30, 2024 and 2023

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

(Reviewed, not audited)

1. Company history

Yen Sun Technology Corporation (the “Company”) was incorporated in March, 1987 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). Registered address: No.329, Feng Ren Rd., Ren Wu Dist., Kaohsiung City 814, Taiwan (R.O.C.). The major business activities of the Company and subsidiaries (jointly referred to the Group) are the manufacture and sale of home appliances and electronic cooling products such as electric fans, electric cookers, induction cookers, juice machines, bowl dryers, water dispensers, dehumidifiers, electric heaters and other home appliances, cooling fans, heat sink and thermal modules.

2. Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on August 6, 2024.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024 :

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Sale and leaseback transaction”

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its financial condition and financial performance, from January 1, 2025 :

- Amendments to IAS 21 “Lack of Exchangeability”

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

The Group expect the following other new and amended standards, which have yet to be endorsed by the FSC, may have significant impacts:

New, Amended and Revised Standards and Interpretations	Main revisions	Effective Date Issued by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The standard introduces three categories of income and expense, two income statement subtotals and a single note on the measurement of management's performance. These three revisions and strengthened guidance on how to segment information in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.	January 1, 2027
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses will be classified into three new different categories based on the company's main operating activities. Management-defined performance measures (MPM): The new standard introduces the definition of management performance measures, requiring companies to explain why each measurement indicator provides useful information and how it is calculated in a single note to the financial statements and how to reconcile measures to amounts recognized under IFRS accounting standards. More segmented information: The new standard includes guidance on how companies can enhance the grouping of information in financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in the notes. 	January 1, 2027

The Group is continuing to evaluate the impact of the above standards and interpretations on the financial position and operating results. The relevant impact will be disclosed when the evaluation is completed.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 - “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 4 of 2023 consolidated financial statement for detail information.

(2) Basis of consolidation

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

Name of investor	Name of subsidiary	Business activity	Shareholding			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	YEN SUN TECHNOLOGY (BVI) CORP.	Investment holding	-	-	100%	note 1
The Company	YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	-
The Company	LUCRATIVE INT'L GROUP INC.	Investment holding	100%	100%	100%	-
The Company	YEN JIU TECHNOLOGY CORP. (“YEN JIU”)	Sales and manufacture of home appliances products	100%	100%	100%	-
YEN SUN TECHNOLOGY (BVI) CORP.	SHANGHAI YENSUN ELECTRICAL INDUSTRIAL CO., LTD. (“SHANGHAI YENSUN”)	Sales and manufacture of home appliances products	-	-	100%	note 2
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN HUNG INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	100%	-
YEN HUNG INTERNATIONAL CORP.	Y.H. TECH INTERNATIONAL CORP.	Investment holding	100%	100%	100%	-
Y.H. TECH INTERNATIONAL CORP.	DARSON ELECTRONICS (DONGGUAN) LTD. (“DARSON”)	Manufacture of electronic cooling products	100%	100%	100%	-
LUCRATIVE INT'L GROUP INC.	YEN GIANT METAL (DONGGUAN) CO., LTD. (“YEN GIANT”)	Manufacture of electronic cooling fan and heat sink and thermal module products	100%	100%	100%	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

note 1: The company decided to dissolve and set December 28, 2023 as the base date for dissolution. The relevant procedures were completed on February 16, 2024.

note 2: The company was sold to non-related parties on November 8, 2023 and completed its equity delivery process.

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

(3) 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 12 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 12 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.

(4) Income tax

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

Income tax expense is calculated based on an interim period’s pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in the period at once.

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

(5) Employee benefit

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

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the 2023 consolidated financial statements.

6. Explanation of significant accounting items

Except as described below, the explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year 2023. Please refer to Note 5 of consolidated financial statements 2023.

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash and cash on hand	\$ 1,917	2,235	1,365
Demand and check deposits	269,756	411,698	144,199
Time deposits	<u>-</u>	<u>138,464</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 271,673</u></u>	<u><u>552,397</u></u>	<u><u>145,564</u></u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Derivatives not designated as hedges			
Convertible bond (Embedded derivatives)	<u><u>\$ 230</u></u>	<u><u>459</u></u>	<u><u>638</u></u>

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Equity instruments at fair value through other comprehensive income:			
Foreign un-listed stocks —			
Y.S. Tech U.S.A Inc.	\$ 41,432	27,828	22,045
Domestic un-listed stocks —			
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	<u>15,236</u>	<u>15,541</u>	<u>14,161</u>
Total	<u>\$ 56,668</u>	<u>43,369</u>	<u>36,206</u>

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of three months and six months ended June 30, 2024 and 2023.

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

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

(4) Notes and accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable from operating activities	\$ 24,078	17,731	20,390
Accounts receivables—measured as amortized cost	970,436	758,495	1,027,461
Less: Allowance for impairment	<u>(10,286)</u>	<u>(9,950)</u>	<u>(19,415)</u>
	<u>\$ 984,228</u>	<u>766,276</u>	<u>1,028,436</u>
Book as:			
Notes receivable	\$ 24,078	17,731	20,390
Net amount of accounts receivable	<u>960,150</u>	<u>748,545</u>	<u>1,008,046</u>
	<u>\$ 984,228</u>	<u>766,276</u>	<u>1,028,436</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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:

	June 30, 2024		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 934,582	0.07%	620
Overdue less than 90 days	48,823	2.02%	987
Overdue 91 to 180 days	3,288	27.86%	916
Overdue 181 to 240 days	261	77.78%	203
Overdue over 241 days	7,560	100.00%	7,560
	\$ 994,514		10,286

	December 31, 2023		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 747,082	0.08%	623
Overdue less than 90 days	20,206	2.58%	522
Overdue 91 to 180 days	25	20.00%	5
Overdue 181 to 240 days	347	67.44%	234
Overdue over 241 days	8,566	100.00%	8,566
	\$ 776,226		9,950

	June 30, 2023		
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 1,004,390	0.06%	635
Overdue less than 90 days	24,856	2.11%	524
Overdue 91 to 180 days	227	20.70%	47
Overdue 181 to 240 days	357	52.66%	188
Overdue over 241 days	18,021	100.00%	18,021
	\$ 1,047,851		19,415

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

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

	For the six months ended June 30	
	2024	2023
Balance at January 1	\$ 9,950	19,881
Impairment losses recognized (reversed)	317	(87)
Effect of changes in foreign exchange rates	19	(379)
Balance at June 30	\$ 10,286	19,415

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(26) for credit risk.

(5) Other financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
Refundable deposits	\$ 10,333	10,120	9,921
Other receivables — Other	13,724	14,612	26,295
Restricted deposits (note)	26,978	33,953	324,426
Less: Loss allowance-Others	-	(5)	(14)
	\$ 51,035	58,680	360,628

Book as:

Other financial assets — current	\$ 27,418	16,637	295,934
Other financial assets — non-current	23,617	42,043	64,694
	\$ 51,035	58,680	360,628

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

Please refer to Note 6(26) for credit risk. The abovementioned other financial assets pledged as collateral are disclosed in Note 8.

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

(6) Inventories

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Raw materials and supplies	\$ 234,576	243,319	331,554
Work in progress	251,970	255,887	270,775
Finished goods and Merchandise inventories	<u>237,682</u>	<u>268,185</u>	<u>210,168</u>
	<u>\$ 724,228</u>	<u>767,391</u>	<u>812,497</u>

As of three months ended June 30, 2024 and 2023, certain inventory items for which inventory impairment losses had previously been recognized were disposed, leading the elimination of factors causing the net realizable value will be lower than cost. Additionally, a portion of the inventory assessed showed a recovery in net realizable value, resulting in the recognition of inventory impairment reversal gains of \$50 thousand and \$2,103 thousand, which have been recognized as operating costs deduction.

For the period of six months ended June 30, 2024 and 2023, the recognition of inventory impairment losses due to write-off of inventories to net realizable value was \$2,502 thousand and \$256 thousand has been recognized under operating costs, respectively.

