

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED  
AND SUBSIDIARY**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report**

**For nine months ended of 2020 and 2019**

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Cayman Islands**

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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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income from July 1 to September 30, 2020 and 2019, and from January 1 to September 30, 2020 and 2019, changes in equity and cash flows for the three months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES Company and its subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance from July 1 to September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 30, 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**

**September 30, 2020 、December 31, 2019 and September 30, 2019**

**Expressed in Thousands of New Taiwan Dollars**

		<b>2020.9.30</b>		<b>2019.12.31</b>		<b>2019.9.30</b>				<b>2020.9.30</b>		<b>2019.12.31</b>		<b>2019.9.30</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and equities</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
11xx	<b>Current assets：</b>							21xx	<b>Current liabilities：</b>						
1100	Cash and cash equivalents (note 6 (1))	\$ 7,474,491	61	6,386,315	56	5,396,363	50	2100	Short-term loans (note 6 (9))	\$ 3,426,849	28	3,022,229	27	2,546,895	24
1110	Current financial assets at fair value through profit or loss (note 6 (2))	1,517	-	1,429	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6 (11) )	1,650	-	-	-	-	-
1140	Current contract assets (note 6 (18) and 7)	194,162	2	260,384	2	363,037	3	2170	Accounts payable	402,602	4	363,471	3	409,588	4
1151	Notes receivable (note 6 (3) and (18))	-	-	710	-	615	-	2180	Accounts payable to related parties (note 7)	198	-	1	-	443	-
1170	Accounts receivable (note 6 (3) and (18))	459,168	4	530,614	5	608,960	6	2200	Other payables (note 6 (19))	404,529	4	341,200	3	282,176	3
1181	Accounts receivable—related parties (note 6 (3) 、(18) and 7)	531,855	4	571,492	5	531,160	5	2220	Other payables to related parties (note 7)	30,878	-	34,749	1	31,519	-
1206	Other receivables (note 6 (4))	15,345	-	129,224	1	18,892	-	2230	Current tax liabilities	10,916	-	16,645	-	-	-
1310	Inventories (note 6 (5))	337,267	3	334,061	3	369,938	3	2280	Current lease liabilities (note 6 (12))	32,980	-	20,462	-	6,206	-
1410	Prepayments	272,698	2	102,552	1	162,410	2	2321	Bonds payable, current portion (note 6 (11))	1,436,338	12	-	-	-	-
1470	Other current assets	1,756	-	6,690	-	2,263	-	2399	Other current liabilities, others (note 6 (18))	37,096	-	20,236	-	29,804	-
		9,288,259	76	8,323,471	73	7,453,638	69			5,784,036	48	3,818,993	34	3,306,631	31
15xx	<b>Non-current assets：</b>							25xx	<b>Non-current liabilities：</b>						
1510	Financial assets measured at fair value through profit or loss—non-current (note 6 (2) and (11))	434,622	4	478,401	4	517,416	5	2500	Non-current financial liabilities at fair value through profit or loss ( note 6 (11))	-	-	-	-	6,300	-
1600	Property, plant and equipment (note 6 (6) and 7)	2,132,391	17	2,255,451	20	2,353,644	22	2530	Bonds payable (note 6 (11))	-	-	1,413,728	12	1,406,270	13
1755	Right-of-use assets ((note 6 (7))	111,508	1	90,329	1	48,734	1	2570	Deferred tax liabilities	476,815	4	421,389	4	410,484	4
1780	Intangible assets (note 6 (8))	1,302	-	2,915	-	3,205	-	2580	Non-current lease liabilities (note 6 (12))	40,687	-	31,413	-	1,200	-
1840	Deferred tax assets	198,470	2	268,126	2	356,044	3	2630	Long-term deferred revenue	114,244	1	94,090	1	75,527	-
1915	Prepayments for business facilities	682	-	19,335	-	20,069	-	2645	Guarantee deposits received	924	-	1,443	-	920	-
1920	Guarantee deposits paid	13,806	-	10,808	-	11,021	-			632,670	5	1,962,063	17	1,900,701	17
		2,892,781	24	3,125,365	27	3,310,133	31	2xxx	<b>Total liabilities</b>	6,416,706	53	5,781,056	51	5,207,332	48
								31xx	<b>Total equity attributable to owners of parent (note 6 (11) 、(15) and (16))：</b>						
								3110	Ordinary share	1,067,018	9	1,065,248	9	1,056,308	10
								3200	Capital surplus	2,770,908	23	2,753,167	24	2,674,919	25
								3300	Retained earnings：						
								3310	Legal reserve	403,331	4	339,499	3	339,499	3
								3320	Special reserve	345,229	3	-	-	-	-
								3350	Unappropriated retained earnings	1,662,795	13	1,985,081	17	1,789,280	17
										2,411,355	20	2,324,580	20	2,128,779	20
								3400	Other equity interest：						
								3410	Exchange differences on translation of foreign financial statements	(422,173)	(4)	(345,230)	(3)	(171,665)	(2)
								3500	Treasury shares	(74,605)	(1)	(149,649)	(1)	(149,649)	(1)
									Total equity attributable to owners of parent	5,752,503	47	5,648,116	49	5,538,692	52
								36xx	<b>Non-controlling interests</b>	11,831	-	19,664	-	17,747	-
								3xxx	<b>Total equity</b>	5,764,334	47	5,667,780	49	5,556,439	52
1xxx	<b>Total assets</b>	<b>\$ 12,181,040</b>	<b>100</b>	<b>11,448,836</b>	<b>100</b>	<b>10,763,771</b>	<b>100</b>	2-3xxx	<b>Total liabilities and equity</b>	<b>\$ 12,181,040</b>	<b>100</b>	<b>11,448,836</b>	<b>100</b>	<b>10,763,771</b>	<b>100</b>

