

Stock code : 6451

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY**

Consolidated Financial Statements

With Independent Auditors' Review Report

For three months ended of 2020 and 2019

**Address : Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205,
Cayman Islands**

Telephone : 02-22688368

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors of ShunSin Technology Holdings Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES Company and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect 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 Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 ABC Company and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Reviewed only, not audited in accordance with generally accepted auditing standards
SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2020 、December 31, 2019 and March 31, 2019

Expressed in Thousands of New Taiwan Dollars

		2020.3.31		2019.12.31		2019.3.31						2020.3.31		2019.12.31		2019.3.31	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%	Amount	%
11xx	Current assets :							21xx	Current liabilities :								
1100	Cash and cash equivalents (note 6 (1))	\$ 6,491,008	59	6,386,315	56	4,750,448	45	2100	Short-term loans (note 6 (9))	\$ 2,642,410	24	3,022,229	27	1,852,378	18		
1110	Current financial assets at fair value through profit or loss (note 6 (2))	-	-	1,429	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6 (11))	10,500	-	-	-	-	-		
1140	Current contract assets (note 6 (18) and 7)	329,334	3	260,384	2	443,361	4	2170	Accounts payable	354,547	3	363,471	3	592,002	6		
1151	Notes receivable (note 6 (3) and (18))	-	-	710	-	5,111	-	2180	Accounts payable to related parties (note 7)	49	-	1	-	518	-		
1170	Accounts receivable (note 6 (3) and (18))	407,827	4	530,614	5	517,439	5	2200	Other payables (note 6 (19))	347,932	3	341,200	3	268,225	2		
1181	Accounts receivable —related parties (note 6 (3) 、(18) and 7)	286,552	2	571,492	5	587,677	6	2216	Dividends payable, non-cash assets distributions (note 6 (15))	387,641	4	-	-	-	-		
1206	Other receivables (note 6 (4))	125,152	1	129,224	1	22,299	-	2220	Other payables to related parties (note 7)	29,480	-	34,749	1	254,049	2		
1310	Inventories (note 6 (5))	360,712	3	334,061	3	450,527	4	2230	Current tax liabilities	20,712	-	16,645	-	-	-		
1410	Prepayments	66,008	1	102,552	1	236,106	2	2280	Current lease liabilities (note 6 (12))	16,537	-	20,462	-	10,245	-		
1470	Other current assets	1,512	-	6,690	-	3,794	-	2321	Bonds payable, current portion (note 6 (11))	1,421,224	13	-	-	-	-		
		8,068,105	73	8,323,471	73	7,016,762	66	2399	Other current liabilities, others	43,072	-	20,236	-	11,256	-		
										5,274,104	47	3,818,993	34	2,988,673	28		
15xx	Non-current assets :							25xx	Non-current liabilities :								
1510	Financial assets measured at fair value through profit or loss— non-current (note 6 (2) and (11))	425,067	4	478,401	4	568,017	6	2500	Non-current financial liabilities at fair value through profit or loss (note 6 (11))	-	-	-	-	9,150	-		
1600	Property, plant and equipment (note 6 (6) and 7)	2,229,404	20	2,255,451	20	2,482,908	24	2530	Bonds payable (note 6 (11))	-	-	1,413,728	12	1,391,474	13		
1755	Right-of-use assets ((note 6 (7) and (12))	82,350	1	90,329	1	56,462	1	2570	Deferred tax liabilities	425,629	4	421,389	4	401,605	4		
1780	Intangible assets ((note 6 (8))	2,268	-	2,915	-	5,427	-	2580	Non-current lease liabilities (note 6 (12))	26,289	-	31,413	-	2,408	-		
1840	Deferred tax assets	249,552	2	268,126	2	356,478	3	2630	Long-term deferred revenue	89,376	1	94,090	1	63,921	1		
1915	Prepayments for business facilities	6,792	-	19,335	-	2,557	-	2645	Guarantee deposits received	1,177	-	1,443	-	959	-		
1920	Guarantee deposits paid	15,821	-	10,808	-	7,012	-			542,471	5	1,962,063	17	1,869,517	18		
		3,011,254	27	3,125,365	27	3,478,861	34			5,816,575	52	5,781,056	51	4,858,190	46		
								2xxx	Total liabilities								
								31xx	Total equity attributable to owners of parent (note 6 (11) 、(15) and (16)) :								
								3110	Ordinary share	1,065,248	10	1,065,248	9	1,054,468	10		
								3200	Capital surplus	2,754,747	25	2,753,167	24	2,640,987	25		
								3300	Retained earnings :								
								3310	Legal reserve	339,499	3	339,499	3	309,674	3		
								3350	Unappropriated retained earnings	1,645,491	15	1,985,081	17	1,665,995	16		
										1,984,990	18	2,324,580	20	1,975,669	19		
								3400	Other equity interest :								
								3410	Exchange differences on translation of foreign financial statements	(410,685)	(4)	(345,230)	(3)	184,454	2		
								3500	Treasury shares	(149,649)	(1)	(149,649)	(1)	(243,432)	(2)		
									Total equity attributable to owners of parent	5,244,651	48	5,648,116	49	5,612,146	54		
								36xx	Non-controlling interests	18,133	-	19,664	-	25,287	-		
								3xxx	Total equity	5,262,784	48	5,667,780	49	5,637,433	54		
1xxx	Total assets	\$ 11,079,359	100	11,448,836	100	10,495,623	100	2-3xxx	Total liabilities and equity	\$ 11,079,359	100	11,448,836	100	10,495,623	100		

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

Reviewed only, not audited in accordance with generally accepted auditing standards

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For Three Months Ended March 31, 2020 and 2019

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

		From January to March 2020		From January to March 2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (18) and 7) :				
4110	Sales revenue	\$ 1,008,669	100	1,451,269	102
4190	Loss : Sales discounts and allowances	3,171	-	24,447	2
	Operating Revenue	1,005,498	100	1,426,822	100
5000	Operating costs (note 6 (5) 、(6) 、(7) 、(8) 、(12) 、(13) and 7)	746,391	74	1,228,511	86
5900	Gross profit from operations	259,107	26	198,311	14
6000	Operating expenses (note 6 (3) 、(6) 、(7) 、(8) 、(12) 、(13) 、 (16) 、(19) and 7) :				
6100	Selling expenses	7,939	-	8,795	1
6200	Administrative expenses	69,364	7	79,736	6
6300	Research and development expenses	68,318	7	59,957	4
6450	Impairment loss (impairment gain and reversal of impairment loss)	-	-	1,484	-
	Total operating expenses	145,621	14	149,972	11
6900	Net operating profits	113,486	12	48,339	3
7000	Non-operating income and expenses (note 6 (2) 、(11) 、(12) and (20)) :				
7010	Other income	49,015	5	45,240	3
7020	Other gains and losses	(69,421)	(7)	(20,959)	(1)
7050	Finance costs	(17,477)	(2)	(11,217)	(1)
	Total non-operating income and expenses	(37,883)	(4)	13,064	1
7900	Profit (loss) from continuing operations before tax	75,603	8	61,403	4
7950	Loss: Tax expense (note 6 (14))	28,959	3	16,247	1
8200	Profit	46,644	5	45,156	3
8300	Other comprehensive income :				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(65,579)	(7)	181,023	13
8399	Loss : Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income, net	(65,579)	(7)	181,023	13
8500	Total comprehensive income (loss)	\$ (18,935)	(2)	226,179	16
	Profit, attributable to :				
8610	Owners of parent	\$ 48,051	5	50,040	3
8620	Non-controlling interests	(1,407)	-	(4,884)	-
		\$ 46,644	5	45,156	3
	Comprehensive income attributable to :				
8710	Owners of parent	\$ (17,404)	(2)	230,401	16
8720	Non-controlling interests	(1,531)	-	(4,222)	-
		\$ (18,935)	(2)	226,179	16
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (17))				
9750	Basic earnings per share	\$ 0.46		0.48	
9850	Diluted earnings per share	\$ 0.45		0.39	

See accompanying notes to consolidated financial statements.

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

Reviewed only, not audited in accordance with generally accepted auditing standards
SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

January 1 to March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings					Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Total					
Balance as of January 1, 2019	\$ 1,054,468	2,632,394	309,674	1,615,955	1,925,629	4,093	-	5,616,584	29,509	5,646,093
Appropriation and distribution of retained earnings :										
Profit	-	-	-	50,040	50,040	-	-	50,040	(4,884)	45,156
Other comprehensive income (loss)	-	-	-	-	-	180,361	-	180,361	662	181,023
Total comprehensive income (loss)	-	-	-	50,040	50,040	180,361	-	230,401	(4,222)	226,179
Purchase of treasury shares	-	-	-	-	-	-	(243,432)	(243,432)	-	(243,432)
Share-based payment transactions	-	8,593	-	-	-	-	-	8,593	-	8,593
Balance as of March 31, 2019	\$ 1,054,468	2,640,987	309,674	1,665,995	1,975,669	184,454	(243,432)	5,612,146	25,287	5,637,433
Balance as of January 1, 2020	\$ 1,065,248	2,753,167	339,499	1,985,081	2,324,580	(345,230)	(149,649)	5,648,116	19,664	5,667,780
Appropriation and distribution of retained earnings :										
Cash dividends of ordinary share	-	-	-	(387,641)	(387,641)	-	-	(387,641)	-	(387,641)
Profit	-	-	-	48,051	48,051	-	-	48,051	(1,407)	46,644
Other comprehensive income (loss)	-	-	-	-	-	(65,455)	-	(65,455)	(124)	(65,579)
Total comprehensive income (loss)	-	-	-	48,051	48,051	(65,455)	-	(17,404)	(1,531)	(18,935)
Share-based payment transactions	-	1,580	-	-	-	-	-	1,580	-	1,580
Balance as of March 31, 2020	\$ 1,065,248	2,754,747	339,499	1,645,491	1,984,990	(410,685)	(149,649)	5,244,651	18,133	5,262,784

See accompanying notes to consolidated financial statements.