None abovementioned inventories were pledged as collaterals.

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

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

On May 3, 2023, the board of directors approved to dispose of its subsidiary, Yen Sun Technology (BVI) Corp.'s 100% equity interest in SHANGHAI YENSUN. The contract of the equity transfer was completed on the same day, with a contract price of RMB 62,500 thousand (approximately NT\$267,625 thousand). As of June 30, 2023, the advance consideration for the disposal price, which amounts to RMB 62,500 thousand (approximately NT\$267,625 thousand) has been received and recognized under other current liabilities. Therefore, the related assets and liabilities have been reported as held for sale non-current assets (or disposal group). As of June 30, 2023, the amounts of assets and liabilities related to the held for sale non-current assets (or disposal group) are \$11,630 thousand and \$1,846 thousand, respectively. The details are shown as follows:

	June 30, 2023
Cash and Cash equivalents	\$ 1,737
Current asset-Other	172
Total current asset	1,909
Investment property	9,721
Total non-current asset	9,721
Total amount which recognized as held for sale non-current assets (or disposal group)	<u>\$ 11,630</u>
Other payables	\$ 681
Other current liabilities	1,165
Total directly related liabilities which recognized as held for sale non-current assets (or disposal group)	<u>\$ 1,846</u>
Total directly related equity which recognized as held for sale non-current assets (or disposal group)	<u>\$ 13,574</u>

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

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

(8) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
Cost or deemed cost:							
Balance at January 1, 2024	\$ 291,848	231,325	322,152	468,703	126,495	294,710	1,735,233
Additions	-	392	12,132	16,155	1,063	70,033	99,775
Disposals	-	-	(2,088)	(1,578)	(3,649)	-	(7,315)
Effect of movements in exchange rates	-	716	3,148	2,478	488	-	6,830
Balance at June 30, 2024	\$ 291,848	232,433	335,344	485,758	124,397	364,743	1,834,523
Balance at January 1, 2023	\$ 291,848	225,213	312,501	462,977	120,243	57,636	1,470,418
Additions	-	3,406	4,183	7,539	908	204,105	220,141
Disposals	-	(88)	(2,793)	(7,188)	(324)	-	(10,393)
Effect of movements in exchange rates	-	(693)	(3,096)	(2,425)	(458)	-	(6,672)
Balance at June 30, 2023	\$ 291,848	227,838	310,795	460,903	120,369	261,741	1,673,494
Accumulated depreciation and Impairment:							
Balance at January 1, 2024	\$ -	88,994	208,870	416,811	90,255	-	804,930
Depreciation for the year	-	8,170	16,258	13,924	5,880	-	44,232
Disposals	-	-	(2,083)	(1,551)	(3,589)	-	(7,223)
Effect of movements in exchange rates	-	551	1,483	1,639	334	-	4,007
Balance at June 30, 2024	\$ -	97,715	224,528	430,823	92,880	-	845,946
Balance at January 1, 2023	\$ -	73,925	182,661	398,630	80,122	-	735,338
Depreciation for the year	-	8,007	15,123	14,524	5,579	-	43,233
Disposals	-	(88)	(2,775)	(7,148)	(320)	-	(10,331)
Effect of movements in exchange rates	-	(565)	(1,412)	(1,596)	(329)	-	(3,902)
Balance at June 30, 2023	\$ -	81,279	193,597	404,410	85,052	-	764,338
Carrying amounts:							
Balance at January 1, 2024	\$ 291,848	142,331	113,282	51,892	36,240	294,710	930,303
Balance at June 30, 2024	\$ 291,848	134,718	110,816	54,935	31,517	364,743	988,577
Balance at January 1, 2023	\$ 291,848	151,288	129,840	64,347	40,121	57,636	735,080
Balance at June 30, 2023	\$ 291,848	146,559	117,198	56,493	35,317	261,741	909,156

As of three months and six months ended June 30, 2024 and 2023, the capitalized amount that related to the construction of the new factory of the Group were \$3,532 thousand, \$882 thousand \$4,666 thousand and \$1,424 thousand, which was calculated based on the capitalization rate of 1.74%, 1.88%, 1.74% and 1.88%.

Please refer to Note 6(25) for detail of disposal gain and loss.

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

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

(9) Right-of-use assets

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

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2024	\$ 138,850	213,429	3,203	355,482
Additions	-	735	325	1,060
Decrease	(115)	(9,946)	(607)	(10,668)
Effect of movements in exchange rates	-	4,283	-	4,283
Balance at June 30, 2024	<u><u>\$ 138,735</u></u>	<u><u>208,501</u></u>	<u><u>2,921</u></u>	<u><u>350,157</u></u>
Balance at January 1, 2023	\$ 139,355	211,565	3,927	354,847
Additions	-	2,412	-	2,412
Decrease	(505)	-	(803)	(1,308)
Effect of movements in exchange rates	-	(4,436)	-	(4,436)
Balance at June 30, 2023	<u><u>\$ 138,850</u></u>	<u><u>209,541</u></u>	<u><u>3,124</u></u>	<u><u>351,515</u></u>
Accumulated Depreciation:				
Balance at January 1, 2024	\$ 4,595	119,659	701	124,955
Depreciation for the period	1,431	15,223	537	17,191
Decrease	-	(9,946)	(607)	(10,553)
Effect of movements in exchange rates	-	2,672	-	2,672
Balance at June 30, 2024	<u><u>\$ 6,026</u></u>	<u><u>127,608</u></u>	<u><u>631</u></u>	<u><u>134,265</u></u>
Balance at January 1, 2023	\$ 1,731	91,460	1,979	95,170
Depreciation for the period	1,433	14,860	571	16,864
Decrease	-	-	(803)	(803)
Effect of movements in exchange rates	-	(2,439)	-	(2,439)
Balance at June 30, 2023	<u><u>\$ 3,164</u></u>	<u><u>103,881</u></u>	<u><u>1,747</u></u>	<u><u>108,792</u></u>
Carrying amounts:				
Balance at January 1, 2024	<u><u>\$ 134,255</u></u>	<u><u>93,770</u></u>	<u><u>2,502</u></u>	<u><u>230,527</u></u>
Balance at June 30, 2024	<u><u>\$ 132,709</u></u>	<u><u>80,893</u></u>	<u><u>2,290</u></u>	<u><u>215,892</u></u>
Balance at January 1, 2023	<u><u>\$ 137,624</u></u>	<u><u>120,105</u></u>	<u><u>1,948</u></u>	<u><u>259,677</u></u>
Balance at June 30, 2023	<u><u>\$ 135,686</u></u>	<u><u>105,660</u></u>	<u><u>1,377</u></u>	<u><u>242,723</u></u>

For the six months ended June 30, 2024, the capitalized amount of the depreciation expense of the right-of-use assets was \$1,383 thousand.

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

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

(10) Investment Property

	<u>Owne property</u>	<u>Building and construction</u>	
	<u>Building and construction</u>	<u>Land</u>	<u>Total</u>
Cost or Deemed cost :			
Balance at January 1, 2023	\$ 38,474	7,429	45,903
Transfer to Non-current Assets Held for Sale	(37,374)	(7,217)	(44,591)
Effect of movements in exchange rates	(1,100)	(212)	(1,312)
Balance at June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Accumulated depreciation and Impairment loss :			
Balance at January 1, 2023	\$ 34,589	1,143	35,732
Depreciation for the period	20	143	163
Transfer to Non-current Assets Held for Sale	(33,621)	(1,249)	(34,870)
Effect of movements in exchange rates	(988)	(37)	(1,025)
Balance at June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 3,885</u>	<u>6,286</u>	<u>10,171</u>
Balance at June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>

Investment property were not pledged as collateral.