**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**

**From July 1 to September 30, 2020 and 2019, and from January 1 to September 30, 2020 and 2019**

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

	<b>From July to September 2020</b>		<b>From July to September 2019</b>		<b>From January to September 2020</b>		<b>From January to September 2019</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue (note 6 (18) and 7) :</b>								
4110 Sales revenue	\$ 1,323,483	100	1,393,183	100	3,444,601	100	4,385,630	101
4190 Loss : Sales discounts and allowances	794	-	2,266	-	4,239	-	32,041	1
<b>Operating Revenue</b>	<b>1,322,689</b>	<b>100</b>	<b>1,390,917</b>	<b>100</b>	<b>3,440,362</b>	<b>100</b>	<b>4,353,589</b>	<b>100</b>
5000 <b>Operating costs (note 6 (5) 、(6) 、(7) 、(8) 、(12) 、(13) and 7)</b>	<b>842,854</b>	<b>64</b>	<b>1,006,309</b>	<b>72</b>	<b>2,406,690</b>	<b>70</b>	<b>3,482,580</b>	<b>80</b>
5900 <b>Gross profit from operations</b>	<b>479,835</b>	<b>36</b>	<b>384,608</b>	<b>28</b>	<b>1,033,672</b>	<b>30</b>	<b>871,009</b>	<b>20</b>
6000 <b>Operating expenses (note 6 (3) 、(6) 、(7) 、(8) 、(12) 、(13) 、(16) 、(18) 、(19) and 7) :</b>								
6100 Selling expenses	8,840	1	6,422	-	23,598	1	24,247	-
6200 Administrative expenses	77,327	6	87,457	7	211,949	6	271,037	6
6300 Research and development expenses	57,238	3	76,933	6	181,145	5	206,670	5
6450 Expected credit loss (gain)	(2,495)	-	3,123	-	1,190	-	4,466	-
<b>Total operating expenses</b>	<b>140,910</b>	<b>10</b>	<b>173,935</b>	<b>13</b>	<b>417,882</b>	<b>12</b>	<b>506,420</b>	<b>11</b>
6900 <b>Net operating profits</b>	<b>338,925</b>	<b>26</b>	<b>210,673</b>	<b>15</b>	<b>615,790</b>	<b>18</b>	<b>364,589</b>	<b>9</b>
7000 <b>Non-operating income and expenses (note 6 (2) 、(11) 、(12) and (20)) :</b>								
7100 Interest revenue	46,927	3	33,945	2	121,382	3	92,036	2
7010 Other income	9,245	1	68,065	5	48,325	1	86,780	2
7020 Other gains and losses	(41,507)	(3)	8,503	1	(131,894)	(4)	(35,851)	(1)
7050 Finance costs	(15,009)	(1)	(18,069)	(1)	(48,832)	(1)	(45,808)	(1)
<b>Total non-operating income and expenses</b>	<b>(344)</b>	<b>-</b>	<b>92,444</b>	<b>7</b>	<b>(11,019)</b>	<b>(1)</b>	<b>97,157</b>	<b>2</b>
7900 <b>Profit from continuing operations before tax</b>	<b>338,581</b>	<b>26</b>	<b>303,117</b>	<b>22</b>	<b>604,771</b>	<b>17</b>	<b>461,746</b>	<b>11</b>
7950 <b>Loss: Tax expense (note 6 (14))</b>	<b>63,336</b>	<b>5</b>	<b>36,162</b>	<b>3</b>	<b>138,059</b>	<b>4</b>	<b>30,765</b>	<b>1</b>
8200 <b>Profit</b>	<b>275,245</b>	<b>21</b>	<b>266,955</b>	<b>19</b>	<b>466,712</b>	<b>13</b>	<b>430,981</b>	<b>10</b>
8300 <b>Other comprehensive income :</b>								
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8361 Exchange differences on translation	155,118	12	(248,137)	(18)	(77,072)	(2)	(175,987)	(4)
8399 Loss : Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300 <b>Other comprehensive income, net</b>	<b>155,118</b>	<b>12</b>	<b>(248,137)</b>	<b>(18)</b>	<b>(77,072)</b>	<b>(2)</b>	<b>(175,987)</b>	<b>(4)</b>
8500 <b>Total comprehensive income (loss)</b>	<b>\$ 430,363</b>	<b>33</b>	<b>18,818</b>	<b>1</b>	<b>389,640</b>	<b>11</b>	<b>254,994</b>	<b>6</b>
<b>Profit, attributable to :</b>								
8610 Owners of parent	\$ 277,033	21	268,181	19	474,416	13	442,514	10
8620 Non-controlling interests	(1,788)	-	(1,226)	-	(7,704)	-	(11,533)	-
	<b>\$ 275,245</b>	<b>21</b>	<b>266,955</b>	<b>19</b>	<b>466,712</b>	<b>13</b>	<b>430,981</b>	<b>10</b>
<b>Comprehensive income attributable to :</b>								
8710 Owners of parent	\$ 431,878	33	20,653	1	397,473	11	266,756	6
8720 Non-controlling interests	(1,515)	-	(1,835)	-	(7,833)	-	(11,762)	-
	<b>\$ 430,363</b>	<b>33</b>	<b>18,818</b>	<b>1</b>	<b>389,640</b>	<b>11</b>	<b>254,994</b>	<b>6</b>
<b>Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (17))</b>								
9750 Basic earnings per share	<b>\$ 2.62</b>		<b>2.60</b>		<b>4.51</b>		<b>4.29</b>	
9850 Diluted earnings per share	<b>\$ 2.46</b>		<b>2.41</b>		<b>4.35</b>		<b>4.00</b>	

**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 September 30, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent											
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance as of January 1, 2019</b>	\$ 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 :											
Legal reserve appropriated	-	-	29,825	-	(29,825)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(239,364)	(239,364)	-	-	(239,364)	-	(239,364)
Profit	-	-	-	-	442,514	442,514	-	-	442,514	(11,533)	430,981
Other comprehensive income (loss)	-	-	-	-	-	-	(175,758)	-	(175,758)	(229)	(175,987)
Total comprehensive income (loss)	-	-	-	-	442,514	442,514	(175,758)	-	266,756	(11,762)	254,994
Shares issued due to stock option executed	1,840	15,754	-	-	-	-	-	-	17,594	-	17,594
Purchase of treasury shares	-	-	-	-	-	-	-	(243,432)	(243,432)	-	(243,432)
Disposal of treasury shares	-	-	-	-	-	-	-	93,783	93,783	-	93,783
Share-based payment transactions	-	26,771	-	-	-	-	-	-	26,771	-	26,771
<b>Balance as of September 30, 2019</b>	<b>\$ 1,056,308</b>	<b>2,674,919</b>	<b>339,499</b>	<b>-</b>	<b>1,789,280</b>	<b>2,128,779</b>	<b>(171,665)</b>	<b>(149,649)</b>	<b>5,538,692</b>	<b>17,747</b>	<b>5,556,439</b>
<b>Balance as of January 1, 2020</b>	\$ 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 :											
Legal reserve appropriated	-	-	63,832	-	(63,832)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	345,229	(345,229)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(387,641)	(387,641)	-	-	(387,641)	-	(387,641)
Profit	-	-	-	-	474,416	474,416	-	-	474,416	(7,704)	466,712
Other comprehensive income (loss)	-	-	-	-	-	-	(76,943)	-	(76,943)	(129)	(77,072)
Total comprehensive income (loss)	-	-	-	-	474,416	474,416	(76,943)	-	397,473	(7,833)	389,640
Shares issued due to stock option executed	1,770	14,567	-	-	-	-	-	-	16,337	-	16,337
Disposal of treasury shares	-	-	-	-	-	-	-	75,044	75,044	-	75,044
Share-based payment transactions	-	3,174	-	-	-	-	-	-	3,174	-	3,174
<b>Balance as of September 30, 2020</b>	<b>\$ 1,067,018</b>	<b>2,770,908</b>	<b>403,331</b>	<b>345,229</b>	<b>1,662,795</b>	<b>2,411,355</b>	<b>(422,173)</b>	<b>(74,605)</b>	<b>5,752,503</b>	<b>11,831</b>	<b>5,764,334</b>

**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 Nine Months Ended September 30, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>From January to September, 2020</b>	<b>From January to September, 2019</b>
<b>Cash flows from operating activities :</b>		
Profit before tax	\$ 604,771	461,746
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	363,099	457,955
Amortization expense	1,593	3,169
Expected credit loss for bad debt expense	1,190	4,466
Net loss on financial assets and liabilities at fair value through profit or loss	103,883	24,356
Interest expense	48,832	45,808
Interest income	(121,382)	(92,036)
Share-based payments	3,174	26,771
Property, plant and equipment transferred to expenses	246	-
Loss (gain) on disposal of property, plan and equipment	1,860	(5,221)
Rent concessions (recognized as other income)	(1,719)	-
Total adjustments to reconcile profit (loss)	400,776	465,268
Changes in operating assets and liabilities :		
Changes in operating assets :		
Contract assets	66,222	(12,969)
Notes receivable	710	12,489
Accounts receivable	70,256	(102,559)
Accounts receivables — related parties	39,637	258,537
Other receivables	110,738	95,102
Inventories	(3,206)	131,602
Prepayments	(154,178)	85,910
Other current assets	4,934	1,107
Total changes in operating assets	135,113	469,219
Changes in operating liabilities :		
Accounts payable	39,131	(180,754)
Accounts payable — related parties	197	77
Other payable	(7,991)	(16,292)
Other payable — related parties	(13,624)	1,094
Other current liabilities	16,860	19,489
Long-term deferred income	20,154	10,035
Total changes in operating liabilities	54,727	(166,351)
Total changes in operating assets and liabilities	189,840	302,868
Total adjustments	590,616	768,136
Cash inflow generated from operations	1,195,387	1,229,882
Interest received	119,312	92,101
Interest paid	(27,339)	(22,035)
Income taxes refund (paid)	(28,694)	5,651
<b>Net cash flows from (used in) operating activities</b>	<b>1,258,666</b>	<b>1,305,599</b>
<b>Cash flows from (used in) investing activities :</b>		
Acquisition of financial assets at fair value through profit or loss	-	(571,513)
Acquisition of property, plant and equipment	(222,195)	(1,065,240)
Proceeds from disposal of property, plant and equipment	24,453	32,786
Increase in guarantee deposits paid	(2,998)	(986)
Increase in prepayments for business facilities	(827)	(20,069)
<b>Net cash flows from (used in) investing activities</b>	<b>(201,567)</b>	<b>(1,625,022)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	4,878,371	5,634,092
Decrease in short-term loans	(4,473,764)	(4,722,218)
Decrease in guarantee deposits received	(510)	(137)
Payments of lease liabilities	(18,758)	(8,497)
Cash dividends paid	(387,641)	(239,364)
Shares issued due to stock option executed	16,337	17,594
Payments to acquire treasury shares	-	(243,432)
Disposal of treasury shares	75,044	93,783
<b>Net cash flows from (used in) financing activities</b>	<b>89,079</b>	<b>531,821</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(58,002)</b>	<b>(109,342)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,088,176</b>	<b>103,056</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,386,315</b>	<b>5,293,307</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 7,474,491</b>	<b>5,396,363</b>