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

Reviewed only, not audited in accordance with generally accepted auditing standards
SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For Three Months Ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>From January to March, 2020</u>	<u>From January to March, 2019</u>
Cash flows from operating activities :		
Profit before tax	\$ 75,603	61,403
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	121,935	155,194
Amortization expense	633	1,121
Expected credit loss for bad debt expense	-	1,484
Net loss on financial assets and liabilities at fair value through profit or loss	61,855	787
Interest expense	17,477	11,217
Interest income	(35,571)	(24,655)
Share-based payments	1,580	8,593
Gain on disposal of property, plant and equipment	(189)	-
Property, plant and equipment transferred to expenses	95	-
Total adjustments to reconcile profit (loss)	<u>167,815</u>	<u>153,741</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Contract assets	(68,950)	(93,293)
Notes receivable	710	7,993
Accounts receivable	122,787	(8,042)
Accounts receivables — related parties	284,940	202,020
Other receivables	2,974	101,621
Inventories	(26,651)	51,013
Prepayments	36,544	5,682
Other current assets	5,178	(424)
Total changes in operating assets	<u>357,532</u>	<u>266,570</u>
Changes in operating liabilities :		
Accounts payable	(8,924)	1,660
Accounts payable — related parties	48	152
Other payable	(7,190)	(56,048)
Other payable — related parties	(4,880)	14,863
Other current liabilities	22,836	941
Long-term deferred income	(4,714)	(1,571)
Total changes in operating liabilities	<u>(2,824)</u>	<u>(40,003)</u>
Total changes in operating assets and liabilities	<u>354,708</u>	<u>226,567</u>
Total adjustments	<u>522,523</u>	<u>380,308</u>
Cash inflow generated from operations	598,126	441,711
Interest received	36,669	26,986
Interest paid	(10,225)	(3,969)
Income tax paid	-	(9)
Net cash flows from (used in) operating activities	<u>624,570</u>	<u>464,719</u>
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through profit or loss	-	(571,513)
Acquisition of property, plant and equipment	(73,166)	(532,117)
Proceeds from disposal of property, plant and equipment	189	-
Decrease (increase) in guarantee deposits paid	(5,013)	3,023
Increase in prepayments for business facilities	(6,197)	(2,557)
Net cash flows from (used in) investing activities	<u>(84,187)</u>	<u>(1,103,164)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	650,368	1,574,272
Decrease in short-term loans	(1,030,187)	(1,356,915)
Increase (decrease) in guarantee deposits received	341	(137)
Payments of lease liabilities	(7,599)	(3,665)
Payments to acquire treasury shares	-	(243,432)
Net cash flows from (used in) financing activities	<u>(387,077)</u>	<u>(29,877)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(48,613)</u>	<u>125,463</u>
Net increase (decrease) in cash and cash equivalents	104,693	(542,859)
Cash and cash equivalents at beginning of period	6,386,315	5,293,307
Cash and cash equivalents at end of period	<u>\$ 6,491,008</u>	<u>4,750,448</u>

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

1. History of the Company

ShunSin Technology Holdings Limited (formerly known as Amtec Holdings Limited, hereinafter referred to as “the Company”) was established in the Cayman Islands on January 8, 2008, and set up a branch in Taiwan on July 4, 2013. On August 28, 2013, the Company changed the Chinese name of Amtec Holding Limited to ShunSin Technology Holdings Limited through the Board of Directors resolution. The Company’s stock was listed on the Taiwan Stock Exchange on January 26, 2015. The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly engaged in the assembly, testing and sales of various integrated circuits related to semiconductors.

2. Approval dates and procedures of consolidated financial statements

The consolidated financial report was issued and authorized by the Board of Directors on May 14, 2020.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

The following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date
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Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

	<u>per IASB</u>
Amendments to IFRS 10 and IAS 28 “sale or contribution of Assets Between an Investor and Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contract”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

What may be relevant to the Group are as follows :

<u>Issue date</u>	<u>New or Amended Standards</u>	<u>Main revision contents</u>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

4. Summary of Major Accounting Policies

The major accounting policies adopted in this consolidated financial report are the same as those in 2019, except for the following. Please refer to the note 4 in consolidated financial report of 2019 for relative information.

(1) Statement on compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Guidelines” and the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Bulletin (hereinafter referred to as the “International Financial Reporting Standards Accredited by the Financial Supervisory

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

Commission”).

(2) The basis of consolidation

The principles for preparing consolidated financial report are consistent with those in 2019, please refer to note 4 (3) in consolidated financial report of 2019 for relative information.

Subsidiaries included in consolidated financial reports:

Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2020.3.31	2019.12.31	2019.3.31
The Company	ShunSin Technology Holdings Limited (Hong Kong) (hereinafter referred to as ShunSin (Hong Kong))	Holding Company	90.15%	90.15%	90.15%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchasing	100.00%	100.00%	100.00%
The Company	ShunSin Technology (Ha Noi) Limited (hereinafter referred to as ShunSin (Ha Noi))	Optical transceivers manufacturing	100.00% (Note)	100.00% (Note)	- %
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	9.85%	9.85%	9.85%
ShunSin (Hong Kong)	ShunSin Technology (Zhong Shan) Limited (hereinafter referred to as ShunSin (Zhongshan))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00%	100.00%	100.00%
ShunSin (Zhongshan)	Talentek Microelectronics (He fei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation equipment	55.00%	55.00%	55.00%

Note: ShunSin (Ha Noi) was registered on December 26, 2019 in Ha Noi, Vietnam. The authorized capital is US\$ 6,000 thousand. The Company invested US\$ 6,000 thousand on January 14, 2020, shareholding is 100%.

Subsidiaries not included in the consolidated financial report: None.

(3) Income tax

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

The Group measured and disclose midterm income tax expense in accordance with the standards of preparation and section B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense are recognized as current tax expense and defer tax expense under the calculation with the interim reported income before tax times the best estimation of effective tax rate from the management.

Income tax which are recognized in equity or other comprehensive income are measured with applicable tax rate base on the temporary difference between booking amount and taxable basis when expected to be realized or paid off.

5. Major Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

While preparing consolidated financial report base on the preparing standards and IAS 34 “Interim Financial Reporting”, the management has to make judgement, estimation, and assumption, and those would affect reported assets, liabilities, revenues, and expenses under adopted accounting policy. Actual consequence may differ from those estimated.

Major sources of uncertainty in accounting judgments, estimates and assumptions are consistent with note 5 in the consolidated financial report of 2019 while preparing.

6. Description of important accounting items

There is no material difference the description of material accounting subjects in the consolidated financial report with those in the 2019. Please refer to note 6 of the consolidated financial report in 2019 for relative information.

(1) Cash and cash equivalents

	2020.3.31	2019.12.31	2020.3.31
Current deposit	\$ 4,530,568	3,618,592	3,648,135
Times deposit	1,960,440	2,767,723	1,102,313
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 6,491,008</u>	<u>6,386,315</u>	<u>4,750,448</u>

For the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets, please refer to note 6 (21) for details.

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

A. Current

The Group engages in derivative financial commodity transactions to avoid exchange rate risks exposed by business activities. The details of the Group's derivative instruments reported as financial assets measured at fair value through profit or loss due to the absence of hedge accounting are as follows:

Forward foreign exchange contract:

	2019.12.31			Fair value asset (Liability)
	Contract amount	Currency	Period	
Sell forward foreign exchange	USD 9,000	USD to RMB	2019.11.11~ 2020.2.13	<u><u>1,429</u></u>

B. Non-current

	2020.3.31	2019.12.31	2019.3.31
Financial assets designated at fair value through profit and loss:			
Derivative financial assets			
Right to redeem and sell back bonds	\$ -	2,250	-
Non-derivative financial assets			
Stocks of domestic unlisted companies	-	-	15,672
Private Equity	425,067	476,151	552,345
	<u><u>\$ 425,067</u></u>	<u><u>478,401</u></u>	<u><u>568,017</u></u>

ShunSin (Zhongshan), a subsidiary of the Group, invested RMB 125,000 thousand in Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership), in order to integrate resources and develop a strategic cooperation network for the semiconductor industry.

Please refer to note 6 (20) for the amount recognized as profit or loss in the fair value re-measurement.