(11) Intangible assets

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

	<u>Computer software</u>	<u>Other</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 8,298</u>	<u>-</u>	<u>8,298</u>
Balance at June 30, 2024	<u>\$ 7,463</u>	<u>-</u>	<u>7,463</u>
Balance at January 1, 2023	<u>\$ 4,397</u>	<u>134</u>	<u>4,531</u>
Balance at June 30, 2023	<u>\$ 6,216</u>	<u>53</u>	<u>6,269</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the six months ended June 30, 2024 and 2023. Please refer Note 6(10) of the consolidated financial report for the year ended December 31, 2023 for other related information.

None intangible assets pledged as collateral.

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

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayment for purchases	\$ 8,525	9,155	3,112
Prepaid expense	9,163	6,266	7,751
Prepayments for equipment	5,716	11,925	4,722
Income tax refund receivable	39,672	34,354	39,155
Assets for right to recover product to be returned	<u>3,460</u>	<u>2,253</u>	<u>2,382</u>
	<u>\$ 66,536</u>	<u>63,953</u>	<u>57,122</u>
Current	\$ 60,820	52,028	52,400
Non-current	<u>5,716</u>	<u>11,925</u>	<u>4,722</u>
	<u>\$ 66,536</u>	<u>63,953</u>	<u>57,122</u>

(13) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Letter of credit borrowing	\$ -	500	-
Unsecured bank loans	<u>-</u>	<u>-</u>	<u>100</u>
Total	<u>\$ -</u>	<u>500</u>	<u>100</u>
Unused short-term credit lines	<u>\$ 1,301,554</u>	<u>1,052,817</u>	<u>1,032,657</u>
Range of interest rates	<u>-</u>	<u>6.9%</u>	<u>2.15%</u>

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

(14) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured bank borrowings	\$ 161,388	167,485	176,907
Secured bank loans	<u>303,789</u>	<u>268,511</u>	<u>230,671</u>
	465,177	435,996	407,578
Less: current portion	<u>31,500</u>	<u>24,032</u>	<u>18,121</u>
Total	<u>\$ 433,677</u>	<u>411,964</u>	<u>389,457</u>
Unused long-term credit lines	<u>\$ 305,920</u>	<u>349,420</u>	<u>387,820</u>
Range of interest rates	<u>1.38%~1.88%</u>	<u>1.38%~1.95%</u>	<u>1.38%~2.10%</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

A. During the period from January 1 to June 30, 2024 and 2023, the Group added long-term borrowings with \$45,000 thousand and \$310,180 thousand, interest rates ranging from 1.88% and 1.63% to 1.75%. Additionally, repayments during the periods of January 1 to June 30, 2024 and 2023, amounted to \$16,107 thousand and \$145,037 thousand, respectively. Please refer to Note 6 (24) for interest expenses. For other related information, please refer to Note 6 (13) of the consolidated financial report for the year ended December 31, 2023.

In 2022, the Group acquired low-interest loan from “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which host by Executive Yuan, R.O.C. (Taiwan). As of six months ended June 30, 2024, the year ended December 31, 2023 and six months ended June 30, 2023, the loan amount was \$471,872 thousand, \$434,413 thousand and \$400,180 thousand, respectively; the loan is recognized and measured at market interest rates, the difference between the actual repayment preferential interest rate shall be handled according to government subsidy, please refer to Note 4(17) of the consolidated financial report for the year ended December 31, 2023 for other related information.

As of six months ended June 30, 2024, the year ended December 31, 2023 and six months ended June 30, 2023, the deferred subsidy benefits amounted to \$7,909 thousand, \$7,675 thousand and \$7,395 thousand, respectively, and were recognized as other current liabilities in the balance sheet, which is amounted to \$958 thousand, \$1,019 thousand and \$1,053 thousand, respectively. The long-term deferred revenue amounted to \$6,951 thousand, \$6,656 thousand and \$6,342 thousand

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

(15) Bonds payable

The details of secured convertible bonds were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Add: Interest payable refund	527	681	1,118
Less: Cumulative converted amount	(223,500)	(179,100)	(44,600)
Less: Unamortized discounted bonds payable	(1,040)	(2,003)	(4,987)
Less: Part due within one year	<u>(75,987)</u>	<u>(119,578)</u>	<u>-</u>
Issued bonds payable balance at year-end	<u>\$ -</u>	<u>-</u>	<u>251,531</u>
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	<u>\$ 230</u>	<u>459</u>	<u>638</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 9,535</u>	<u>15,068</u>	<u>31,831</u>

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

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 0.85%. Please refer to Note 6 (25) for the amount of recognized interest expenses.

For the information of bondholder exercise puttable option that converts bonds payable into ordinary shares from January 1 to June 30, 2024 and 2023, please refer to Note 6 (21).

(16) Lease liabilities

The details of lease liabilities were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current	<u>\$ 33,508</u>	<u>32,766</u>	<u>32,077</u>
Non-current	<u>\$ 165,369</u>	<u>181,259</u>	<u>192,489</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Interest on lease liabilities	<u>\$ 1,255</u>	<u>1,513</u>	<u>2,572</u>	<u>3,119</u>
Expenses relating to short-term leases	<u>\$ 156</u>	<u>51</u>	<u>289</u>	<u>494</u>
Expenses relating to leases of low-value assets	<u>\$ 135</u>	<u>101</u>	<u>243</u>	<u>205</u>

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

	<u>For the six months ended June 30,2024</u>	<u>For the six months ended June 30,2023</u>
Total cash outflow for leases	<u>\$ 21,055</u>	<u>19,673</u>

A. Lease of land, Building and construction

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

B. Other leases

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

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

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

(17) Other current and non-current liabilities

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Advance receipts	\$ 16,845	9,230	13,519
Deposits received	6,920	-	-
Provision for warranties	733	432	638
Refund liability	8,963	6,931	5,151
Deposit received-Equity sale	-	-	267,625
Others	25,641	19,814	15,546
	<u><u>\$ 59,102</u></u>	<u><u>36,407</u></u>	<u><u>302,479</u></u>

There was no significant movement of liabilities provision for the six months ended June 30, 2024 and 2023. Please refer Note 6(16) of consolidated financial report for the year ended December 31, 2023 for other related information

(18) Operating lease

There was no significant movement and addition of operating lease contracts six months ended June 30, 2024 and 2023. Please refer Note 6(17) of consolidated financial report for the year ended December 31, 2023 for other related information.

(19) Employee benefits

A. Defined benefit plans

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2023 and 2022.

Cost recognized in expense was as below:

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Operating cost	\$ 32	47	63	95
Selling expenses	8	13	17	26
Total	<u><u>\$ 40</u></u>	<u><u>60</u></u>	<u><u>80</u></u>	<u><u>121</u></u>

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

B. Defined contribution plans

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Operating cost	\$ 3,573	3,438	7,131	6,704
Selling expenses	696	621	1,356	1,243
General and administrative expenses	763	667	1,487	1,338
Research and development expenses	1,147	958	2,240	1,901
Total	\$ 6,179	5,684	12,214	11,186

(20) Income tax

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Current tax expense	\$ 11,153	17,338	22,653	24,944

The Group recognize income tax which under other comprehensive income for the three months ended, 2024 and 2023 was \$2,362 thousand and \$ 56 thousand, respectively; and for the six months ended June 30, 2024 and 2023 was \$2,721 thousand and \$ 677 thousand, respectively.

The Company's income tax returns for all fiscal years up to 2022 have been examined and approved by the tax authority.

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

(21) Capital and other equity

A. Common stock

As of June 30, 2024, December 31, 2023 and June 30, 2023; the total value of authorized ordinary shares were amounted to \$ 1,500,000 thousand, thousand with par value \$10, respectively. Issued shares were 78,031 thousand shares, 76,324 thousand shares and 71,357 thousand shares. All the capital was fully paid in.