**See accompanying notes to consolidated financial statements**

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

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**ShunSin Technology Holdings Limited and Its Subsidiaries**  
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**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 Approval dates 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 November 10, 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.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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



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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

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

(3) 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:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”	January 1, 2021

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What may be relevant to the Group are as follows :

<b>Issue date</b>	<b>New or Amended Standards</b>	<b>Main revision contents</b>
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 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:

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Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2020.9.30	2019.12.31	2019.9.30
The Company	ShunSin Technology Holdings Limited (HongKong) (hereinafter referred to ShunSin (HongKong))	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, Vietnam) Limited (hereinafter referred to as ShunSin (Ha Noi))	Optical transceivers manufacturing	100.00% (Note 1)	100.00% (Note 1)	- %
The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	100.00% (Note 2)	- %	- %
The Company	ShunYun Technology Holdings Limited (hereinafter referred to ShunYun (Cayman))	Holding Company	100.00% (Note 3)	- %	- %
ShunSin (Samoa)	ShunSin (HongKong)	Holding Company	9.85%	9.85%	9.85%
ShunSin (HongKong)	ShunSin Technology (Zhongshan) 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 (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation equipment	55.00% (Note 4)	55.00%	55.00%

Note 1: 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 ratio is 100%.

Note 2: ShunSin (Bac Giang) was registered on May 8, 2020 in Bac Giang, Vietnam. The authorized capital is US\$ 40,000 thousand. The Company invested total US\$ 40,000 thousand on May 13 and July 15, 2020, shareholding ratio is 100%.

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Note 3: ShunYun (Cayman) was registered on July 15, 2020 in Cayman Islands. The authorized capital is US\$ 40,000 thousand. The Company has not invested funds as of November 10, 2020, and the expected shareholding ratio is 100%.

Note 4: Talentek (Hefei) was approved by shareholders' meeting on October 6, 2020 to increase its capital by RMB 23,273 thousand in cash. ShunSin (Zhongshan) invested RMB 20,000 thousand on October 15, 2020, the expected shareholding ratio will be increased from 55% to 63.65%. The actual shareholding ratio is 66.25% according to invested capital, because several shareholders have not invested funds yet as of November 10, 2020.

Subsidiaries not included in the consolidated financial report: None.

**(3) Government subsidies**

When the Group receives government subsidies related to business activities, the unconditional subsidies are recognized as a deduction of expenses. Government subsidies to compensate the expenses or losses incurred by the merged company are recognized in the profit and loss on a systematic basis and related expenses at the same reporting period.

**(4) Income tax**

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 based on the preparing standards and IAS 34 "Interim Financial Reporting", the management has to make judgements, estimations, and assumptions, 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.

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(1) Cash and cash equivalents

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Current deposit	\$ 4,530,142	3,618,592	3,662,675
Times deposit	2,944,349	2,767,723	1,733,688
Cash and cash equivalents as shown in the consolidated cash flow statement	<b><u>\$ 7,474,491</u></b>	<b><u>6,386,315</u></b>	<b><u>5,396,363</u></b>

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

(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 on September 30, 2020 and December 31, 2019 are as follows:

Forward foreign exchange contract:

<b>2020.9.30</b>				
	<b>Contract amount</b>	<b>Currency</b>	<b>Period</b>	<b>Fair value asset (Liability)</b>
Sell forward foreign exchange	USD 15,000	USD to RMB	2020.12.10	<b><u>\$ 1,517</u></b>

  

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

B. Non-current

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
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	-	-	11,700
Stocks of foreign unlisted companies	64,096	-	-
Private fund	<u>370,526</u>	<u>476,151</u>	<u>505,716</u>

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**\$ 434,622      478,401      517,416**

ShunSin (Zhongshan), a subsidiary of the Group, invested RMB 15,000 thousand in Lansus Technologies Inc. and RMB 125,000 thousand in Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership) respectively, in order to strengthen customer relationship, strive for future packaging business in mainland China, 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.

(3) Notes receivable and accounts receivable:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Notes receivable	\$ -	710	615
Accounts receivable	473,703	544,416	613,452
Accounts receivable-related party	531,855	571,492	531,160
Less: loss allowance	(14,535)	(13,802)	(4,492)
	<b><u>\$ 991,023</u></b>	<b><u>1,102,816</u></b>	<b><u>1,140,735</u></b>

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

The Group uses the simplified method of estimating the anticipated credit loss for all notes receivable and accounts receivable, that is to say, the Group estimates anticipated credit losses based on the duration of those. In order to measure the abovementioned, the Group categorized its clients based on common credit risk about the ability to pay off the due amount, considered foresighted information which includes information on the overall economy and related industries.

The anticipated credit loss of notes receivable and accounts receivable of the Group on September 30, 2020, December 31, 2019 and September 30, 2019, are analyzed as follows:

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	<b>2020.9.30</b>		
	<b>Book value of notes receivable and accounts receivable</b>	<b>Weighted average anticipated credit loss rate (%)</b>	<b>Provision against anticipated credit losses during the continuance of existence</b>
Not overdue	\$ 967,189	-	-
Past due 1-30 days	22,018	-	-
Past due 31-60 days	265	-	-
Past due 91-120 days	1,551	-	-
	<b><u>\$ 991,023</u></b>		<b><u>-</u></b>

The Group has recognized whole amount of \$14,535 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

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

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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	2019.9.30		
	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	\$ 1,082,090	-	-
Past due 1-30 days	48,088	-	-
Past due 31-60 days	30	-	-
	\$ 1,130,208		-

The Group has recognized credit loss amount of \$4,492 thousand toward the accounts receivable amounting to \$15,019 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:

	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Opening balance	\$ 13,802	-
Recognized loss allowance	1,190	4,466
Exchange gain (loss)	(457)	26
Ending balance	<b><u>\$ 14,535</u></b>	<b><u>4,492</u></b>

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

(4) Other receivables

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Other receivables	<b><u>\$ 15,345</u></b>	<b><u>129,224</u></b>	<b><u>18,892</u></b>

Other receivables of the Group were not overdue on September 30, 2020, December 31, 2019 and September 30, 2019.



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(5) Inventories

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Raw materials	\$ 308,121	290,640	332,592
Work-in-process	16,571	22,380	16,709
Finished products (including semi-finished products)	12,575	21,041	20,637
	<b><u>\$ 337,267</u></b>	<b><u>334,061</u></b>	<b><u>369,938</u></b>

Operating costs recognized by the Group:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Cost of selling inventories	\$ 840,562	1,004,459	2,396,059	3,465,081
Loss allowance for inventory valuation losses and slow-moving inventories	2,292	1,850	13,371	18,192
Revenue from sale of scraps	-	-	(2,740)	(693)
	<b><u>\$ 842,854</u></b>	<b><u>1,006,309</u></b>	<b><u>2,406,690</u></b>	<b><u>3,482,580</u></b>

As of September 30, 2020, December 31, 2019 and September 30, 2019, the inventory of the Group has not been provided as a pledge guarantee.