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(3) Notes receivable and accounts receivable:

	2020.3.31	2019.12.31	2019.3.31
Notes receivable	\$ -	710	5,111
Accounts receivable	421,629	544,416	518,935
Accounts receivable-related party	286,552	571,492	587,677
Minus: loss allowance	(13,802)	(13,802)	(1,496)
	<u>\$ 694,379</u>	<u>1,102,816</u>	<u>1,110,227</u>

Notes receivable and accounts receivable of the Group are not discounted or provided as collateral.

The notes receivable and accounts receivable are estimated using the simplified method of estimating the anticipated credit loss for all notes receivable and accounts receivable on behalf of the customer according to the contract terms for the Group. For this purpose, the common credit risk characteristics of the ability to pay all amounts due are grouped and included in forward-looking information, including information on the overall economy and related industries.

The anticipated credit loss of notes receivable and accounts receivable of the Group on March 31, 2020, December 31, 2019 and March 31, 2019, are analyzed as follows:

	2020.3.31	
	Book value of notes receivable and accounts receivable	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 642,855	-
Past due 1-30 days	51,401	-
Past due 31-60 days	123	-
	<u>\$ 694,379</u>	<u>-</u>

The Group has recognized whole amount of \$13,802 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

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	2019.12.31		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,076,185	-	-
Past due 1-30 days	26,488	-	-
Past due 61-90 days	143	-	-
Past due 121-365 days	-	-	-
	<u>\$ 1,102,816</u>		<u>-</u>

The Group has recognized whole amount of \$13,802 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

	2019.3.31		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,028,036	-	-
Past due 1-30 days	3,497	-	-
Past due 31-60 days	75,235	-	-
Past due 61-90 days	3,015	-	-
Past due 91-120 days	1,723	-	-
Past due 121-365 days	217	-	-
	<u>\$ 1,111,723</u>		<u>-</u>

The Group has recognized credit loess amount of \$1,496 thousand toward the accounts receivable amounting to \$4,500 thousand, with evidence showing that it cannot reasonably be expected to be recovered.

The Group's statement of allowance of uncollectible notes receivable and accounts receivable is as follows:

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	From January to March 2020	From January to March 2019
Opening balance	\$ 13,802	-
Recognized loss allowance	-	1,484
Exchange gain (loss)	-	12
Ending balance	<u>\$ 13,802</u>	<u>1,496</u>

Financial assets previously mentioned are not used as guarantees for short-term loans and line of credit.

(4) Other receivables

	2020.3.31	2019.12.31	2019.3.31
Other receivables	<u>\$ 125,152</u>	<u>129,224</u>	<u>22,299</u>

Other receivables of the Group were not overdue on March 31, 2020, December 31, 2019 and March 31, 2019.

(5) Inventories

	2020.3.31	2019.12.31	2019.3.31
Raw materials	\$ 325,526	290,640	408,430
Work-in-process	18,651	22,380	33,596
Finished products (including semi-finished products)	<u>16,535</u>	<u>21,041</u>	<u>8,501</u>
	<u>\$ 360,712</u>	<u>334,061</u>	<u>450,527</u>

Operating costs recognized of the Group:

	From January to March 2020	From January to March 2019
Cost of selling inventories	\$ 741,445	1,219,525
Loss allowance for inventory valuation losses and slow-moving inventories	7,260	8,986
Revenue from sale of scraps	<u>(2,314)</u>	<u>-</u>
	<u>\$ 746,391</u>	<u>1,228,511</u>

As of March 31, 2020, December 31, 2019 and March 31, 2019, the inventory of the Group has not been provided as a pledge guarantee.

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(6) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and equipment of the Group from January 1 to March 31, 2020 and 2019 are as follows:

	Housing and building	Machiner y and equipment	Office equipment (including computer communicatio n equipment)	Inspection equipment	Other equipment	Lease improvem ent	Unfinishe d constructi on and equipment to be inspected	Total
Cost or recognized cost:								
Balance as of January 1, 2020	\$ 482,658	2,716,649	64,547	999,550	349,634	46,118	641,337	5,300,493
Acquisition	-	29,078	32	4,239	1,158	-	52,436	86,943
Disposal	-	(1,699)	(94)	(5,775)	(4,225)	-	-	(11,793)
Re-classification	-	5,436	-	-	13,683	-	(474)	18,645
Exchange rate changes	(3,732)	(19,836)	(461)	(7,146)	(2,624)	(331)	(5,032)	(39,162)
Balance as of March 31, 2020	<u>\$ 478,926</u>	<u>2,729,628</u>	<u>64,024</u>	<u>990,868</u>	<u>357,626</u>	<u>45,787</u>	<u>688,267</u>	<u>5,355,126</u>
Balance as of January 1, 2019	\$ 502,706	2,778,440	67,299	1,036,364	315,109	48,033	420,619	5,168,570
Addition	-	27,762	101	22,266	4,565	-	37,980	92,674
Disposal	-	-	(143)	-	(36)	-	-	(179)
Re-classification	-	29,655	-	-	29,672	-	(59,327)	-
Translation effect	11,355	62,820	1,517	23,437	7,155	1,085	9,477	116,846
Balance as of March 31, 2019	<u>\$ 514,061</u>	<u>2,898,677</u>	<u>68,774</u>	<u>1,082,067</u>	<u>356,465</u>	<u>49,118</u>	<u>408,749</u>	<u>5,377,911</u>
Depreciation and impairment losses:								
Balance as of January 1, 2020	\$ 203,563	1,922,956	54,049	616,868	236,874	10,732	-	3,045,042
Depreciation	6,635	59,039	1,939	35,904	10,700	1,237	-	115,454
Disposal	-	(1,699)	(94)	(5,775)	(4,225)	-	-	(11,793)
Translation effect	(1,533)	(14,421)	(408)	(4,757)	(1,770)	(92)	-	(22,981)
Balance as of March 31, 2020	<u>\$ 208,665</u>	<u>1,965,875</u>	<u>55,486</u>	<u>642,240</u>	<u>241,579</u>	<u>11,877</u>	<u>-</u>	<u>3,125,722</u>
Balance as of January 1, 2019	\$ 184,420	1,786,661	48,526	505,286	150,474	5,560	-	2,680,927
Depreciation	7,048	72,321	2,185	41,830	28,587	1,558	-	153,529
Disposal	-	-	(143)	-	(36)	-	-	(179)
Translation effect	4,174	40,434	1,097	11,464	3,430	127	-	60,726
Balance as of March 31, 2019	<u>\$ 195,642</u>	<u>1,899,416</u>	<u>51,665</u>	<u>558,580</u>	<u>182,455</u>	<u>7,245</u>	<u>-</u>	<u>2,895,003</u>
Book value:								
Balance as of January 1, 2020	<u>279,095</u>	<u>793,693</u>	<u>10,498</u>	<u>382,682</u>	<u>112,760</u>	<u>35,386</u>	<u>641,337</u>	<u>2,255,451</u>
Balance as of March 31, 2020	<u>\$ 270,261</u>	<u>763,753</u>	<u>8,538</u>	<u>348,628</u>	<u>116,047</u>	<u>33,910</u>	<u>688,267</u>	<u>2,229,404</u>
Balance as of March 31, 2019	<u>\$ 318,419</u>	<u>999,261</u>	<u>17,109</u>	<u>523,487</u>	<u>174,010</u>	<u>41,873</u>	<u>408,749</u>	<u>2,482,908</u>

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(7) Right-of-use asset

The cost and depreciation of the Group's leased land, building and transportation equipment, etc., and its changes are as follows:

	<u>Land</u>	<u>Building</u>	<u>Vehicle</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2020	\$ 39,253	54,982	5,595	99,830
Acquisition	-	690	-	690
Exchange rate changes	(281)	(2,038)	(40)	(2,359)
Balance as of March 31, 2020	<u>\$ 38,972</u>	<u>53,634</u>	<u>5,555</u>	<u>98,161</u>
Balance as of January 1, 2019	\$ -	-	-	-
Retrospective application of new standard adjustments	40,884	10,133	5,828	56,845
Balance as of January 1, 2019 after adjustment	40,884	10,133	5,828	56,845
Exchange rate changes	923	229	132	1,284
Balance as of March 31, 2019	<u>\$ 41,807</u>	<u>10,362</u>	<u>5,960</u>	<u>58,129</u>

Depreciation of right-of-use assets:

Balance as of January 1, 2020	\$ 1,372	5,405	2,724	9,501
Depreciation	344	5,453	684	6,481
Exchange rate changes	(13)	(131)	(27)	(171)
Balance as of March 31, 2020	<u>\$ 1,703</u>	<u>10,727</u>	<u>3,381</u>	<u>15,811</u>
Balance as of January 1, 2019	\$ -	-	-	-
Retrospective application of new standard adjustments	-	-	-	-
Balance as of January 1, 2019 after adjustment	-	-	-	-
Depreciation	365	575	725	1,665
Exchange rate changes	-	1	1	2
Balance as of March 31, 2019	<u>\$ 365</u>	<u>576</u>	<u>726</u>	<u>1,667</u>
Book value:				
January 1, 2020	<u>\$ 37,881</u>	<u>49,577</u>	<u>2,871</u>	<u>90,329</u>
March 31, 2020	<u>\$ 37,269</u>	<u>42,907</u>	<u>2,174</u>	<u>82,350</u>
March 31, 2019	<u>\$ 41,442</u>	<u>9,786</u>	<u>5,234</u>	<u>56,462</u>