Reconciliation of shares outstanding for the six months ended June 30, 2024 and 2023 was as follows (The 766 thousand shares of treasury stock buyback has been deducted):

(in thousands of shares)	For the six months ended June 30,2024	For the six months ended June 30,2023
Balance on January 1	75,558	69,401
Converting of convertible bonds	<u>1,707</u>	<u>1,190</u>
Balance on June 30	<u>77,265</u>	<u>70,591</u>

From January 1 to June 30, 2024, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$44,400 thousand into 1,707 thousand common shares and issued with the par value of \$17,072 thousand; considering the discount of bonds payable and interest compensation of \$396 thousand and the amount of financial assets measured at fair value through profit and loss: \$169 thousand and additional paid-in capital - bond payable stock option of \$5,533 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$32,296 thousand. As of June 30, 2024, there are still 1,433 thousand ordinary shares pending the legal registration procedures.

From January 1 to June 30, 2023, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$33,200 thousand into 1,190 thousand common shares and issued with the par value of \$11,900 thousand; considering the discount of bonds payable and interest compensation of \$530 thousand and the amount of financial assets measured at fair value through profit and loss: \$74 thousand and additional paid-in capital - bond payable stock option of \$4,139 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$24,835 thousand. The related legal registration procedures have been completed.

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

B. Capital surplus

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Premium on conversion of convertible bonds	\$ 138,226	219,679	120,448
Expired share option	18,643	18,643	18,643
Treasury share transactions	14,141	14,141	14,141
Conversion option of convertible bonds	9,535	15,068	31,831
	<u>\$ 180,545</u>	<u>267,531</u>	<u>185,063</u>

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

On March 4, 2024, the Company's board of directors approved to distribute cash dividends from capital surplus, amounting to \$113,749 thousand (\$1.5 per share). For further information, please refer to Market Observation Post System: (<https://mops.twse.com.tw/mops/web/index>)

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.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

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

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meeting on March 4, 2024 and March 8, 2023.

The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholder:				
Cash	\$ 1.5	<u>113,748</u>	2.2	<u>152,682</u>

D. Other equity (Net amount after tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Directly related equity which recognized as held for sale non-current assets	Total
Balance at January 1, 2024	\$ 3,306	12,719	-	16,025
Changes of the Group	6,608	10,578	-	17,186
Balance at June 30, 2024	<u>\$ 9,914</u>	<u>23,297</u>	<u>-</u>	<u>33,211</u>
Balance at January 1, 2023	\$ 18,392	7,473	-	25,865
Changes of the Group	(16,123)	1,739	13,574	(810)
Balance at June 30, 2023	<u>\$ 2,269</u>	<u>9,212</u>	<u>13,574</u>	<u>25,055</u>

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

E. Treasury stock

In accordance with Article 28-2 of the Securities and Exchange Act, the company bought back a total of 766,000 treasury shares for the transfer of shares to employees, at a cost of \$ 11,773 thousand. As of June 30, 2024, December 31, 2023 and June 30, 2023, the total number of shares that haven't transfer to employees was 766 thousand shares, respectively.

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

(22) Earnings per share

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

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Basic earnings per share				
Net profit attributable to the Company for the current period - Continuing operations	\$ 49,623	59,881	96,462	74,426
Net loss attributable to the Company for the current period - Discontinuing operation	-	(7,973)	-	(4,054)
Profit attributable to ordinary shareholders of the Company	<u>\$ 49,623</u>	<u>51,908</u>	<u>96,462</u>	<u>70,372</u>
Weighted-average number of ordinary shares	<u>76,719</u>	<u>69,573</u>	<u>76,369</u>	<u>69,487</u>
Earnings per share				
Net profit of Continuing operations	\$ 0.65	0.86	1.26	1.07
Net loss of Discontinuing operation	-	(0.11)	-	(0.06)
	<u>\$ 0.65</u>	<u>0.75</u>	<u>1.26</u>	<u>1.01</u>
Diluted earnings per share				
Net profit attributable to ordinary shareholders of the Company — Continuing operations	\$ 49,623	59,881	96,462	74,426
Net loss attributable to ordinary shareholders of the Company — Discontinuing operation	-	(7,973)	-	(4,054)
After-tax effects of Interest expenses and other gains or losses on convertible bonds	220	124	378	(62)
Net profit attributable to	<u>\$ 49,843</u>	<u>52,032</u>	<u>96,840</u>	<u>70,310</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

ordinary shareholders of the Company (diluted)				
Weighted-average number of common shares(thousand)	76,719	69,573	76,369	69,487
Effect on employee compensation (thousand)	40	47	87	104
Effect of convertible bonds	<u>3,570</u>	<u>10,172</u>	<u>3,919</u>	<u>10,258</u>
Weighted average number of ordinary shares outstanding during the period(After adjusted effected amount of potentially dilutive common stock)(thousand)	<u>80,329</u>	<u>79,792</u>	<u>80,375</u>	<u>79,849</u>
Diluted earnings per share				
Net profit of Continuing operations	\$ 0.62	0.75	1.20	0.93
Net loss of Discontinuing operation	-	(0.10)	-	(0.05)
	<u>\$ 0.62</u>	<u>0.65</u>	<u>1.20</u>	<u>0.88</u>

(23) Revenue from contracts with customers

A. Details of revenue

For the three months ended June 30, 2024			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 186,722	233,077	419,799
Mainland China	-	145,695	145,695
Germany	-	333,430	333,430
America	2,367	33,086	35,453
Japan	2,106	114	2,220
South Korea	-	17,376	17,376
Others	-	23,814	23,814
	<u>\$ 191,195</u>	<u>786,592</u>	<u>977,787</u>
Major products services lines:			
Cooling fan and module	\$ -	778,552	778,552
Product of home appliances–air series	143,222	-	143,222
Product of home appliances–water series	38,519	-	38,519
Others	9,454	8,040	17,494
	<u>\$ 191,195</u>	<u>786,592</u>	<u>977,787</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

For the three months ended June 30,2023			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 199,668	270,991	470,659
Mainland China	-	100,520	100,520
Germany	-	256,084	256,084
America	6,459	61,313	67,772
Japan	4,152	527	4,679
South Korea	-	20,211	20,211
Others	2,151	41,825	43,976
	\$ 212,430	751,471	963,901
Major products services lines:			
Cooling fan and module	\$ -	742,845	742,845
Product of home appliances–air series	160,037	-	160,037
Product of home appliances–water series	37,197	-	37,197
Others	15,196	8,626	23,822
	\$ 212,430	751,471	963,901
For the six months ended June 30,2024			
	Home appliance Department	Electronic cooling Department	Total
Primary geographical markets:			
Domestic	\$ 355,757	437,622	793,379
Mainland China	-	248,749	248,749
Germany	-	662,597	662,597
America	4,708	58,358	63,066
Japan	4,230	422	4,652
South Korea	-	31,827	31,827
Others	3,463	77,284	80,747
	\$ 368,158	1,516,859	1,885,017
Major products services lines:			
Cooling fan and module	\$ -	1,506,957	1,506,957
Product of home appliances–air series	264,996	-	264,996
Product of home appliances–water series	82,385	-	82,385
Others	20,777	9,902	30,679
	\$ 368,158	1,516,859	1,885,017

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

For the six months ended June 30,2023			
	Home appliance	Electronic	
	Department	cooling	
	Department	Department	Total
Primary geographical markets:			
Domestic	\$ 399,737	520,204	919,941
Mainland China	1,011	193,449	194,460
Germany	676	441,664	442,340
America	7,415	109,183	116,598
Japan	10,353	605	10,958
South Korea	-	34,882	34,882
Others	15,540	80,461	96,001
	<u>\$ 434,732</u>	<u>1,380,448</u>	<u>1,815,180</u>
Major products services lines:			
Cooling fan and module	\$ -	1,365,071	1,365,071
Product of home appliances–air series	316,464	-	316,464
Product of home appliances–water series	94,778	-	94,778
Others	23,490	15,377	38,867
	<u>\$ 434,732</u>	<u>1,380,448</u>	<u>1,815,180</u>

B. Contract balance

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes and accounts receivables	\$ 994,514	776,226	1,047,851
Less: allowance for impairment	(10,286)	(9,950)	(19,415)
Total	<u>\$ 984,228</u>	<u>766,276</u>	<u>1,028,436</u>
Contract liabilities — unearned revenue	<u>\$ 16,845</u>	<u>9,230</u>	<u>13,519</u>

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

The contract liabilities- unearned sales revenue balance at January 1, 2024 and 2023; have been recognized as revenue for the three months ended at June 30, 2024 and 2023, for the six months ended at June 30, 2024 and 2023, with total amounts of \$0 thousand, \$1,057 thousand, \$3,824 thousand and \$6,500 thousand, respectively.