(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 September 30, 2020 and 2019 are as follows:

	<b>Housing and building</b>	<b>Machinery and equipment</b>	<b>Office equipment (including computer communication equipment)</b>	<b>Inspection equipment</b>	<b>Other equipment</b>	<b>Lease improvement</b>	<b>Unfinished construction and equipment to be inspected</b>	<b>Total</b>
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	-	85,490	32	21,679	37,912	-	95,176	240,289
Disposal	-	(211,941)	(284)	(103,350)	(8,808)	-	-	(324,383)
Re-classification	-	9,428	-	1,269	14,319	-	(5,778)	19,238
Exchange rate changes	(3,014)	(15,815)	(367)	(5,922)	(2,865)	(262)	(3,365)	(31,610)
Balance as of September 30, 2020	<b><u>\$ 479,644</u></b>	<b><u>2,583,811</u></b>	<b><u>63,928</u></b>	<b><u>913,226</u></b>	<b><u>390,192</u></b>	<b><u>45,856</u></b>	<b><u>727,370</u></b>	<b><u>5,204,027</u></b>
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	-	76,368	356	41,940	15,713	-	255,125	389,502
Disposal	-	(61,821)	(399)	(41,585)	(54)	-	-	(103,859)

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Re-classification	-	35,767	-	15,826	29,672	-	(81,265)	-
Exchange rate changes	(9,816)	(54,773)	(1,311)	(20,857)	(7,564)	(938)	(12,981)	(108,240)
Balance as of September 30, 2019	<b>\$ 492,890</b>	<b>2,773,981</b>	<b>65,945</b>	<b>1,031,688</b>	<b>352,876</b>	<b>47,095</b>	<b>581,498</b>	<b>5,345,973</b>
Accumulated 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	19,697	175,568	5,718	106,288	31,042	3,668	-	341,981
Disposal	-	(194,039)	(284)	(95,201)	(8,389)	-	-	(297,913)
Exchange rate changes	(1,115)	(11,087)	(295)	(3,511)	(1,412)	(54)	-	(17,474)
Balance as of September 30, 2020	<b>\$ 222,145</b>	<b>1,893,398</b>	<b>59,188</b>	<b>624,444</b>	<b>258,115</b>	<b>14,346</b>	<b>-</b>	<b>3,071,636</b>
Balance as of January 1, 2019	\$ 184,420	1,786,661	48,526	505,286	150,474	5,560	-	2,680,927
Depreciation	20,920	212,983	6,248	125,527	80,679	4,380	-	450,737
Disposal	-	(61,821)	(399)	(14,020)	(54)	-	-	(76,294)
Exchange rate changes	(4,227)	(38,895)	(1,121)	(13,207)	(5,351)	(240)	-	(63,041)
Balance as of September 30, 2019	<b>\$ 201,113</b>	<b>1,898,928</b>	<b>53,254</b>	<b>603,586</b>	<b>225,748</b>	<b>9,700</b>	<b>-</b>	<b>2,992,329</b>
Carrying amount: :								
Balance as of January 1, 2020	<b>279,095</b>	<b>793,693</b>	<b>10,498</b>	<b>382,682</b>	<b>112,760</b>	<b>35,386</b>	<b>641,337</b>	<b>2,255,451</b>
Balance as of September 30, 2020	<b>\$ 257,499</b>	<b>690,413</b>	<b>4,740</b>	<b>288,782</b>	<b>132,077</b>	<b>31,510</b>	<b>727,370</b>	<b>2,132,391</b>
Balance as of September 30, 2019	<b>\$ 291,777</b>	<b>875,053</b>	<b>12,691</b>	<b>428,102</b>	<b>127,128</b>	<b>37,395</b>	<b>581,498</b>	<b>2,353,644</b>

**(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:

	<b>Land</b>	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
Cost:				
Balance as of January 1, 2020	\$ 39,253	54,982	5,595	99,830
Acquisition	-	41,742	3,773	45,515
Decrease(contract expired)	-	-	(2,438)	(2,438)
Exchange rate changes	(223)	(3,334)	(29)	(3,586)
Balance as of September 30, 2020	<b>\$ 39,030</b>	<b>93,390</b>	<b>6,901</b>	<b>139,321</b>
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	(798)	(198)	(114)	(1,110)
Balance as of September 30, 2019	<b>\$ 40,086</b>	<b>9,935</b>	<b>5,714</b>	<b>55,735</b>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2020	\$ 1,372	5,405	2,724	9,501
Depreciation	1,021	18,068	2,029	21,118
Decrease(contract expired)	-	-	(2,438)	(2,438)
Exchange rate changes	(6)	(346)	(16)	(368)
Balance as of September 30, 2020	<b>\$ 2,387</b>	<b>23,127</b>	<b>2,299</b>	<b>27,813</b>

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Balance as of January 1, 2019	\$	-	-	-	-
Retrospective application of new standard adjustments		-	-	-	-
Balance as of January 1, 2019 after adjustment		-	-	-	-
Depreciation		1,084	3,983	2,151	7,218
Exchange rate changes		(33)	(119)	(65)	(217)
Balance as of September 30, 2019	<b>\$</b>	<b>1,051</b>	<b>3,864</b>	<b>2,086</b>	<b>7,001</b>
Carrying amount:					
January 1, 2020	<b>\$</b>	<b>37,881</b>	<b>49,577</b>	<b>2,871</b>	<b>90,329</b>
September 30, 2020	<b>\$</b>	<b>36,643</b>	<b>70,263</b>	<b>4,602</b>	<b>111,508</b>
September 30, 2019	<b>\$</b>	<b>39,035</b>	<b>6,071</b>	<b>3,628</b>	<b>48,734</b>

(8) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to September 30, 2020 and 2019 are as follows:

	<b>Cost of computer software</b>
Cost:	
Balance as of January 1, 2020	\$ 20,061
Impact of exchange rate changes	(114)
Balance as of September 30, 2020	<b>\$ 19,947</b>
Balance as of January 1, 2019	\$ 20,229
Impact of exchange rate changes	(395)
Balance as of September 30, 2019	<b>\$ 19,834</b>
Amortization and impairment losses:	
Balance as of January 1, 2020	\$ 17,146
Amortization	1,593
Impact of exchange rate changes	(94)
Balance as of September 30, 2020	<b>\$ 18,645</b>
Balance as of January 1, 2019	\$ 13,825
Amortization	3,169
Impact of exchange rate changes	(365)
Balance as of September 30, 2019	<b>\$ 16,629</b>
Carrying amount:	
Balance as of January 1, 2020	<b>\$ 2,915</b>

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Balance as of September 30, 2020	<u><u>\$ 1,302</u></u>
Balance as of September 30, 2019	<u><u>\$ 3,205</u></u>

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

	From July to September 2020	From July to September 2019	From January to September 2020	From January to September 2019
Operating costs	\$ 125	211	393	687
Operating expenses	271	773	1,200	2,482
	<u><u>\$ 396</u></u>	<u><u>984</u></u>	<u><u>1,593</u></u>	<u><u>3,169</u></u>

(9) Short-term loans

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

	2020.9.30	2019.12.31	2019.9.30
Unsecured bank loans	<u><u>\$ 3,426,849</u></u>	<u><u>3,022,229</u></u>	<u><u>2,546,895</u></u>
Line of credit	<u><u>\$ 2,666,095</u></u>	<u><u>2,879,756</u></u>	<u><u>2,837,962</u></u>
Interest rate range (%)	<u><u>0.80~3.9</u></u>	<u><u>0.70~2.43</u></u>	<u><u>0.81~3.30</u></u>

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

(10) Long-term loans

The Group's has used \$840,000 thousands of its line of credit from October 29 to November 9, 2020, the amount of unused is \$3,060,000 thousands. Please refer to note 6 (10) in the consolidated financial report of 2019 for relative information.