(8) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to March 31, 2020 and 2019 are as follows:

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	Cost of computer software
Cost:	
Balance as of January 1, 2020	\$ 20,061
Impact of exchange rate changes	(144)
Balance as of March 31, 2020	<u>\$ 19,917</u>
Balance as of January 1, 2019	\$ 20,229
Impact of exchange rate changes	457
Balance as of March 31, 2019	<u>\$ 20,686</u>
Amortization and impairment losses:	
Balance as of January 1, 2020	\$ 17,146
Amortization	633
Impact of exchange rate changes	(130)
Balance as of March 31, 2020	<u>\$ 17,649</u>
Balance as of January 1, 2019	\$ 13,825
Amortization	1,121
Impact of exchange rate changes	313
Balance as of March 31, 2019	<u>\$ 15,259</u>
Book value:	
Balance as of January 1, 2020	<u>\$ 2,915</u>
Balance as of March 31, 2020	<u>\$ 2,268</u>
Balance as of March 31, 2019	<u>\$ 5,427</u>

The amortization expenses of intangible assets are reported under the consolidated income statement as follows:

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	From January to March 2020	From January to March 2019
Operating costs	\$ 141	257
Operating expenses	492	864
	<u>\$ 633</u>	<u>1,121</u>

(9) Short-term loans

The details of the short-term loans of the Group are as follows:

	2020.3.31	2019.12.31	2019.3.31
Unsecured bank loans	<u>\$ 2,642,410</u>	<u>3,022,229</u>	<u>1,852,378</u>
Line of credit	<u>\$ 2,496,619</u>	<u>2,879,756</u>	<u>3,167,832</u>
Interest rate range (%)	<u>0.81~2.54</u>	<u>0.70~2.43</u>	<u>0.81~2.89</u>

The Group did not set up assets as collateral for bank loan guarantee.

(10) Long-term loans

As of May 14, 2020, the line of credit of the Group has not been used. Please refer to note 6 (10) in the consolidated financial report of 2019 for relative information.

The Group does not have assets set up for bank loan guarantees.

(11) Convertible bonds payable

	2020.3.31	2019.12.31	2019.3.31
The total amount of convertible bonds issued	\$ 1,500,000	1,500,000	1,500,000
Decrease: amount of discount on issuing convertible bonds	142,650	142,650	142,650
Underwriting expenses	7,294	7,294	7,294
Compound present value of bonds converted at issuance	1,350,056	1,350,056	1,350,056
Amortization of Company debt payable at discount	63,668	56,172	33,918
Premium issuance cost of convertible bonds	7,500	7,500	7,500
Ending balance of convertible bonds payable	<u>\$ 1,421,224</u>	<u>1,413,728</u>	<u>1,391,474</u>

During January 1 to March 31, 2020 and 2019, the Group did not issue, repurchase, or pay of the bonds, please refer to note 6 (11) in the consolidated financial report of 2019 for relative

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information.

A. Financial liabilities at fair value through profit or loss-non-current, the details are as follows:

	2020.3.31	2019.12.31	2019.3.31
Initial balance of embedded derivative financial commodity (put and call)	\$ 2,250	(22,800)	(22,800)
Valuation gains (losses) in the current period	(12,750)	25,050	13,650
	<u>\$ (10,500)</u>	<u>2,250</u>	<u>(9,150)</u>

B. Equity composition item under capital reserve-stock option, the details are as follows:

	From January to March 2020	From January to March 2019
Closing balance (Initial balance)	<u>\$ 129,000</u>	<u>129,000</u>

Based on conservative principle, the Group reclassified the bonds payable and financial liabilities at fair value through profit or loss to current liabilities as of first quarter of 2020 due to the holder of bonds payable may require the Group to buy back the bonds at agreed price after 3 years from the bonds' issue date (February 12, 2021 is the selling base day of bonds holders), nevertheless, the bonds payable are not necessarily required to fully paid off in one years.

(12) Lease Liability

The Group's booking value of lease liabilities are as follows:

	2020.3.31	2019.12.31	2019.3.31
Current	<u>\$ 16,537</u>	<u>20,462</u>	<u>10,245</u>
Non-current	<u>\$ 26,289</u>	<u>31,413</u>	<u>2,408</u>

Please refer to note 6 (21) for analysis of expiration.

Amounts recognized in profit or loss are as follows:

	From January to March 2020	From January to March 2019
Interest expense from lease liabilities	<u>\$ 326</u>	<u>196</u>
Non-current	<u>\$ 7,426</u>	<u>1,990</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 3</u>	<u>-</u>

Amounts recognized in cash flow statement are as follows:

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	From January to March 2020	From January to March 2019
Total cash used by operating activity	\$ 7,755	2,186
Total cash used by financing activity	7,599	3,665
Total cash used by lease	<u>\$ 15,354</u>	<u>5,851</u>

A. Lease of buildings and constructions

The Group leases buildings and constructions to be factories, the leasing periods are usually 3 years, and some leases include the option to extend the same period as the original contract when the lease period expires.

B. Other leases

The Group leases transportation equipment for a period of three to four years.

Besides, the rental periods of office, parking lot, staff dorm, and machinery are 1 to 3 years, which are short term or low value lease, the Group chose to apply exemption recognition requirements instead of recognizing its relative right-of-use assets and lease liabilities.

(13) Employee benefit

The pension expenses of the Group from January 1 to March 31, 2020 and 2019 have been allocated to the labor insurance bureau and the local competent authority of the consolidated foreign subsidiaries. The details of the expenses reported by the Group are as follows:

	From January to March 2020	From January to March 2019
Operating costs	\$ 5,494	8,227
Operating expenses	2,686	4,076
	<u>\$ 8,180</u>	<u>12,303</u>

(14) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to March 31, 2020 and 2019 are as follows:

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	<u>From January to March 2020</u>	<u>From January to March 2019</u>
Current		
Current period	\$ 4,067	-
Deferred income tax expenses		
Occurrence and reversal of temporary differences	\$ 24,892	16,247
Income tax expense	<u><u>\$ 28,959</u></u>	<u><u>16,247</u></u>

B. Examination and approval of income tax

The Company and ShunSin (Samoa) are exempt from income tax and do not need to declare profit-making enterprise income tax according to the law of the country where the Company is established.

In the Group, ShunSin(Zhongshan) and Talentek (He fei)'s profit-making business income tax settlement and declaration have been accepted by the taxation authority on the tax application form till 2018. ShunSin Hong Kong is required by local laws and regulations to declare any taxable income (if any). According to this regulation, ShunSin Hong Kong's profit-seeking enterprise annual income tax return has been processed by the taxation authority to the tax application form till 2011. The Taiwan Branch of the Company has been approved by the taxation authorities until 2018.

(15) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to March 31 for 2020 and 2019, Except for the following. Please refer to note 6 (11) in the consolidated financial report of 2019 for relative information.

A. Capital surplus

The capital surplus balance of the Company is as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Share premium	\$ 2,581,150	2,581,150	2,455,727
Employee stock option	44,597	43,017	56,260
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<u><u>\$ 2,754,747</u></u>	<u><u>2,753,167</u></u>	<u><u>2,640,987</u></u>

B. Retained earnings distribution

The Company's earnings distribution for 2019 and 2018 were decided by the shareholders' meeting on March 25, 2020 and June 24, 2019 respectively. The dividend distribution are

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as follows:

	2019	2018
Cash dividends	<u>\$ 387,641</u>	<u>239,364</u>

As of March 31, 2020, the cash dividend amounting to \$387,641 thousand of retained earnings distribution approved by Board of Directors is listed in the account of dividend payable.

Information for retained earnings distribution approved by Board of Directors and shareholders on March 25, 2020 and June 24, 2019, respectively could be inquired on Market Observation Post System.

C. Treasury Stock

The Company was approved by Board of directors to repurchase 2,858 thousand shares as treasury stock in order to transfer them to employee through to decision from Board of directors on January 8, 2019. The executing period is from January 9, 2019 to March 8, 2019, and the repurchasing range is from \$62 to \$118. As of March 31, 2019, 2,858 thousand shares had been repurchased with the average price \$85.18 per share, and total repurchasing amount is \$243,432 thousand. As of March 31, 2020, the transferred shares are 1,101 thousand shares and the amount of repurchased shares is \$149,649 thousand.

(16) Share-based payment

The share-based payment of the Group from January 1 to March 31, 2020 has no significant changes except for the following mentioned. Please refer to the note 6 (17) in the consolidated financial report of 2019 for relative information.