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

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

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

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

For the three months and six months ended at June 30, 2024 and 2023, the Company accrued the compensation of employees amounted to \$1,234 thousand, \$1,375 thousand, \$2,422 thousand and \$1,776 thousand, respectively and the remuneration of directors' amounted to \$617 thousand, \$688 thousand, \$1,211 thousand and \$888 thousand, respectively. The compensation of employees, remuneration of directors were estimated as the Company's net income before tax, excluding compensation of employees and remuneration of directors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses recognized under operating costs or operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the compensation of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

For the year ended December 31, 2023 and 2022, the accrued compensation of employees amounted to \$6,936 thousand and \$4,810 thousand, respectively; and the accrued remuneration of directors' and supervisor's amounted to \$3,468 thousand and \$2,405 thousand, respectively. Actual distribution amount had no difference with approved amounts by Board of Directors; for related information, please go to website: <http://emops.twse.com.tw>.

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

(25) Non-operating income and expenses

A. Interest income:

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Bank deposit	\$ 1,910	1,010	3,100	1,056
Other interest income	-	1	6	7
Less: Interest income belonging to discontinuing operation	<u>-</u>	<u>1</u>	<u>-</u>	<u>4</u>
	<u>\$ 1,910</u>	<u>1,010</u>	<u>3,106</u>	<u>1,059</u>

B. Other income:

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Sample income	\$ 3,947	1,018	4,996	2,002
Rent income	129	189	256	3,818
Mold income	669	2,358	1,163	4,380
Other	963	6,486	5,378	9,565
Less: Other income belonging to discontinuing operation	<u>-</u>	<u>(24)</u>	<u>-</u>	<u>3,160</u>
	<u>\$ 5,708</u>	<u>10,075</u>	<u>11,793</u>	<u>16,605</u>

C. Other gains and losses:

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Net profit on foreign exchange gains	\$ 10,498	6,859	33,094	4,709
Net loss on disposal of investment property and property, plant and equipment	(16)	(8)	(13)	(62)
Putable option of bonds payable/Net profit on value of putable option	(84)	423	(60)	1,260
Others	(11)	(14)	(23)	(156)
Less: Other profit and loss belonging to discontinuing operation	<u>-</u>	<u>(7,265)</u>	<u>-</u>	<u>(5,644)</u>
	<u>\$ 10,387</u>	<u>14,525</u>	<u>32,998</u>	<u>11,395</u>

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

D. Finance costs:

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Interest expenses				
Bank loan	\$ (644)	(1,219)	(1,340)	(2,193)
Lease liability	(1,255)	(1,513)	(2,572)	(3,119)
Amortization of discount on				
bonds payable and others	(190)	(579)	(413)	(1,183)
Less: Capitalisation of				
interest	639	-	639	-
	<u>\$ (1,450)</u>	<u>(3,311)</u>	<u>(3,686)</u>	<u>(6,495)</u>

(26) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below mentioned. For related information, please refer to Note 6(25) of 2023 consolidated financial statements.

A. Credit risk

a. Exposures of credit risk

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

b. Concentration of credit risk

The major customers of the Company are centralized in industries within similar areas and dealers. To reduce concentration of credit risk, the Company evaluates those customers' financial positions and requires customers to provide collateral, if necessary. In addition, the Company evaluates the possibility of collecting the notes and accounts receivable periodically. As of June 30, 2024, December 31, 2023 and June 30, 2023, major customers of the Company was significant focus on certain customer; one of the customer accounted for 25.56%, 19.20% and 19.90% of the notes and accounts receivable, respectively.

c. Credit risk of receivable and debt instrument investment

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	June 30, 2024		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,333	-	-
Other receivable	8,057	5,667	-
Restricted Deposit	26,978	-	-
Loss allowance	-	-	-
Amortized cost	\$ 45,368	5,667	-
Carrying amount	\$ 45,368	5,667	-

	December 31, 2023		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,120	-	-
Other receivable	8,131	6,476	5
Restricted Deposit	33,953	-	-
Loss allowance	-	-	(5)
Amortized cost	\$ 52,204	6,476	-
Carrying amount	\$ 52,204	6,476	-

	June 30, 2023		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 9,921	-	-
Other receivable	17,760	8,521	14
Restricted Deposit	324,426	-	-
Loss allowance	-	-	(14)
Amortized cost	\$ 352,107	8,521	-
Carrying amount	\$ 352,107	8,521	-

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

The movement in the provision for impairment with respect to the financial assets measured at amortized cost as of June 30, 2024 and 2023 were as follows:

	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2024	\$ -	-	5	5
Impairment loss recognized	-	-	(5)	(5)
Balance at June 30, 2024	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1, 2023	\$ -	-	-	-
Impairment loss recognized	-	-	14	14
Balance at June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>14</u>	<u>14</u>

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	Contract ed cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
June 30, 2024							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 465,177	500,505	18,963	18,853	65,873	246,988	149,828
Accounts payable (non-interest bearing)	734,446	734,446	734,446	-	-	-	-
Other payables (non-interest bearing)	214,880	214,880	214,880	-	-	-	-
Corporate bonds with put option within one year (fixed interest rate)	75,987	77,460	77,460	-	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	198,877	237,896	17,875	19,802	37,447	26,409	136,363
Guarantee deposits (non-interest bearing)	8,489	8,489	-	6,920	1,569	-	-
	<u>\$ 1,697,856</u>	<u>1,773,676</u>	<u>1,063,624</u>	<u>45,575</u>	<u>104,889</u>	<u>273,397</u>	<u>286,191</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	<u>Carrying amount</u>	<u>Contract ed cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
<u>December 31, 2023</u>							
Non-derivative financial liabilities							
Bank loan (Long- and Short-term borrowing) (floating rate)	\$ 436,496	470,092	11,225	18,845	43,494	237,737	158,791
Accounts payable (non-interest bearing)	710,613	710,613	710,613	-	-	-	-
Other payables (non-interest bearing)	216,641	216,641	216,641	-	-	-	-
Corporate bonds with put option within one year (fixed interest rate)	119,578	122,418	-	122,418	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	214,025	255,436	20,257	17,244	36,416	41,361	140,158
Guarantee deposits (non-interest bearing)	1,569	1,569	-	-	1,569	-	-
	<u>\$ 1,698,922</u>	<u>1,776,769</u>	<u>958,736</u>	<u>158,507</u>	<u>81,479</u>	<u>279,098</u>	<u>298,949</u>
<u>June 30, 2023</u>							
Non-derivative financial liabilities							
Long- and Short-term borrowing (floating rate)	\$ 407,678	441,004	12,579	10,805	37,109	219,063	161,448
Accounts payable (non-interest bearing)	766,848	766,848	766,848	-	-	-	-
Other payables (non-interest bearing)	342,510	342,510	342,510	-	-	-	-
Bonds payable (fixed interest rate)	251,531	258,608	-	-	-	258,608	-
Lease liability (maturity within one year) (fixed interest rate)	224,566	268,397	17,672	19,621	35,145	54,215	141,744
Guarantee deposits (non-interest bearing)	1,764	1,764	-	-	1,764	-	-
	<u>\$ 1,994,897</u>	<u>2,079,131</u>	<u>1,139,609</u>	<u>30,426</u>	<u>74,018</u>	<u>531,886</u>	<u>303,192</u>