From October 2020, the Group has started to use long-term loans. According to the contract, the amount deposited into the joint loan interest custody account as loan guarantee is \$8,000 thousands.

(11) Convertible bonds payable

	2020.9.30	2019.12.31	2019.9.30
The total amount of convertible bonds issued	\$ 1,500,000	1,500,000	1,500,000
Less: amount of discount on issuing convertible bonds	142,650	142,650	142,650
Underwriting expenses	<u>7,294</u>	<u>7,294</u>	<u>7,294</u>

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Compound present value of bonds converted at issuance	1,350,056	1,350,056	1,350,056
Amortization of Company debt payable at discount	78,782	56,172	48,714
Cost of convertible bonds issue at premium	7,500	7,500	7,500
Ending balance of convertible bonds payable	<u><u>\$ 1,436,338</u></u>	<u><u>1,413,728</u></u>	<u><u>1,406,270</u></u>

During January 1 to September 30, 2020 and 2019, the Group did not issue, repurchase, or pay off the bonds, please refer to note 6 (11) in the consolidated financial report of 2019 for relative information.

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Initial balance of embedded derivative financial commodity (put and call)	\$ 2,250	(22,800)	(22,800)
Valuation gains (losses) in the current period	(3,900)	25,050	16,500
	<u><u>\$ (1,650)</u></u>	<u><u>2,250</u></u>	<u><u>(6,300)</u></u>

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

	<u>From January to September 2020</u>	<u>From January to September 2019</u>
Closing balance (Initial balance)	<u><u>\$ 129,000</u></u>	<u><u>129,000</u></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 because 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 is not necessarily required to fully paid off in one year.

(12) Lease Liability

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Current	<u><u>\$ 32,980</u></u>	<u><u>20,462</u></u>	<u><u>6,206</u></u>
Non-current	<u><u>\$ 40,687</u></u>	<u><u>31,413</u></u>	<u><u>1,200</u></u>

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

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Amounts recognized in profit or loss are as follows:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Interest expense from lease liabilities	<u>\$ 409</u>	<u>131</u>	<u>1,001</u>	<u>485</u>
Non-current	<u>\$ 4,731</u>	<u>4,278</u>	<u>16,381</u>	<u>8,986</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 9</u>	<u>-</u>	<u>21</u>	<u>-</u>
Covid-19-related rent concessions (recognized as other income)	<u>\$ -</u>	<u>-</u>	<u>1,719</u>	<u>-</u>

Amounts recognized in cash flow statement are as follows:

	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Total cash used in operating activity	\$ 17,403	9,471
Total cash used in financing activity	18,758	8,497
Total cash used in lease	<u>\$ 36,161</u>	<u>17,968</u>

**A. Lease of buildings and constructions**

The Group leases buildings and constructions to be factories, the leasing periods are usually 2 to 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 3 to 4 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 September 30, 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:

<b>From July to</b>	<b>From July to</b>	<b>From January to</b>	<b>From January to</b>
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	September 2020	September 2019	September 2020	September 2019
Operating costs	\$ 9,370	9,263	19,414	26,092
Operating expenses	3,598	4,119	8,332	12,362
	<b><u>\$ 12,968</u></b>	<b><u>13,382</u></b>	<b><u>27,746</u></b>	<b><u>38,454</u></b>

(14) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to September 30, 2020 and 2019 are as follows:

	From July to September 2020	From July to September 2019	From January to September 2020	From January to September 2019
Current				
Current period	\$ 7,738	-	10,916	-
Adjustment of previous period	-	-	1,291	-
	<u>7,738</u>	<u>-</u>	<u>12,207</u>	<u>-</u>
Deferred income tax expenses				
Occurrence and reversal of temporary differences	<u>55,598</u>	<u>36,162</u>	<u>125,852</u>	<u>30,765</u>
Income tax expense	<b><u>\$ 63,336</u></b>	<b><u>36,162</u></b>	<b><u>138,059</u></b>	<b><u>30,765</u></b>

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 2019. ShunSin (HongKong) is required by local laws and regulations to declare any taxable income (if any). According to this regulation, ShunSin (HongKong)'s profit-seeking enterprise annual income tax return has been processed by the taxation authority to the tax application form till 2011. ShunSin (Ha Noi) and ShunSin (Bac Giang) were set up respectively in 2019 and 2020 and have not declared for profit-making business income tax yet. The income tax return of the Company's Taiwan Branch has been approved by the taxation authorities through 2018.

(15) Capital and other equities

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The Group has no significant changes in capital and other equity in the period of January 1 to September 30 for 2020 and 2019, except for the following. Please refer to note 6 (16) in the consolidated financial report of 2019 for relative information.

**A. Capital surplus**

The capital surplus balance of the Company is as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Share premium	\$ 2,601,417	2,581,150	2,477,135
Employee stock option	40,491	43,017	68,784
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<b><u>\$ 2,770,908</u></b>	<b><u>2,753,167</u></b>	<b><u>2,674,919</u></b>

**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 as follows:

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

As of September 30, 2020 and 2019, all cash dividends have been paid.

Information for retained earnings distribution approved by Board of Directors and shareholders 2020 and 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 September 30, 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 September 30, 2020, the transferred shares are 1,982 thousand shares and the amount of repurchased shares is \$74,605 thousand.

**(16) Share-based payment**

The share-based payment of the Group from January 1 to September 30, 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

	<b>From January to September 2020</b>		<b>From January to September 2019</b>	
	<b>Weighted average performance price</b>	<b>Number of option</b>	<b>Weighted average performance price</b>	<b>Number of option</b>
Outstanding stock as of January 1	\$ 95.62	1,064	97.80	2,457
Grant quantity in current period	-	-	-	-
Quantity lost in current period	-	(101)	-	(275)
Quantity executed in current period	-	(177)	-	(184)
Overdue expiration of the current period	-	-	-	-
Outstanding stock as of September 30	92.30	<u><b>786</b></u>	95.62	<u><b>1,998</b></u>
Executable as of September 30	92.30	<u><b>786</b></u>	95.62	<u><b>1,998</b></u>

As of September 30, 2020, the weighted average expected remaining life of the employee's stock option plan is 0.29 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 September 30, 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 transferred treasury stock to employees in accordance with the approval by Board of Directors 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 September 30, 2020, 1,982 thousand shares were transferred and the Company has collected all the receivables of shares.

C. Expenses for employees

The expenses incurred by the Group from January 1 to September 30, 2020 due to the share-based payment are as follows:

<b>From January to September</b>	<b>From January to September</b>
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	<b>2020</b>	<b>2019</b>
Expense from employee stock option	\$ 3,174	15,959
Expense from treasury stock	-	10,812
Total	<u><u>\$ 3,174</u></u>	<u><u>26,771</u></u>

(17) Earnings per share

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

	Unit: 1,000 shares			
	From July to September 2020	From July to September 2019	From January to September 2020	From January to September 2019
<b>Basic earnings per share of the Company</b>				
Net profit for the current period	<u>\$ 277,033</u>	<u>268,181</u>	<u>474,416</u>	<u>442,514</u>
Weighted average number of outstanding shares	<u>105,762</u>	<u>103,296</u>	<u>105,124</u>	<u>103,200</u>
Basic earnings per share (NT\$)	<u>\$ 2.62</u>	<u>2.60</u>	<u>4.51</u>	<u>4.29</u>
<b>Diluted earnings per share of the Company</b>				
Net profit for the current period	\$ 277,033	268,181	474,416	442,514
The impact of potential common stocks with diluting effect				
Fair value assessment of embedded derivatives (such as trading rights)	(600)	(4,800)	3,900	(16,500)
Expected reduction in interest expense for convertible bonds conversion	7,577	7,417	22,610	22,135
Net profit for the current period (adjusted)	<u>\$ 284,010</u>	<u>270,798</u>	<u>500,926</u>	<u>448,149</u>
Weighted average number of outstanding shares	105,762	103,296	105,124	103,200
The impact of potential common stocks with diluting effect				
Employees' remuneration	347	184	665	287
The impact of employee stock options	245	359	205	60
The impact of convertible bonds	9,069	8,562	9,069	8,627
Weighted average number of outstanding shares	<u>115,423</u>	<u>112,401</u>	<u>115,063</u>	<u>112,174</u>
Diluted earnings per share (NT\$)	<u>\$ 2.46</u>	<u>2.41</u>	<u>4.35</u>	<u>4.00</u>