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A. The information about employee stock options is as follows:

Unit: 1,000

	From January to March 2020		From January to March 2019	
	Weighted average performanc e price	Number of option	Weighted average performan ce price	Number of option
Outstanding stock as of January 1	\$ 95.62	1,064	97.80	2,457
Grant quantity in current period	-	-	-	-
Quantity lost in current period	-	(44)	-	(13)
Quantity executed in current period	-	-	-	-
Overdue expiration of the current period	-	-	-	-
Outstanding stock as of March 31	95.62	<u>1,020</u>	97.80	<u>2,444</u>
Executable as of March 31	95.62	<u>1,020</u>	97.80	<u>2,444</u>

As of March 31, 2020, the weighted average expected remaining life of the employee's stock option plan is 0.79 years.

B. Relative information of Policy Governing First Share Repurchased and Transferred to Employees are as follows:

The share-based payment of the Group from January 1 to March 31, 2020 has no significant changes except for the following mentioned. Please refer to the note 6 (17) in the consolidated financial report of 2019 for relative information.

The Company transfers treasury stock to employees in accordance with the approval by Board of Directors' decision made on March 25, 2020 and May 13, 2019, which is based on the Policy Governing First Share Repurchased and Transferred to Employees. The transferring price is actual average repurchased price, amounting to 85.18 per share. The fair value of the subscription is \$0 and \$10.22 per share while the stock price on March 25, 2020 and May 13, 2019, which are also subscription dates, are \$84.30 and \$95.40 per share. As of March 31, 2020, 1,101 thousand shares were transferred and the Company has collected all the receivables of shares.

C. Employees' expenses

The expenses incurred by the Group from January 1 to March 31, 2020 due to the share-based payment are as follows:

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	From January to March 2020	From January to March 2019
Expense from employee stock option	\$ 1,580	8,593

(17) Earnings per share

The Company's basic earnings per share are calculated as follows:

	From January to March 2020	From January to March 2019
Unit: 1,000 shares		
Basic earnings per share of the Company		
Net profit for the current period	\$ 48,051	50,040
Weighted average number of outstanding shares	104,768	103,721
Basic earnings per share (NT\$)	\$ 0.46	0.48
Diluted earnings per share of the Company		
Net profit for the current period	\$ 48,051	50,040
The impact of potential common stocks with diluting effect		
Fair value assessment of embedded derivatives (such as trading rights)	-	(13,650)
Expected reduction in interest expense for convertible bonds conversion	-	7,339
Net profit for the current period(adjusted)	\$ 48,051	43,729
Weighted average number of outstanding shares	104,768	103,721
The impact of potential common stocks with diluting effect		
Employees' remuneration	1,247	350
The impact of employee stock options	275	-
The impact of convertible bonds	-	8,562
Weighted average number of outstanding shares	106,290	112,633
Diluted earnings per share (NT\$)	\$ 0.45	0.39

The convertible bonds of the Group are potential common stocks from January 1 to March 31, 2020, but due to their anti-dilution effect, they are not included in the calculation of diluted earnings per share from January 1 to March 31, 2020.

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(18) Revenues from customers' contract

A. Segmentation of income

	From January to March 2020	From January to March 2019
Major regional markets:		
China	\$ 325,162	561,054
Singapore	236,832	109,677
Taiwan	224,180	241,716
US	196,146	431,266
Malaysia	22,150	82,676
Other countries	1,028	433
	<u>\$ 1,005,498</u>	<u>1,426,822</u>

B. Balance of the contracts

	2020.3.31	2019.12.31	2019.3.31
Notes receivable	\$ -	710	5,111
Accounts receivable (including related party)	708,181	1,115,908	1,106,612
Less: Loss allowance	(13,802)	(13,802)	(1,496)
Total amount	<u>\$ 694,379</u>	<u>1,102,816</u>	<u>1,110,227</u>
Contract assets	<u>\$ 329,334</u>	<u>260,384</u>	<u>443,361</u>

(19) Profit sharing bonus of employees and directors

The Company shall allocate profit sharing bonus to the employees with no less than 5% of the current year's profits before the payment of employees' and the directors' profit sharing bonus. The Company may allocate no more than 0.1 percent of the profits of the current year for the profit sharing bonus of directors.

The Company accrued profit sharing bonus to employees from January 1 to March 31, 2020 and 2019 are \$25,000 thousand and \$4,338 thousand respectively, and \$46 thousand and \$43 thousand for the directors. The bonus of employees and directors are calculated based on income before tax times the certain percentage of employees and directors ruled by the memorandum of association, and recognized operating expenses for each period. If there is a difference between the actual allocated amount and the estimated amount in the next year, it will be treated according to the changes in the accounting estimates, and the difference will be classified as the profit and loss of the next year. If Board of Directors decides to pay employee bonus with stocks, the calculating basis of stock is based on the previous day's

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closing price of Board of Directors meeting.

The Company accrued profit sharing bonus to employees for 2019 and 2018 are \$87,563 thousand and \$40,000 thousand respectively, and \$752 thousand and \$353 thousand for the directors. There is no difference between the estimated amount and the amount of determined by the Board of Directors for the year of 2019 and the year of 2018. Related information is available at the MOPS.

(20) Non-operating gains and losses

A. Other incomes

Other incomes of the Group are as follows:

	From January to March 2020	From January to March 2019
Interest income	\$ 35,571	24,655
Incomes from government subsidy	10,367	3,312
Other incomes	3,077	17,273
Total amount of other incomes	<u>\$ 49,015</u>	<u>45,240</u>

B. Other profits and losses

Other profits and losses of Group are as follows:

	From January to March 2020	From January to March 2019
Net profits (losses) of foreign currency exchange	\$ (7,641)	(18,873)
Profits (losses) from disposal of Property, plant and equipment	189	-
Profits (losses) from financial assets/liabilities at fair value through profit and loss	(61,855)	(787)
Other losses	(114)	(1,299)
	<u>\$ (69,421)</u>	<u>(20,959)</u>

C. Financial costs

The financial costs of Group are as follows:

	From January to March 2020	From January to March 2019
Interest expenses from bank loans	\$ 9,655	3,682
Interest expenses of convertible bonds	7,496	7,339
Interest expenses of lease liabilities	326	196
	<u>\$ 17,477</u>	<u>11,217</u>

(21) Financial instruments

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The fair value of financial instrument and the situation of credit risk and market risk resulted from financial instrument have no significant changes compared with the consolidated financial report of 2019, except for the following mentioned. Please refer to the note 6 (22) in the consolidated financial report of 2019 for relative information.

A. Credit risks

(a) Credit exposure risk

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

(b) Credit risk concentration

On March 31, 2020, December 31, 2019 and March 31, 2019, 82%, 84% and 90% of the accounts receivable balance of the Group were composed of several customers respectively, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

For credit exposure risk information of notes receivable and accounts receivable, please refer to Note 6 (3) for details and Note 6 (4) for details of other receivables. The other receivables listed above are all financial assets with low credit risk. Therefore, the allowance loss during the period is measured by the amount of anticipated credit loss for 12 months.

B. Liquidity risk

The following table shows the contract maturity date of financial liabilities, which includes estimated interest.

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
March 31, 2020						
Non-derivative financial liabilities						
Short-term loans	\$ 2,642,410	2,642,410	2,642,410	-	-	-
Accounts payable (including related parties)	354,596	354,596	354,596	-	-	-
Other payables (including related parties)	377,412	377,412	377,412	-	-	-
Dividends payable, non-cash assets distributions	387,641	387,641	387,641	-	-	-
Convertible bonds payable (including put rights)	1,431,724	1,500,000	1,500,000	-	-	-
Lease liabilities	42,826	44,295	17,423	16,100	10,772	-
Guarantee deposits received	1,177	1,177	282	-	340	555
	<u>\$ 5,237,786</u>	<u>5,307,531</u>	<u>5,279,764</u>	<u>16,100</u>	<u>11,112</u>	<u>555</u>

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
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December 31, 2019

Non-derivative financial liabilities

Short-term loans	\$	3,022,229	3,022,229	3,022,229	-	-	-
Accounts payable (including related parties)		363,472	363,472	363,472	-	-	-
Other payables (including related parties)		183,979	183,979	183,979	-	-	-
Convertible bonds payable (including put rights)		1,411,478	1,500,000	-	-	1,500,000	-
Lease liabilities		51,875	52,363	21,488	16,089	14,786	-
Guarantee deposits received		1,443	1,443	542	-	342	559
	\$	5,034,476	5,123,486	3,591,710	16,089	1,515,128	559

March 31, 2019

Non-derivative financial liabilities

Short-term loans	\$	1,852,378	1,852,378	1,852,378	-	-	-
Accounts payable (including related parties)		592,520	592,520	592,520	-	-	-
Other payables (including related parties)		392,158	392,158	392,158	-	-	-
Convertible bonds payable (including put rights)		1,400,624	1,500,000	-	-	1,500,000	-
Lease liabilities		12,653	13,224	10,701	1,658	865	-
Guarantee deposits received		959	959	959	-	-	-
	\$	4,251,292	4,351,239	2,848,716	1,658	1,500,865	-

C. Exchange rate risk

(a) Exchange rate exposure risk

The financial assets and liabilities of the Group exposed to significant foreign currency exchange rate risks are as follows:

	2020.3.31			2019.12.31			2019.3.31		
	Foreign currency (NT\$1,000)	Exchang e rate (NT\$)	NT\$	Foreign currency (NT\$1,000)	Exchang e rate (NT\$)	NT\$	Foreign currency (NT\$1,000)	Exchang e rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	49,293	30.2296	1,490,108	49,062	29.9810	1,470,926	59,301	30.8218	1,827,765
RMB	431,074	4.2594	1,836,117	535,677	4.3051	2,306,143	251,318	4.5891	1,153,321
Yen	631	0.2789	176	1,845,818	0.2760	509,446	569,536	0.2795	159,169
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	47,292	30.2294	1,429,618	43,233	29.6870	1,283,460	31,569	30.8239	973,083
Yen	11,032	0.2788	3,076	1,861,095	0.2755	512,782	700,699	0.2783	195,006

(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On March 31, 2020 and March 31, 2019, when the Taiwan dollar depreciates by 0.25% against the US dollar,

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the Chinese Yuan and the Japanese Yen, while all other factors remain unchanged, the net profit before tax from January 1 to March 31, 2020 and 2019 will increase by approximately \$4,733 thousand and \$4,930 thousand, respectively.