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

C. Market Risk

I. Exchange rate risk

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

	<u>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchan ge rate</u>	<u>TWD amount</u>
Financial assets									
<u>Monetary items</u>									
USD	\$ 30,853	32.45	1,001,169	34,187	30.705	1,049,702	44,714	31.14	1,392,389
EUR	879	34.71	30,498	387	33.98	13,139	852	33.81	28,812
CNY	22,213	4.445	98,733	65,006	4.327	281,286	7,627	4.282	32,665
<u>Non-monetary item</u>									
USD	1,277	32.45	41,432	906	30.705	27,828	708	31.14	22,045
Financial liabilities									
<u>Monetary items</u>									
USD	19,554	32.45	634,512	21,771	30.705	668,516	32,784	31.14	1,020,912
EUR	7	34.71	260	29	33.98	987	49	33.81	1,672
CNY	22,520	4.445	100,100	3,148	4.327	13,622	7,124	4.282	30,499
TWD	19,923	1	19,923	25,725	1	25,725	35,219	1	35,219

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

The foreign currency risk of Group was mainly incurred from the translation cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, accounts payable, and other payables. As of the six months end of June 30, 2024 and 2023, the exchange rate of the TWD versus the USD, CNY and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$3,164 thousand and \$3,206 thousand, respectively. The analysis adopt same assumes of variables.

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

	For the six months ended June 30,2024		For the six months ended June 30,2023	
	Profit(loss) of exchange	Average exchange rate	Profit(loss) of exchange	Average exchange rate
TWD	\$ 23,907	-	5,542	-
CNY	9,187	4.41	(833)	4.40
	<u>\$ 33,094</u>		<u>4,709</u>	

II. Interest rate analysis

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

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

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

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

	Interest increase 0.25%	Interest decrease 0.25%
Net profits after tax, January to June, 2024	Net profit decrease \$472 thousand	Net profit increase \$472 thousand
Net profits after tax, January to June, 2023	Net profit decrease \$415 thousand	Net profit increase \$415 thousand

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

III. Other price risk

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

Equity price at reporting date	For the six months ended June 30,2024		For the six months ended June 30,2023	
	Other comprehensive income After tax	Net income	Other comprehensive income After tax	Net income
Increase 3%	\$ 1,451	-	954	-
Decrease 3%	\$ (1,451)	-	(954)	-

D. Fair value

I. Categories and fair values of financial instruments

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

	Carrying Amount	June 30, 2024			
		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	\$ 230	-	230	-	230
Financial assets at FVOCI					
Foreign unlisted stock	\$ 41,432	-	-	41,432	41,432
Domestic unlisted stock	15,236	-	-	15,236	15,236
Subtotal	\$ 56,668				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 271,673	-	-	-	-
Notes and accounts receivables	984,228	-	-	-	-
Other Financial assets -current	27,418	-	-	-	-
Other Financial assets -non current	23,617	-	-	-	-
Subtotal	\$ 1,306,936				
Financial liabilities at amortized cost					
Account payable	\$ 734,446	-	-	-	-
Other payable	214,880	-	-	-	-
Long- term borrowing (Current portion)	31,500	-	-	-	-
Lease liability — current	33,508	-	-	-	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Long -term borrowing	433,677	-	-	-	-
Lease liability—non current	165,369	-	-	-	-
Corporate bonds with put option within one year	75,987	-	74,580	-	74,580
Deposits received	8,489	-	-	-	-
Subtotal	<u>\$ 1,697,856</u>				
December 31, 2023					
Financial assets at fair value through profit or loss	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Sold back option/ Buy back option of convertible bond	<u>\$ 459</u>		459		459
Financial assets at FVOCI					
Foreign unlisted stock	\$ 27,828	-	-	27,828	27,828
Domestic unlisted stock	<u>15,541</u>	-	-	15,541	15,541
Subtotal	<u>\$ 43,369</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 552,397	-	-	-	-
Notes and accounts receivables	766,276	-	-	-	-
Other Financial assets -current	16,637	-	-	-	-
Other Financial assets -non current	<u>42,043</u>	-	-	-	-
Subtotal	<u>\$ 1,377,353</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 500	-	-	-	-
Account payable	710,613	-	-	-	-
Other payable	216,641	-	-	-	-
Long- term borrowing (Current portion)	24,032	-	-	-	-
Lease liability—current	32,766	-	-	-	-
Long -term borrowing	411,964	-	-	-	-
Lease liability—non current	181,259	-	-	-	-
Corporate bonds with put option within one year	119,578	-	117,503	-	117,503
Deposits received	<u>1,569</u>	-	-	-	-
Subtotal	<u>\$ 1,698,922</u>				
June 30, 2023					
Financial assets at fair value through profit or loss	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Sold back option/ Buy back option of convertible bond	<u>\$ 638</u>	-	638	-	638
Financial assets at FVOCI					
Foreign unlisted stock	\$ 22,045	-	-	22,045	22,045
Domestic unlisted stock	<u>14,161</u>	-	-	14,161	14,161
Subtotal	<u>\$ 36,206</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 145,564	-	-	-	-
Notes and accounts receivables	1,028,436	-	-	-	-
Other Financial assets -current	295,934	-	-	-	-
Other Financial assets -non current	<u>64,694</u>	-	-	-	-
Subtotal	<u>\$ 1,534,628</u>				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Financial liabilities at amortized cost		-	-	-	-
Short-term borrowing	\$ 100	-	-	-	-
Account payable	766,848	-	-	-	-
Other payable	342,510	-	-	-	-
Long- term borrowing (Current portion)	18,121	-	-	-	-
Lease liability— current	32,077	-	-	-	-
Long -term borrowing	389,457	-	-	-	-
Lease liability— non current	192,489	-	-	-	-
Bonds payable	251,531	-	246,538	-	246,538
Deposits received	<u>1,764</u>	-	-	-	-
Subtotal	<u>\$ 1,994,897</u>				

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values are based on the degree to which the fair value can be observed and are grouped into Level 1 to Level 3 as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

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

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

III. Valuation techniques for financial instruments measured at fair value

(i) 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.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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.

(ii) Derivative financial instruments:

The Group's convertible corporate bonds call and put options are evaluated using the binary tree method.

IV. Transfers between Level 1 and Level 2

For the six months ended June 30, 2024 and 2023, there was no transfer in the fair value grade of financial instruments assessed by the Group.

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

	<u>Financial assets measured at fair value through other comprehensive income Equity investment without an active market</u>
Balance at January 1, 2024	\$ 43,369
Profit or loss-Recognized in other comprehensive profit or loss	<u>13,299</u>
Balance at June 30, 2024	<u>\$ 56,668</u>
Balance at January 1, 2023	\$ 32,290
Acquisition	1,500
Profit or loss-Recognized in other comprehensive profit or loss	<u>2,416</u>
Balance at June 30, 2023	<u>\$ 36,206</u>

The benefits or losses are reported in the unrealized valuation benefits (losses) of financial assets measured at fair value, which is the outcome of assets that still hold by Group in January 1 to June 30, 2024 and 2023.

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

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

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	<ul style="list-style-type: none"> • Lack of market liquidity discount (June 30, 2024: 10.54% December 31, 2023: 30.00% June 30, 2023: 30.00%) • Valuation multiples (June 30, 2024: 2.20 December 31, 2023: 2.00 June 30, 2023: 1.60) • Stock price volatility (June 30, 2024: 24.00% December 31, 2023: 45.92% June 30, 2023: 47.76%) 	<ul style="list-style-type: none"> • The higher the lack of market liquidity discount is, the lower the fair value will be. • The higher the valuation multiples is, the higher the fair value will be. • The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	The Assets Value Method	<ul style="list-style-type: none"> • Net assets value • Discount for minority interest (As of June 30, 2024, December 31, 2023 and June 30, 2023: 18.80%, 16.64% and 16.64% respectively.) • Lack of market liquidity discount interest (As of (June 30, 2024 and 2023, December 31, 2023: 10%, respectively) 	<ul style="list-style-type: none"> The higher the net assets value is, the higher the fair value will be. The higher the discount for minority interest is, the lower the fair value will be. The higher the lack of market liquidity discount is, the lower the fair value will be.