(18) Revenues from contract with customers

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A. Segmentation of income

	From July to September 2020	From July to September 2019	From January to September 2020	From January to September 2019
Major regional markets:				
Singapore	\$ 525,780	32,368	1,260,096	190,774
China	493,100	600,863	1,122,746	1,728,836
Taiwan	177,728	338,952	582,578	902,690
US	85,697	381,859	398,193	1,329,453
Malaysia	36,920	36,027	70,685	199,829
Other countries	3,464	848	6,064	2,007
	<u><u>\$ 1,322,689</u></u>	<u><u>1,390,917</u></u>	<u><u>3,440,362</u></u>	<u><u>4,353,589</u></u>

B. Balance of the contracts

	2020.9.30	2019.12.31	2019.9.30
Notes receivable	\$ -	710	615
Accounts receivable (including related party)	1,005,558	1,115,908	1,144,612
Less: Loss allowance	(14,535)	(13,802)	(4,492)
Total amount	<u><u>\$ 991,023</u></u>	<u><u>1,102,816</u></u>	<u><u>1,140,735</u></u>
Contract assets	<u><u>\$ 194,162</u></u>	<u><u>260,384</u></u>	<u><u>363,037</u></u>
Contract liabilities (recognized as other current liabilities)	<u><u>\$ 189</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The Group has assessed that there is no need to recognize loss allowance for contract assets as of September 30, 2020, December 31 and September 30, 2019.

The variation of contract liabilities comes from the difference between meeting performance obligations and payment timing of customers.

(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% of the profits of the current year for the profit sharing bonus of directors.

The Company accrued profit sharing bonus to employees from July 1 to September 30, 2020 and 2019, and from January 1 to September 30, 2020 and 2019 are \$8,680 thousand, \$0 thousand, \$33,680 thousand and \$21,563 thousand respectively, and \$232 thousand, \$0

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thousand, \$459 thousand and \$178 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 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. Interest income

Interest incomes of the Group are as follows:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Bank deposit interest	<u>\$ 46,927</u>	<u>33,945</u>	<u>121,382</u>	<u>92,036</u>

B. Other incomes

Other incomes of the Group are as follows:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Incomes from government subsidy	\$ 9,245	41,914	43,081	48,201
Rent concessions (recognized as other income)	-	-	1,719	-
Other incomes	<u>-</u>	<u>26,151</u>	<u>3,525</u>	<u>38,579</u>
Total amount of other incomes	<u>\$ 9,245</u>	<u>68,065</u>	<u>48,325</u>	<u>86,780</u>

C. Other profits and losses

Other profits and losses of Group are as follows:

<b>From July to</b>	<b>From July to</b>	<b>From January to</b>	<b>From January to</b>
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	September 2020	September 2019	September 2020	September 2019
Net profits (losses) of foreign currency\$ exchange	(19,353)	(468)	(22,895)	(14,326)
Profits (losses) from disposal of Property, plant and equipment	(4,862)	2,011	(1,860)	5,221
Profits (losses) from financial assets/liabilities at fair value through profit and loss	(15,567)	7,951	(103,883)	(24,356)
Other losses	(1,725)	(991)	(3,256)	(2,390)
	<u><u>\$ (41,507)</u></u>	<u><u>8,503</u></u>	<u><u>(131,894)</u></u>	<u><u>(35,851)</u></u>

**D. Financial costs**

The financial costs of Group are as follows:

	From July to September 2020	From July to September 2019	From January to September 2020	From January to September 2019
Interest expenses from bank loans	\$ 7,023	10,521	25,221	23,188
Interest expenses of convertible bonds	7,577	7,417	22,610	22,135
Interest expenses of lease liabilities	409	131	1,001	485
	<u><u>\$ 15,009</u></u>	<u><u>18,069</u></u>	<u><u>48,832</u></u>	<u><u>45,808</u></u>

**(21) Financial instruments**

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) Concentration of credit risk**

On September 30, 2020, December 31, 2019 and September 30, 2019, 85%, 84% and 87% 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

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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
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Short-term loans	\$ 3,426,849	3,426,849	3,426,849	-	-	-
Accounts payable (including related parties)	402,800	402,800	402,800	-	-	-
Other payables (including related parties)	435,407	435,407	435,407	-	-	-
Convertible bonds payable (including put rights)	1,437,988	1,500,000	1,500,000	-	-	-
Lease liabilities	73,667	76,163	34,654	33,963	7,546	-
Guarantee deposits received	924	924	368	-	428	128
	<b>\$ 5,777,635</b>	<b>5,842,143</b>	<b>5,800,078</b>	<b>33,963</b>	<b>7,974</b>	<b>128</b>
<b>December 31, 2019</b>						
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
	<b>\$ 5,034,476</b>	<b>5,123,486</b>	<b>3,591,710</b>	<b>16,089</b>	<b>1,515,128</b>	<b>559</b>
<b>September 30, 2019</b>						
Non-derivative financial liabilities						
Short-term loans	\$ 2,546,895	2,546,895	2,546,895	-	-	-
Accounts payable (including related parties)	410,031	410,031	410,031	-	-	-
Other payables (including related parties)	153,597	153,597	153,597	-	-	-
Convertible bonds payable (including put rights)	1,412,570	1,500,000	-	-	1,500,000	-
Lease liabilities	7,406	7,670	6,407	671	592	-
Guarantee deposits received	920	920	-	350	439	131
	<b>\$ 4,531,419</b>	<b>4,619,113</b>	<b>3,116,930</b>	<b>1,021</b>	<b>1,501,031</b>	<b>131</b>

**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:

2020.9.30			2019.12.31			2019.9.30		
Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$

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<u>Financial assets</u>									
<u>Monetary items</u>									
USD	38,307	29.1000	1,114,721	49,062	29.9810	1,470,926	52,396	31.0393	1,626,339
RMB	466,597	4.2719	1,993,255	535,677	4.3051	2,306,143	429,094	4.3518	1,867,330
Yen	533	0.2758	147	1,845,818	0.2760	509,446	637	0.2857	182
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	29,093	29.1164	847,085	43,233	29.6870	1,283,460	42,969	31.0401	1,333,779
Yen	7,393	0.2755	2,037	1,861,095	0.2755	512,782	23,993	0.2871	6,888

(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 September 30, 2020 and June 30, 2019, when the Taiwan dollar devalues by 0.25% against the US dollar, the Chinese Yuan and the Japanese Yen, while all other factors remain unchanged, the net profit before tax from January 1 to September 30, 2020 and 2019 will increase by approximately \$5,647 thousand and \$5,383 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 July 1 to September 30, 2020 and 2019, and from January 1 to September 30, 2020 and 2019 including realized and unrealized ones, are \$19,353 thousand, \$468 thousand, \$ 22,895 thousand and \$14,326 thousand, respectively.