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from January 1 to March 31, 2020 and 2019, including realized and unrealized ones, are \$7,641 thousand and \$18,873 thousand, respectively.

D. Interest rate analysis

The fixed deposit part of our Company belongs to floating interest rate, but the market interest rate does not change much, so the change of interest rate does not cause significant cash flow risk.

E. Information on types and fair value of financial instruments

(a) Types and fair value of financial instruments

The book amount and fair value (including fair value-grade information, but not a reasonable approximation of fair value to the book value of financial instruments measured by fair value, and investment in equity instruments without quotation and reliable measurement of fair value in the flexible market, there is no need to disclose fair value information according to regulations.) of the financial assets and financial liabilities of the Group are listed as follows:

	2020.3.31				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Private equity fund	\$ 425,067	-	-	425,067	425,067
Financial assets measured at amortized costs					
Cash and cash equivalents	\$ 6,491,008	-	-	-	-
Contract assets	329,334	-	-	-	-
Notes receivable and accounts receivable	694,379	-	-	-	-
Other receivables	125,152	-	-	-	-
Guarantee deposits paid	15,821	-	-	-	-
Subtotal	7,655,694	-	-	-	-
Total amount	\$ 8,080,761	-	-	425,067	425,067
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 10,500	-	10,500	-	10,500

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Financial liabilities at amortized costs					
Bank loans	2,642,410	-	-	-	-
Accounts payable	354,596	-	-	-	-
Other payables	377,412	-	-	-	-
Dividends payable, non-cash assets distributions	387,641	-	-	-	-
Convertible bond-liability component	1,421,224	-	-	-	-
Lease liabilities	42,826	-	-	-	-
Guarantee deposits received	1,177	-	-	-	-
Subtotal	5,227,286	-	-	-	-
Total amounts	\$ 5,237,786	-	10,500	-	10,500
2019.12.31					
Fair value					
	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Derivative financial liabilities - current	\$ 1,429	-	1,429	-	1,429
Derivative financial liabilities - non - current	2,250	-	2,250	-	2,250
Private equity fund	476,151	-	-	476,151	476,151
Subtotal	479,830	-	3,679	476,151	479,830
Financial assets measured at amortized costs					
Cash and cash equivalents	\$ 6,386,315	-	-	-	-
Contract assets	260,384	-	-	-	-
Notes receivable and accounts receivable	1,102,816	-	-	-	-
Other receivables	129,224	-	-	-	-
Guarantee deposits paid	10,808	-	-	-	-
Subtotal	7,889,547	-	-	-	-
Total amount	\$ 8,369,377	-	3,679	476,151	479,830
Financial liabilities at amortized costs					
Bank loans	\$ 3,022,229	-	-	-	-
Accounts payable	363,472	-	-	-	-
Other payables	183,979	-	-	-	-
Convertible bond-liability component	1,413,728	-	-	-	-
Lease liabilities	51,875	-	-	-	-
Guarantee deposits received	1,443	-	-	-	-
Total amounts	\$ 5,036,726	-	-	-	-

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	2019.3.31				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Non-listed company shares	\$ 15,672	-	-	15,672	15,672
Private equity fund	552,345	-	-	552,345	552,345
Subtotal	568,017	-	-	568,017	568,017
Financial assets measured at amortized costs					
Cash and cash equivalents	4,750,448	-	-	-	-
Contract assets	443,361	-	-	-	-
Notes receivable and accounts receivable	1,110,227	-	-	-	-
Other receivables	22,299	-	-	-	-
Guarantee deposits paid	7,012	-	-	-	-
Subtotal	6,333,347	-	-	-	-
Total amount	\$ 6,901,364	-	-	568,017	568,017
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - non - current	\$ 9,150	-	9,150	-	9,150
Financial liabilities at amortized costs					
Bank loans	1,852,378	-	-	-	-
Accounts payable	592,520	-	-	-	-
Other payables	392,158	-	-	-	-
Convertible bond-liability component	1,391,474	-	-	-	-
Lease liabilities	12,653	-	-	-	-
Guarantee deposits received	959	-	-	-	-
Subtotal	4,242,142	-	-	-	-
Total amounts	\$ 4,251,292	-	9,150	-	9,150

(b) Fair value assessment technique for measuring financial instruments at fair value

(I) Non-derivative financial instruments

Where the financial instrument held by the Group is an equity instrument without an active market, that is, without an open offer. The fair value is estimated using the market comparable company method. The main assumptions of the market comparable company method are measured on the basis of the sales or net equity value of the investee and the sales or net equity multiplier derived from the market quotation of comparable listed (OTC) companies. This estimate has adjusted for the discounted effect of the lack of marketability of the equity securities.

(II) Derivative financial instruments

The right of conversion, redemption and sale of convertible bonds payable is estimated at fair value according to the appraisal report of external experts. The

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evaluation model is a binary tree convertible bond evaluation model, which uses market basis including stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to observe the input value to reflect the fair value of options. Forward foreign exchange is usually evaluated based on the bank statement.

(III) Derivative financial instruments

	From January to March 2020	From January to March 2019	
	Private equity fund	Non-listed company shares	Private equity fund
Balance on January 1	\$ 476,151	11,048	-
Add	-	-	571,513
Gains/ Losses:			
Recognized in gains/ losses	(48,208)	4,590	(19,771)
Change from exchange rate	(2,876)	34	603
Balance on March 31	\$ 425,067	15,672	552,345

The above mentioned profits/ losses are recognized in other profits and losses.

(IV) Quantitative information on fair value measurement of important unobservable input value (Grade 3)

The fair value of the Group is classified as the Grade 3 financial asset mainly measured by the fair value through profit and loss.

Investments in equity instruments classified as the third-tier non-active market have significant unobservable input values in the plural. The significant unobservable input values of equity instruments investment in non-active markets are independent of each other, so there is no correlation between them.

The quantitative information of significant unobservable input values is listed as follows:

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Items	Evaluation technologies	Significant unobservable input value	The relationship between significant unobservable input values and fair value
Financial assets at fair value through profit or loss—equity vehicle investment without active marke	Refer to Listed (OTC) Company Act	<ul style="list-style-type: none"> • Net value Ratio multiplier of stock price (1.57 on 2019.3.31) • Share price sales ratio multiplier (1.74 on 2019.3.31) • Lack of market liquidity discounts (20% on 2019.3.31) 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss-private equity fund	Net asset value method	Net asset value	Not applicable

(V) A sensitivity analysis of the fair value of the Grade 3 to reasonable alternative assumptions.

The fair value measurement of financial instruments by Group is reasonable, but different evaluation models or parameters may lead to different evaluation results. For financial instruments classified as the Grade 3, if the evaluation parameters change, the impact on current profits and losses is as follows:

		Changes in fair value reflecting in current profits and losses	
	Input value	Move up or down	
		Favorable change	Unfavorable change
March 31, 2019			
Financial assets measured at fair value through profit and loss			
Equity instrument investment in non-active market	Price-book ratio	5%	135 (135)
Equity instrument investment in non-active market	Price to sales ratio	5%	630 (630)

The favorable and unfavorable changes of the Group refer to the fluctuations of the fair value, which is calculated based on the evaluation technology according to

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the varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of changes in a single input value and does not take into account the correlation and variability between input values.

(22) Financial risk management

The target and policy of financial risk management of the Group has no significant changes compared with note 6 (23) in the consolidated financial report of 2019.

(23) Capital management

The target, policy, and procedure of capital management of the Group are consistent with those in the consolidated financial report of 2019; the quantified data summary of capital management has no significant changes compared with the consolidated financial report of 2019. Please refer to the note 6 (24) in the consolidated financial report of 2019 for relative information.