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

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

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

			Changes in fair value reflected in OCI		
	Inputs	Fluctuation in inputs		Favorable	Unfavorable
Balance at June 30, 2024					
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 10.54%	10%	\$	4,624	(4,624)
	Valuation multiples 2.20	5%		2,035	(2,109)
	Stock price volatility 24.00%	5%		1,813	(1,924)
Financial assets at fair value through other comprehensive income-					
Investment of equity instruments without an active market	Discount for minority interest 18.80%	1%	\$	188	(188)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,693	(1,693)
Balance at December 31, 2023					
Financial assets at fair value through other comprehensive income-					
Investment of equity instruments without an active market	Market illiquidity discount rate 30.00%	10%	\$	3,983	(3,969)
Y.S.Tech U.S.A Inc.	Valuation multiples 2.00	5%		1,400	(1,400)
	Stock price volatility 45.92%	5%		1,505	-

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

Financial assets at fair value through
other comprehensive income-

Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$	186	(186)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,727	(1,727)

Balance at June 30, 2023

Financial assets at fair value
through other
comprehensive income-

Investment of equity instruments without an active market	Market illiquidity discount rate 30.00%	10%	\$	3,145	(3,152)
Y.S.Tech U.S.A Inc.	Valuation multiples 1.60	5%		1,349	(888)
	Stock price volatility 47.76%	5%		1,810	(1,385)

Financial assets at fair value through
other comprehensive income-

Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$	170	(170)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD					
	Market illiquidity discount rate 10%	10%		1,573	(1,573)

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

(27) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2023 consolidated financial report. Please refer to Note 6(26) of 2023 consolidated financial statements.

(28) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2023 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2023 consolidated financial statements. Please refer to Note 6(27) of 2023 consolidated financial statements for more information.

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

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

The reconciliation of liabilities from financing activities is as follows:

	January 1, 2024	Cash flows	Non-cash changes				June 30, 2024
			Foreign exchange movement	Amortized interest	Increased in lease liabilities	Converted to ordinary shares (note1)	
Short-term borrowings	\$ 500	(500)	-	-	-	-	-
Long-term borrowings (including current portion)	435,996	28,893	-	1,044	-	(756)	465,177
Corporate bonds with put option within one year (fixed interest rate)	119,578	-	-	413	-	(44,004)	75,987
Lease liabilities (current and non-current)	214,025	(17,951)	1,858	-	1,060	(115)	198,877
Guarantee deposit received	1,569	6,920	-	-	-	-	8,489
Total liabilities from financing activities	<u>\$ 771,668</u>	<u>17,362</u>	<u>1,858</u>	<u>1,457</u>	<u>1,060</u>	<u>(44,875)</u>	<u>748,530</u>

note1: Recognized as deferred income: \$756 thousand; bond convert to shares: \$44,004 thousand; lease adjustments: \$115 thousand.

	January 1, 2023	Cash flows	Non-cash changes				June 30, 2023
			Foreign exchange movement	Amortized interest	Increased in lease liabilities	Converted to ordinary shares (note2)	
Short-term borrowings	\$ 100	-	-	-	-	-	100
Long-term borrowings (including current portion)	248,136	165,143	-	510	-	(6,211)	407,578
Bonds payable	283,018	-	-	1,183	-	(32,670)	251,531
Lease liabilities (current and non-current)	240,796	(15,855)	(2,282)	-	2,412	(505)	224,566
Guarantee deposit received	6,172	(3,277)	(35)	-	-	(1,096)	1,764
Total liabilities from financing activities	<u>\$ 778,222</u>	<u>146,011</u>	<u>(2,317)</u>	<u>1,693</u>	<u>2,412</u>	<u>(40,482)</u>	<u>885,539</u>

note2: Recognized as deferred income: \$6,211 thousand; bond convert to shares: \$32,670 thousand; lease adjustments: \$505 thousand; liabilities directly related classified as non-current assets (or disposal groups): \$1,096 thousand

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

7. Related-party transactions

A. Endorsement and guarantee

The Group loan from financial institutions on June 30, 2024, December 31, 2023 and June 30, 2023. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which were \$ 80,000 thousand, respectively.

B. Compensation of major management staff

The information on major management staff compensation was as follows:

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Short-term employee benefits \$	2,862	2,409	5,617	7,759
Post-employment benefits	45	47	92	94
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 2,907</u>	<u>2,456</u>	<u>5,709</u>	<u>7,853</u>

On June 30, 2024, December 31, 2023 and June 30, 2023, the Group provided 2 rental cars for the use of main management and been recognized as right of use assets of transportation equipment, the originally cost were \$2,595 thousand, \$2,595 thousand and \$2,516 thousand, respectively.

8. Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Purpose</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2024</u>
Deposit account (Reserve account)	Long-term/short-term borrowing, customs taxes, company debt and other repayment accounts	\$ 12,670	19,662	42,527
Time deposit	Guarantee of sales channel and short-term borrowing	14,308	14,291	14,274
Land	Guarantee of long-term/short- term borrowing	291,848	291,848	291,848
Buildings	Guarantee of long-term/short- term borrowing	101,715	106,147	109,925
Right-of-use assets (Note)	Guarantee of long-term borrowing	<u>26,853</u>	<u>27,472</u>	<u>28,091</u>
		<u>\$ 447,394</u>	<u>459,420</u>	<u>486,665</u>

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

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

9. Significant Commitments and Contingencies

A. Unrecognized contingencies of contracts:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	<u>\$ 221,311</u>	<u>230,452</u>	<u>259,613</u>

B. Standby letter of credit:

	June 30, 2024	December 31, 2023	June 30, 2023
Purchases of raw materials	<u>\$ 28,146</u>	<u>34,242</u>	<u>29,243</u>

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

A. A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	For the three months ended June 30,2024				For the three months ended June 30,2023			
	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total
Employee benefits:								
Salary	70,379	47,248	-	117,627	70,808	43,222	174	114,204
Labor and health insurance	6,056	3,977	-	10,033	5,356	3,672	95	9,123
Pension expense	3,605	2,614	-	6,219	3,485	2,259	-	5,744
Remuneration of directors	-	971	-	971	-	1,006	-	1,006
Other personnel cost	6,171	3,165	-	9,336	4,827	2,056	-	6,883
Depreciation	17,350	11,970	-	29,320	16,870	12,954	81	29,905
Amortization	3	649	-	652	3	493	-	496

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

By function By item	For the six months ended June 30,2024				For the six months ended June 30,2023			
	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total	Recorded as operating cost	Recorded as operating expenses	Recorded as discontinui ng operation expenses	Total
Employee benefits:								
Salary	138,276	93,781	-	232,057	134,304	85,455	450	220,209
Labor and health insurance	12,411	8,547	-	20,958	10,676	8,190	209	19,075
Pension expense	7,194	5,100	-	12,294	6,799	4,508	-	11,307
Remuneration of directors	-	1,835	-	1,835	-	1,572	-	1,572
Other personnel cost	11,807	5,928	-	17,735	9,268	4,062	-	13,330
Depreciation	34,561	25,479	-	60,040	33,813	26,284	163	60,260
Amortization	7	1,317	-	1,324	7	964	-	971

B. Discontinuing operation

On May 3, 2023, the board of directors approved to dispose of its subsidiary, Yen Sun Technology (BVI) Corp.'s 100% equity interest in SHANGHAI YENSUN. This department listed the discontinuing operation and the continuing operation separately on June 30, 2023.