D. Interest rate analysis

The time deposits and short term loans of the Company are fixed interest rates, which have no interest rate fluctuation risk. Therefore, it 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:

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<b>2020.9.30</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total amount</b>
		<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets - current	\$ 1,517	-	1,517	-	1,517
Non-listed foreign shares	64,096	-	-	64,096	64,096
Private equity fund	370,526	-	-	370,526	370,526
Subtotal	436,139	-	1,517	434,622	436,139
Financial assets measured at amortized costs					
Cash and cash equivalents	7,474,491	-	-	-	-
Contract assets	194,162	-	-	-	-
Notes receivable and accounts receivable	991,023	-	-	-	-
Other receivables	15,345	-	-	-	-
Guarantee deposits paid	13,806	-	-	-	-
Subtotal	8,688,827	-	-	-	-
Total amount	<b>\$ 9,124,966</b>	<b>-</b>	<b>1,517</b>	<b>434,622</b>	<b>436,139</b>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 1,650	-	1,650	-	1,650
Financial liabilities at amortized costs					
Bank loans	3,426,849	-	-	-	-
Accounts payable	402,800	-	-	-	-
Other payables	435,407	-	-	-	-
Convertible bond-liability component	1,436,338	-	-	-	-
Lease liabilities	73,667	-	-	-	-
Guarantee deposits received	924	-	-	-	-
Subtotal	5,775,985	-	-	-	-
Total amounts	<b>\$ 5,777,635</b>	<b>-</b>	<b>1,650</b>	<b>-</b>	<b>1,650</b>
<b>2019.12.31</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total amount</b>
		<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets - current	\$ 1,429	-	1,429	-	1,429
Derivative financial assets - 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	-	-	-	-



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Other receivables	129,224	-	-	-	-
Guarantee deposits paid	10,808	-	-	-	-
Subtotal	7,889,547	-	-	-	-
Total amount	<b>\$ 8,369,377</b>	-	<b>3,679</b>	<b>476,151</b>	<b>479,830</b>
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	<b>\$ 5,036,726</b>	-	-	-	-
<b>2019.9.30</b>					
<b>Fair value</b>					
	<b>Book value</b>	<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	<b>Total amount</b>
Financial assets at fair value through profit or loss					
Non-listed company shares	\$ 11,700	-	-	11,700	11,700
Private equity fund	505,716	-	-	505,716	505,716
Subtotal	517,416	-	-	517,416	517,416
Financial assets measured at amortized costs					
Cash and cash equivalents	\$ 5,396,363	-	-	-	-
Contract assets	363,037	-	-	-	-
Notes receivable and accounts receivable	1,140,735	-	-	-	-
Other receivables	18,892	-	-	-	-
Guarantee deposits paid	11,021	-	-	-	-
Subtotal	6,930,048	-	-	-	-
Total amount	<b>\$ 7,447,464</b>	-	-	<b>517,416</b>	<b>517,416</b>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - non - current	\$ 6,300	-	6,300	-	6,300
Financial liabilities at amortized costs					
Bank loans	2,546,895	-	-	-	-
Accounts payable	410,031	-	-	-	-
Other payables	153,597	-	-	-	-
Convertible bonds-liability component	1,406,270	-	-	-	-
Lease liabilities	7,406	-	-	-	-
Guarantee deposits received	920	-	-	-	-
Subtotal	4,525,119	-	-	-	-
Total amounts	<b>\$ 4,531,419</b>	-	<b>6,300</b>	-	<b>6,300</b>

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

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(I). Non-derivative financial instruments

The financial instrument held by the Group without an active market is an equity instrument or beneficiary certificate without open price, and its fair value is listed as the following by its kind and attributes:

(i) Equity instrument without open price

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) Beneficiary certificate without open price

The fair value is estimated using the asset method. Total value of the beneficiary certificate is determined by the value covered by it.

(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 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

	<b>From January to September 2020</b>		<b>From January to September 2019</b>	
	<b>Non-listed foreign company shares</b>	<b>Private equity fund</b>	<b>Non-listed company shares</b>	<b>Private equity fund</b>
Balance on January 1	\$ -	476,151	11,048	-
Add	64,096	-	-	571,513
Gains/ Losses:				
Recognized in gains/ losses	-	(102,709)	538	(44,182)
Change from exchange rate	-	(2,916)	114	(21,615)
Balance on September 30	<u>\$ 64,096</u>	<u>370,526</u>	<u>11,700</u>	<u>505,716</u>

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

(IV) Quantified information on significant unobservable inputs (Grade 3) used in fair

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value measurement

Main composition of fair value classified as Grade 3 of the Group is financial assets at fair value through profit or loss.

Investments in equity instruments classified as the Grade 3 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:

<b>Items</b>	<b>Evaluation technologies</b>	<b>Significant unobservable input value</b>	<b>The relationship between significant unobservable input values and fair value</b>
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"> <li>• Net value Ratio multiplier of stock price (5.81 on 2020.9.30)</li> <li>• Share price sales ratio multiplier (8.08 on 2020.9.30 and 1.78 on 2019.9.30)</li> <li>• Lack of market liquidity discounts (35% on 2020.9.30 and 20% on 2019.9.30)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>
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**

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			and losses	
	Input value	Move up or down	Favorable change	Unfavorable change
September 30,2020				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price-book ratio	5%	122	(122)
Equity instrument investment in non-active market	Price to sales ratio	5%	609	(609)
September 30,2019				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price to sales ratio	5%	990	(990)

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 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 September 30, 2020 and 2019 are shown in the following table:

Non-cash changes						
	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Changes in lease payments
2020.1.1						2020.9.30

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Short-term loans	\$ 3,022,229	404,607	-	13	-	-	-	3,426,849
Financial liabilities (assets) through profit or loss- Noncurrent	(2,250)	-	-	-	3,900	-	-	1,650
Convertible bonds payable	1,413,728	-	22,610	-	-	-	-	1,436,338
Lease liabilities	51,875	(18,758)	-	(3,246)	-	45,515	(1,719)	73,667
Total liabilities from financing activities	<u>\$ 4,485,582</u>	<u>385,849</u>	<u>22,610</u>	<u>(3,233)</u>	<u>3,900</u>	<u>45,515</u>	<u>(1,719)</u>	<u>4,938,504</u>

	Non-cash changes					2019.9.30
	2019.1.1	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	
Short-term loans	\$ 1,635,021	911,874	-	-	-	2,546,895
Financial liabilities (assets) through profit or loss- Noncurrent	22,800	-	-	-	(16,500)	6,300
Convertible bonds payable	1,384,135	-	22,135	-	-	1,406,270
Lease liabilities	15,961	(8,497)	-	(58)	-	7,406
Total liabilities from financing activities	<u>\$ 3,057,917</u>	<u>903,377</u>	<u>22,135</u>	<u>(58)</u>	<u>(16,500)</u>	<u>3,966,871</u>

## 7. Related party transactions

### (1) Parent company and ultimate controller

Foxconn (Far East) Limited is the parent company of the Group, holding 59.95%, 60.05% and 60.56% of the outstanding common shares of the Group as of September 30, 2020, December 31, 2019 and September 30, 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:

<b>Name of related parties</b>	<b>Relation with Group</b>
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

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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
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
Futaihua Industry (Shenzhen) 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
FUTAIJIE SCIENCE&TECHNOLOGY DEVELOPMENT (SHENZHEN) 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.