(24) Investment and financing activities in non-cash transactions

The adjustment of liabilities from financing activities of the Group from January 1 to March 31, 2020 and 2019 are shown in the following table:

	2020.1.1	Cash flow	Non-cash changes				2020.3.31
			Discoun t and amortiz ation	Exchang e rate changes	Fair value changes	Acqui re	
Short-term loans	\$ 3,022,229	(379,819)	-	-	-	-	2,642,410
Financial liabilities (assets) through profit or loss-Noncurrent	(2,250)	-	-	-	12,750	-	10,500
Convertible bonds payable	1,413,728	-	7,496	-	-	-	1,421,224
Lease liabilities	51,875	(7,599)	-	(2,140)	-	69	42,826
Total liabilities from financing activities	\$ 4,485,582	(387,418)	7,496	(2,140)	12,750	69	4,116,960

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			Non-cash changes			
			Discount and amortizat ion	Exchange rate changes	Fair value changes	
	2019.1.1	Cash flow				2019.3.31
Short-term loans	\$ 1,635,021	217,357	-	-	-	1,852,378
Financial liabilities (assets) through profit or loss-Noncurrent	22,800	-	-	-	(13,650)	9,150
Convertible bonds payable	1,384,135	-	7,339	-	-	1,391,474
Total liabilities from financing activities	15,961	(3,665)	-	357	-	12,653
Short-term loans	<u>\$ 3,057,917</u>	<u>213,692</u>	<u>7,339</u>	<u>357</u>	<u>(13,650)</u>	<u>3,265,655</u>

7. Related party transactions

(1) Parent company and ultimate controller

Foxconn (Far East) Limited -Cayman is the parent company of the Group, holding 60.05% ,60.05% and 60.66% of the outstanding common shares of the Group as of March 31, 2020, December 31, 2019 and March 31, 2019 respectively. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Name and relations of related parties

During the period covered by this consolidated financial report, the following persons have business relations with the Group:

Name of related parties	Relation with Group
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.(note)	Its ultimate controller is the same as that of Group
Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of Group
Hongfujin Precision Industry (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxconn (Nanjing) Software Company	Its ultimate controller is the same as that of Group
AnPinDa Precision Industrial (HuiZhou) Co., Ltd.	Its ultimate controller is the same as that of Group

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Name of related parties	Relation with Group
Shenzhen Fox-energy Technology Company	Its ultimate controller is the same as that of Group
Zhengzhou Fulianwang Electronic Technology Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Futaihong Precision Industrial Co., Ltd.	Its ultimate controller is the same as that of Group
Zhengyi longhua Special Material (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
FuShiRui Precision Industry (JinCheng) Co., Ltd.	Its ultimate controller is the same as that of Group
Triple Win Technology (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Champ Tech Optical (FoShan) Corporation	Its ultimate controller is the same as that of Group
Foxcavity Precision Industry (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
ShenZhen Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of Group
JUSDA INTERNATIONAL LIMITED	Its ultimate controller is the same as that of Group
ZEITEC Semiconductor Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Sharp Corporation	Other related parties
Zhen Ding Tech.	Other related parties

Note : Foxconn Optical Interconnect Technologies Singapore Pte. Ltd. changed the name to Foxconn OE Technologies Singapore Pte. Ltd. on January 2, 2020.

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(3) Major transactions with related parties

A. Sales

The significant sales amount of the Group to the related parties is as follows:

	<u>From January to March 2020</u>	<u>From January to March 2019</u>
Other related parties		
Foxconn OE Technologies Singapore Pte. Ltd.	1,015	412,017
Foxconn Interconnect Technology Limited	98,251	159,747
Triple Win Technology (ShenZhen) Co., Ltd.	295,430	133,397
Other related parties	244	103
	<u>\$ 394,940</u>	<u>705,264</u>

There is no significant difference between the above price terms of sales revenue and that of general customers; The collection conditions are within four months, no significant difference with the general customer.

B. Purchase

The purchase amount of the Group from the related parties is as follows:

	<u>From January to March 2020</u>	<u>From January to March 2019</u>
Other related parties	<u>\$ 11,218</u>	<u>9,132</u>

There is no significant difference between the purchase price of the Group and that of the general manufacturer; Payment terms are all within four months, and there is no significant difference with the general manufacturers.

C. Expenses for professional services

The details of management service fees and legal fees paid by the Group to the related parties are as follows:

	<u>From January to March 2020</u>	<u>From January to March 2019</u>
Ultimate controller	\$ 1,809	1,632
Triple Win Technology (ShenZhen) Co., Ltd.	-	14,246
	<u>\$ 1,809</u>	<u>15,878</u>

D. Accounts receivable from related parties

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Details of the receivables of the related parties of the Group are as follows:

Account items	Related-party categories	2020.3.31	2019.12.31	2019.3.31
Account receivable	Other related parties			
	Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	238,125
	Foxconn Interconnect Technology Limited	91,442	128,766	150,586
	Triple Win Technology (ShenZhen) Co., Ltd.	194,842	442,640	198,013
	Others	268	86	953
		<u>\$ 286,552</u>	<u>571,492</u>	<u>587,677</u>

As of March 31, 2020, December 31, 2019 and March 31, 2019, no allowance for loss is required for the above-mentioned related parties.

E. Contract assets

The details of the contract assets of the Group to related parties are as follows:

Account items	Types of related parties	2020.3.31	2019.12.31	2019.3.31
Contract assets	Other related parties			
	Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	252,774
	Triple Win Technology (ShenZhen) Co., Ltd.	82,864	32,763	-
	Others	-	97	28,795
		<u>\$ 82,864</u>	<u>32,860</u>	<u>281,569</u>

F. Property trading - acquisition of property, plant and equipment

The purchase price of the real estate, plant and equipment acquired by the Group from the related parties is summarized as follows:

	From January to March 2020	From January to March 2019
FuShiRui Precision Industry (JinCheng) Co., Ltd.	-	11,183
Others	-	4,115
	<u>\$ -</u>	<u>15,298</u>

G. Payables to the related parties

The details of the amount payable by the Group to its related parties are as follows:

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Account items	Types of related parties	2020.3.31	2019.12.31	2019.3.31
Account payable	Other related parties	\$ 49	1	518
Other payables	Ultimate controller	13,273	11,742	7,147
	Other related parties			
	Sharp Corporation	-	-	192,487
	Foxcavity Precision Industry (ShenZhen) Co., Ltd.	1,528	1,528	18,367
	Others	14,679	21,479	36,048
		29,480	34,749	254,049
		<u>\$ 29,529</u>	<u>34,750</u>	<u>254,567</u>

(4) Remuneration of major management personnel

	From January to March 2020	From January to March 2019
Short-term employee benefits	\$ 16,489	6,375
Post-retirement benefits	87	84
	<u>\$ 16,576</u>	<u>6,459</u>

8. Pledged assets: None.

9. Material contingent liabilities and unrecognized contractual commitments: None.

10. Major disaster losses: None.

11. Major subsequent events: None.

In order to encourage employees to stay, Board of Directors approved the second repurchase shares of the Company, intended to repurchase 3,000 thousand share as treasury stock. The repurchasing period is from April 28, 2020 to June 27, 2020, and the repurchasing price area is 76 to 158 per share. Besides, if the intended repurchasing shares are not satisfied, the Group would keep repurchasing shares while the stock price is lower than the repurchasing price area.

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12. Others

(1) The functions of employee welfare, depreciation, depreciation and amortization are summarized as follows:

Functions Items	From January to March 2020			From January to March 2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	131,466	66,914	198,380	102,913	63,657	166,570
Health insurance expenses	1,038	1,422	2,460	1,722	1,402	3,124
Pension expenses	5,494	2,686	8,180	8,227	4,076	12,303
Other employee benefit expenses	4,411	2,396	6,807	8,246	4,843	13,089
Depreciation expenses	107,302	14,633	121,935	139,702	15,492	155,194
Amortization expenses	141	492	633	257	864	1,121

(2) Seasonal characteristic:

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

13. Disclosure of Note

(1) Information on major transactions

From January 1 to March 31, 2020, the Group shall disclose the information on the major transactions subject to Regulations Governing the Preparation of Financial Reports by Securities Issuers:

A. Loan to other parties:

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NO	Creditor	Borrower	General ledger account	Related party or not	Maximum outstanding balance at March 31, 2020	Balance at March 31, 2020	Actual amount drawn down (Note 3)	Interest rate (%)	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Limit on total loans
													Item	Value		
1	ShunSin (Samoa)	Talentek	Other receivables	Y	32,694 (RMB 7,500)	32,173	23,593	3.45	2	-	Business operation	-	-	-	78,152 (note2)	312,606 (note2)

Note 1: The method of filling in the nature of capital loan is as follows:

(1) For business trading, please fill in 1.

(2) If short-term financing is necessary, please fill in 2.

Note2: The total amount for a short-term financing shall not exceed 40% of ShunSin (Samoa)'s net value. The limited on loans to single party is 10% of ShunSin (Samoa)'s net value which is based on the latest financial statement. ShunSin (Samoa)'s net value is \$781,515 thousands on March 31, 2020.

Note3: The aforementioned transactions between consolidated entities have been offset at the time of preparing consolidated financial statements.