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

	For the three months ended June 30, 2023	For the six months ended June 30, 2023
Operating results of the discontinuing operation		
operating revenue	\$ -	-
operating costs	-	-
Gross operating loss	-	-
Operating expenses	(685)	(1,574)
net operating loss	(685)	(1,574)
Operating income (expenditure)	(7,288)	(2,480)
Net loss before tax	(7,973)	(4,054)
Income tax expense	-	-
Net loss of discontinuing operation	\$ (7,973)	(4,054)
Basic earnings per share	\$ (0.11)	(0.06)
Diluted earnings per share	\$ (0.10)	(0.05)
Net cash inflows (outflows) of discontinuing operation		
Net cash outflow from operating activities		\$ (4,576)
Net cash inflows (outflows) from investing activities		-
Net cash inflows (outflows) from financing activities		(3,277)
exchange rate impact		3,187
Net cash inflow (out)		\$ (4,666)

C. Seasonality of operation

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

13. Supplementary Disclosures

A. Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2024.

I. Loans extended to other parties: None

II. Guarantees and endorsements for other parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements/ guarantees to third parties on behalf of subsidia	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the endorser/ guarantor										
1	DARSON ELECTRONI CS (DONGGUA N) LTD.	Yen Sun Technology (BVI) Corp.	Subsidiary	52,826(Note 1)	27,781 (CNY 6,250,000)	-	-	-	-	52,826 (Note 2)	N	N	N

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

III. Securities owned as of June 30, 2024 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship with company	Account title	June 30, 2024				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
Yen Tong Tech International (Samoa) Corp.	SHANGHAI CHANSON WATER CO., LTD.	-	Financial assets at FVTPL — non-current	-	-	17.75%	-	-
The Company	Y.S. Tech U.S.A Inc.	-	Financial assets at FVOCI — non-current	114,000	41,432	19.00%	41,432	-
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI — non-current	2,250,000	15,236	5.00%	15,236	

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

V. Acquisition of property, plant and equipment that excess of \$300 million or 20% of paid in capital:

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Purchasing (selling) company	Counter party	Relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables(payables)		remarks
			Purchase (sale)	Amount (note3)	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance (Note3)	% of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	292,657	24.78%	(note 1)	Single supplier	(note 1)	(27,333)	4.22%	
The Company	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Purchase	283,300	23.99%	(note 1)	Single supplier	(note 1)	(276,267)	42.61%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	143,525	12.15%	(note 1)	Single supplier	(note 1)	66,996	94.10%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Subsidiary of the Company (indirectly hold)	Purchase	280,111	99.42%	(note 1)	Single supplier	(note 1)	(147,418)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Subsidiary of the Company (indirectly hold)	Purchase	142,087	98.08%	(note 1)	Single supplier	(note 1)	73,709	100.00%	
YEN JIU TECHNOLOGY CORP.	The Company	Ultimate parent company	Sale	292,657	100.00%	(note 1)	Product sales	(note 1)	27,333	100.00%	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	283,300	100.00%	(note 1)	Product sales	(note 1)	276,267	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	143,525	99.94%	(note 1)	Product sales	(note 1)	(66,996) (note 2)	100.00% (note 4)	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Subsidiary of the Company (indirectly hold)	Sale	280,111	100.00%	(note 1)	Product sales	(note 1)	147,418	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Subsidiary of the Company (indirectly hold)	Sale	142,087	38.61%	(note 1)	Product sales	(note 1)	(73,709) (note 2)	100.00% (note 4)	

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

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Son Company to Subsidiary	receivable 147,418 (note)	3.49%	-	-	37,935	-	
Y.H. Tech International Corp.	The Company	Son Company to Ultimate parent company	receivable 276,267 (note)	2.44%	-	-	38,088	-	

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

IX. Trading in derivative instruments: Please refer to Note 6(2) and 6(15).

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

X. Business relationships and significant intercompany transactions:

No.	Name	Counterparty	Relationship (note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Y.H. Tech International Corp.	1	Purchase	283,300	(note 2)	15.03%
				Procurement of raw materials	18,179		0.96%
					276,267		8.13%
				Accounts payable			
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase	143,525	(note 2)	7.61%
				Sale	81		-
				Procurement of raw materials	66,996		1.97%
				Accounts receivable	1,873		0.06%
				Accounts payable	3,814		0.20%
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase	292,657	(note 2)	15.53%
				Procurement of raw materials	1,276		0.07%
				Prepayment of purchase	27,333		0.80%
				Rental income	2,520		0.13%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase	280,111	(note 2)	14.86%
				Procurement of raw materials	20,662		1.10%
				Accounts payable	147,418		4.34%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	142,087	(note 2)	7.54%
				Sales	82		-
				Accounts receivable	646		0.02%
				Procurement of raw materials	3,813		0.20%
				Prepayment of purchase	73,709		2.17%
				Other receivables			
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	538	None comparable terms.	0.03%

note 1: Relationship notes as follows:

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Information on investees:

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

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee (note)	investment income (less) recognized (note)	Remarks
				June. 30,2024	December 31,2023	Shares owned	Percentage owned	Carrying value (note)			
The Company	LUCRATIVE INTL GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	143,558	183	183	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	248,134	8,058	8,058	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	65,231	6,257	4,014	Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	241,275	7,894	7,894	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%	241,265	7,894	7,894	Sub-Subsidiary

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Information on investments in Mainland China:

I. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan.1,2024	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of June. 30, 2024	Net income Of investee (Note 3)	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group (note 1)	Book value of the investment as of June. 30, 2024 (note 3)	Accumulated investment income repatriated to Taiwan as of June. 30, 2024
					Remittance	Repatriation						
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD 1,000,000)	-	-	30,179 (USD 1,000,000)	(201)	100%	(224) (note 1)	105,651 (note 1)	-
SHANGHAI CHANSON WATER CO., LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700 ,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD 60,000)	-	-	1,916 (USD 60,000)	-	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacturing and sales of electronic cooling fan and heat sink	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China (Note 5)	8,583 (USD 285,000)	-	-	8,583 (USD 285,000)	(655)	100%	183 (note 1)	142,650 (note 1)	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

II. Limitation of investment amount to Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of June 30, 2024	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
181,971 (note 2) (USD 5,608,000)	181,971 (note 2) (USD 5,608,000)	900,827

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

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

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

III. Significant transactions:

The significant inter-company transactions (direct or indirect) with the investees in Mainland China for the six months ended June 31, 2024 are disclosed in “Information on significant transactions”. (When prepared this consolidated financial report, it was eliminated in the consolidation.)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

D. Information of major shareholders:

Shares		
Name of major shareholders	Shares held	Shares held ratio
CHEN-CHIEN-JUNG	6,106,739	7.82%

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

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

14. Segment Information

Reportable segment information is as follows:

For the three months ended June 30, 2024				
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination
				Total
Revenue:				
Revenue from external customers	\$ 191,195	786,592	-	-
				977,787
Total revenue	\$ 191,195	786,592	-	-
Reportable segment income	\$ (7,746)	68,522	-	-
				60,776

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	For the three months ended June 30, 2023				
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 212,430	751,471	-	-	963,901
Total revenue	\$ 212,430	751,471	-	-	963,901
Reportable segment income	\$ (975)	77,880	(7,973)	314	69,246
	For the six months ended June 30, 2024				
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 368,158	1,516,859	-	-	1,885,017
Total revenue	\$ 368,158	1,516,859	-	-	1,885,017
Reportable segment income	\$ (17,257)	136,372	-	-	119,115
	For the six months ended June 30, 2023				
	Home Appliances	Electronics Cooling	Discontinued Department	Adjustments and elimination	Total
Revenue:					
Revenue from external customers	\$ 434,732	1,380,448	-	-	1,815,180
Total revenue	\$ 434,732	1,380,448	-	-	1,815,180
Reportable segment income	\$ (1,385)	100,560	(4,054)	195	95,316
Segment Assets					
June 30, 2024	\$ 832,952	2,566,312	-	-	3,399,264
December 31, 2023	\$ 981,171	2,468,050	-	-	3,449,221
June 30, 2023	\$ 1,003,263	2,606,250	11,630	43	3,621,186