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B. Endorsement/Guarantee provided:

No	Guarantor / Endorser	Party being guaranteed/ endorsed		Limited on guarantees/ endorsements provided for a single party	Maximum outstanding guarantee/ endorsement amount as of March 31, 2020	Outstanding guarantee/ endorsement amount as of March 31, 2020	Actual amount drawn down	Amount of guarantees/ endorsements secured with collateral	Ratio of accumulated guarantee/ endorsement amount to net asset value of the guarantor/ endorser company (%)	Limit on total amount of guarantees/ endorsements period (note2)	Provision of guarantees/ endorsements by parent company to subsidiary	Provision of guarantees/ endorsements by subsidiary to parent company	Provision of guarantees/ endorsements to the party in Mainland China
		Company name	Relationship with the guarantor/ endorser (note1)										
0	ShunSin (Zhongshan)	ShunSin (Zhongshan)	1	4,233,627	21,796 (RMB 5,000)	21,449 (RMB 5,000)	21,449 (RMB 5,000)	-	0.41	8,467,255	N	N	Y

Note 1: Relationship between guarantor and guarantee :

1. Business transaction
2. The Company directly or indirectly holds more than 50% of their voting shares.
3. The party directly or indirectly holds more than 50% of the Company's voting shares.

Note 2: ShunSin (Zhongshan)'s policy for guarantees and endorsements is as follow:

The total guarantees and endorsements of ShunSin (Zhongshan) to others should not be in excess of ShunSin (Zhongshan)'s net value, and for a single party should not be in excess of 50% of ShunSin (Zhongshan)'s net value. °

Note 3: ShunSin (Zhongshan) guarantees itself.

C. Marketable securities held as of March 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Holding company	Types and names of marketable securities	Relations with securities issuers	Account subjects	Closing period				Remarks
				Number of share	Book value	Shareholding ratio	Fare value	
ShunSin (Samoa)	Stocks: Dyna Image Corp.	-	Financial assets measured at fair value through profit or loss – non-current	4,500,000	-	14.53 %	-	-
ShunSin (Zhongshan)	Privately Offered Fund: Ji Nan Fu Jie industrial investing joint venture	-	Financial assets measured at fair value through profit or loss – non-current	-	425,067	9.09 %	425,067	-

D. Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital: none.

E. The amount for acquiring real estate is \$300 million or more than 20% of the paid-in capital: none.

F. The amount for disposing of real estate amounted to \$300 million or more than 20% of the paid-in capital: none.

G. The amount of goods purchased and sold reaches \$100 million or more than 20% of the paid-in capital with the related parties:

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Companies purchasing and selling goods	Counter party	relation	Transaction situation				Reason of trading terms differs from normal transaction		Notes receivable (payable), accounts receivable (payable)		Note
			Purchase/ (sale)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable, accounts receivable (payable)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	(238,850)	(42.78)%	4 months	-	-	-	- %	Note2
ShunSin (Zhongshan)	Triple Win Technology (ShenZhen) Co., Ltd.	Other related party	Sale	(295,430)	(52.91)%	4 months	-		194,842	96.68%	

Note 1: The price is calculated at the agreed price.

Note 2: The above transactions with the consolidated entities have been written off at the time of preparing the consolidated financial statements.

H. Receivables of related parties amounted to \$100 million or more than 20% of the capital receivable:

Companies that account for receivables	Name of transaction objects	Relation	Related parties of receivables Balance of amounts	Turnover rate %	Overdue receivables of Related parties		Related parties of receivables Amount recovered after the period(Note 2)	Setting aside for allowance for bad debt
					Amount	Treatment		
ShunSin (Zhongshan)	Triple Win Technology (ShenZhen) Co., Ltd.	Other related party	Accounts receivable: 194,842	3.71	-		92,829	-
ShunSin (Zhongshan)	The Company	Parent company	Accounts receivable (Note 1): 881,468	-	-		-	-
ShunSin (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 760,733	-	-		-	-

Note 1: The aforementioned transactions between consolidated entities have been written off in the preparation of consolidated financial statements.

Note 2: As of April 28, 2020

I. Engaging in derivatives trading: Please refer to Note 6 (2) and (11) for details.

J. Business relations and important transactions between parent and subsidiary companies:

No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			Ratio to consolidated total operating income or total assets (Note 3)
				Subject	Amount	Transaction conditions	
0	The Company	ShunSin (Zhongshan)	1	Purchases	238,850	The price is based on the price agreed by both parties	23.68
0	"	"	1	Contract liability	250,763	Recognition by completion ratio	2.26
0	"	"	1	Other payables	881,468	Pay/receive on behalf, no general customers for comparison	7.96
1	ShunSin (Samoa)	ShunSin (Zhongshan)	3	Other payables	760,733	Pay/receive on behalf, no general customers for comparison	6.87

Note 1: The information of business transactions between the parent company and the subsidiary company shall be indicated in the No. column respectively. The No. shall be entered as follows:

1. Fill in 0 for parent company.

2. Subsidiaries are numbered in sequence starting with 1.

Note 2: There are three types of relationships with a trader, which can be labeled as follows:

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

Note 3: The calculation of the transaction amount to the consolidated total revenue or the ratio of total assets shall be carried out in the form of the closing balance to the consolidated total assets if it belongs to the subject of assets and liabilities. In the case of subject of profit and loss, the cumulative amount at closing period shall be calculated on the basis of the consolidated total revenue.

Note 4: It is hereby disclosed that the balance sheet accounts for more than 1% of the consolidated total assets and the subject of profit and loss accounts for more than 1% of the total revenue.

Note 5: The aforementioned transactions between consolidated entities have been written off in the preparation of consolidated financial statements. °

(2) Information on re-investment business:

The information of the reinvested business of the Group from January 1 to March 31, 2020, is as follows (excluding the invested company in mainland China):

Name of investment company	Name of invested company	Location	Main business contents	Original investment amounts (note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/ losses of investee (Note 1 and 2)	Note
				March 31, 2020	March 31, 2019	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hongkong)	Hongkong	Holding Company	2,589,28	2,589,284	678,808,240	90.15%	7,463,672	129,771	116,989	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,92	287,928	9,510,000	100.00%	781,515	948	948	subsidiary
The Company	ShunSin (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,23	(note4)	(note4)	100.00%	171,698	(4,976)	(4,976)	subsidiary
ShunSin (Samoa)	ShunSin (Hongkong)	Hongkong	Holding Company	287,62	287,622	74,183,976	9.85%	815,498	129,771	12,782	affiliate

Note 1: According to the financial statements checked by CPA of the parent company, the invested company shall be appraised and recognized at equity..

Note 2: Long-term and current investment gains and losses at the closing period have been written off in the preparation of consolidated financial statements.

Note 3: The above original investment amount is calculated at historical exchange rate.

Note 4: ShunSin (Ha Noi) was registered on December 26, 2019 in Ha Noi, Vietnam. The authorized capital is USD 6,000 thousand. The Company invested USD 6,000 thousand on January 14, 2020, shareholding is 100%. ShunSin (Ha Noi) does not issue shares due to it is limited corporation thus it has no shares.

(3) Information on investment in Mainland China:

A. Name of mainland invested company, main business contents and other related information

Unit: NT\$ 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020	Net income (losses) of investee	Percentage of ownership	Share of profits/ losses of investee (Note 2 and 3)	Carrying value as of March 31, 2020 (Note 2 and 3)	Accumulated inward remittance of earnings as of March 31, 2020
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of SiP products and other types of integrated circuits	3,030,692 (RMB 722,637)	(2)	Note 4	Note 4	Note 4	Note 4	135,636 (RMB 31,435)	100.00%	135,636 (RMB 31,435)	8,467,255 (RMB 1,984,497)	Note 4
Talentek	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	90,485 (RMB 20,000)	(3)	Note 4	Note 4	Note 4	Note 4	(3,124) (RMB (724))	55.00%	(1,717) (RMB (398))	21,303 (RMB 4,993)	Note 4

Note 1: The investment modes can be divided into the following three categories, which can be labeled as categories.

- (1). Direct investment in mainland China.
- (2). Invest in ShunSin Hong Kong and then re-invest in companies in Hong Kong.
- (3). Invest in ShunSin Zhong Shan and then re-invest in companies in mainland China.

Note 2: According to the financial statements checked by CPA of the parent company, the invested company is evaluated and listed at equity.

Note 3: Long-term and current investment gains and losses at closing period have been written off at the time of compiling the consolidated financial statements.

Note 4: The Company is not a company in Taiwan, so there is no such amount.

Note 5: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of March 31, 2020 (exchange rate at closing period RMB: NTD = 1:4.2667), and the remainder is calculated at the average exchange rate (RMB: NTD = 1:4.3148).

B. Investment limits in mainland China: Not applicable.

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C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company from January 1 to March 31, 2020 (which were written off at the time of compiling the consolidated financial report), please refer to “Information on Major Transactions”.

D. Information of major shareholders:

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Foxconn (Far East) Limited		63,964,800	60.05%

- (a) The main shareholder information in this table is calculated by Taiwan Depository and Clearing Company on the last business day at the end of each quarter. 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) is more than 5%.
- (b) The aforementioned information which is shareholders' delivery trust is 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 Exchange Act, their shareholdings include their shareholdings plus their delivery of trusts and shares that have the right to make decisions on trust property. Please refer to Market Observation Post System for relative information.

14. Information on Departments

There is only one reporting department in the Group, so please refer to the consolidated balance sheet and consolidated income statement for the information on operating department.