(3) Major transactions with related parties

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**A. Sales**

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

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Other related parties				
Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	199,476	1,015	947,476
Foxconn Interconnect Technology Limited	116,488	147,896	309,321	475,613
Triple Win Technology (ShenZhen) Co., Ltd.	437,063	361,644	995,602	702,847
Other related parties	<u>241</u>	<u>2,305</u>	<u>724</u>	<u>2,419</u>
	<u><b>\$ 553,792</b></u>	<u><b>711,321</b></u>	<u><b>1,306,662</b></u>	<u><b>2,128,355</b></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:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Other related parties	<u><b>\$ 10,790</b></u>	<u><b>2,950</b></u>	<u><b>43,633</b></u>	<u><b>21,860</b></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:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
Ultimate controller	\$ 995	1,708	4,436	5,201

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Triple Win Technology (ShenZhen) Co., Ltd.	-	14,269	-	42,771
	<u>\$ 995</u>	<u>15,977</u>	<u>4,436</u>	<u>47,972</u>

**D. Accounts receivable from related parties**

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

<b>Account items</b>	<b>Related-party categories</b>	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Accounts receivable	Other related parties			
	Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	101,345
	Foxconn Interconnect Technology Limited	109,862	128,766	146,785
	Triple Win Technology (ShenZhen) Co., Ltd.	421,908	442,640	282,854
	Others	85	86	176
		<u>\$ 531,855</u>	<u>571,492</u>	<u>531,160</u>

As of September 30, 2020, December 31, 2019 and September 30, 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:

<b>Account items</b>	<b>Types of related parties</b>	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Contract assets	Other related parties			
	Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	181,679
	Triple Win Technology (ShenZhen) Co., Ltd.	23,758	32,763	90,944
	Others	-	97	458
		<u>\$ 23,758</u>	<u>32,860</u>	<u>273,081</u>

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

**(a) 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:

	<b>From July to September 2020</b>	<b>From July to September 2019</b>	<b>From January to September 2020</b>	<b>From January to September 2019</b>
FuShiRui Precision Industry	\$ -	5,185	-	16,368



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(JinCheng) Co., Ltd.				
Foxcavity Precision Industry (ShenZhen) Co., Ltd.	10,874	-	10,874	-
Others	-	697	-	4,864
	<u>\$ 10,874</u>	<u>5,882</u>	<u>10,874</u>	<u>21,232</u>

(b) Proceeds from disposal of property, plant and equipment

The disposal of the real estate, plant and equipment to the Group of the related parties is summarized as follows:

<b>Types of related parties</b>	<b>From July to September 2020</b>		<b>From July to September 2019</b>	
	Disposal price	Disposal profit and loss	Disposal price	Disposal profit and loss
Other related parties	\$ -	-	-	-

<b>Types of related parties</b>	<b>From January to September 2020</b>		<b>From January to September 2019</b>	
	Disposal price	Disposal profit and loss	Disposal price	Disposal profit and loss
Other related parties	\$ -	-	727	187

As of September 30, 2019, the amount of selling equipment to other related parties have been fully received.

G. Payables to the related parties

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

<b>Account items</b>	<b>Types of related parties</b>	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Accounts payable	Other related parties	\$ 198	1	443
Other payables	Ultimate controller	14,805	11,742	10,210
	Other related parties			
	Foxcavity Precision Industry (ShenZhen) Co., Ltd.	11,655	1,528	1,913
	Others	4,418	21,479	19,396
		30,878	34,749	31,519
		<u>\$ 31,076</u>	<u>34,750</u>	<u>31,962</u>

(4) Remuneration of major management personnel

**From July      From July      From      From**

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	to September 2020	to September 2019	January to September 2020	January to September 2019
Short-term employee benefits	\$ 7,754	3,125	27,851	21,944
Post-retirement benefits	87	84	262	252
	<u>\$ 7,841</u>	<u>3,209</u>	<u>28,113</u>	<u>22,196</u>

**8. Pledged assets: None.**

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

**10. Major disaster losses: None.**

**11. Major subsequent events: None.**

**12. Others**

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

Functions	From July to September 2020			From July to September 2019		
Items	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	133,353	66,973	200,326	119,260	66,839	186,099
Health insurance expenses	1,904	1,719	3,623	1,612	1,872	3,484
Pension expenses	9,370	3,598	12,968	9,263	4,119	13,382
Other employee benefit expenses	19,502	5,655	25,157	12,207	4,361	16,568
Depreciation expenses	103,018	20,119	123,137	131,546	15,385	146,931
Amortization expenses	125	271	396	211	773	984

Functions	From January to September 2020			From January to September 2019		
Items	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	386,242	188,425	574,667	340,651	220,610	561,261
Health insurance expenses	3,988	4,463	8,451	4,976	4,799	9,775
Pension expenses	19,414	8,332	27,746	26,092	12,362	38,454
Other employee benefit expenses	46,058	15,136	61,194	32,245	12,831	45,076

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Depreciation expenses	313,920	49,179	363,099	410,879	47,076	457,955
Amortization expenses	393	1,200	1,593	687	2,482	3,169

(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 September 30, 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:

Unit: NT\$1,000

NO	Creditor	Borrower	General ledger account	Related party or not	Maximum outstanding balance at September 30, 2020	Balance at September 30, 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)	Talenteck	Other receivables	Y	32,694 (RMB 7,500)	32,039	32,039	3.45	2	-	Business operation	-	-	-	87,805 (Note 2)	351,219 (Note 2)
2	ShunSin (Samoa)	The Company	Other receivables	Y	688,880 (RMB 160,000)	683,504	620,974	-	2	-	Business operation	-	-	-	878,047 (Note 3)	878,047 (Note 3)

Note1: 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 \$878,047 thousands on September 30, 2020.

Note3: For entities in which the Company, directly or indirectly, owned 100% their shares, or, the entities' shares direct or indirectly owned by the Company, the amount available for financing shall not exceed 100% of net worth of lending company.

Note4: The aforementioned transactions between consolidated entities have been offset at the time of preparing consolidated financial statements.

### B. Endorsement/Guarantee provided:

No	Guarantor/Endorser	Party being guaranteed/endorsed		Limited on guarantees/endorsements provided for a single party (Note 2)	Maximum outstanding guarantee/endorsement amount as of September 30, 2020	Outstanding guarantee/endorsement amount as of September 30, 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 (note 2)	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 (note 1)										
1	ShunSin (Zhongshan)	ShunSin (Zhongshan)	1	4,465,300	21,796 (RMB5,000)	21,360 (RMB5,000)	21,360 (RMB5,000)	-	0.37%	8,930,600	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.

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C. Marketable securities held as of September 30, 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	Fair value	
ShunSin (Samoa)	Stocks: Dyna Image Corp.	—	Financial assets measured at fair value through profit or loss — non-current	540,000	-	14.53%	-	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Inc.	—	"	-	64,096	1.51%	64,096	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	370,526	9.09%	370,526	

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:

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	(1,052,824)	(48.86)%	4 months	-	-	28,682	6.15%	Note2
ShunSin (Zhongshan)	Triple Win Technology (ShenZhen) Co., Ltd.	Other related party	Sale	(995,602)	(46.20)%	4 months	-	-	421,908	90.46%	
The Company	Foxconn Interconnect Technology Limited	Other related party	Sale	(309,321)	(13.30)%	4 months	-	-	109,862	19.54%	

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	Companies that account for receivables	Relation	Related parties of receivables Balance of amounts	Turnover rate %	Overdue receivables of Related parties		Related parties of receivables Amount recovered after	Setting aside for allowance for bad debt
					Amount	Treatment		

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							the period(Note 2)	
ShunSin (Zhongshan)	Triple Win Technology (ShenZhen) Co., Ltd.	Other related party	Accounts receivable: 421,908	3.07	-		115,564	-
ShunSin (Zhongshan)	The Company	Parent company	Other receivable (Note 1): 1,287,120	-	-		29,099	-
ShunSin (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 700,385	-	-		-	-
ShunSin (Samoa)	The Company	Parent company	Other receivable (Note 1): 620,974	-	-		-	-
The Company	Foxconn Interconnect Technology Limited	Other related party	Accounts receivable: 109,862	3.46	-		29,419	-

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

Note 2: As of October 26, 2020.

I. Engaging in derivatives trading: Please refer to Note 6 (2) and (12) 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			
				Subject	Amount	Transaction conditions	Ratio to consolidated total operating income or total assets (Note 3)
0	The Company	ShunSin (Zhongshan)	1	Purchases	1,052,824	The price is based on the price agreed by both parties	30.56
0	"	"	1	Contract liability	177,324	Recognition by completion ratio	1.46
0	"	"	1	Other payables	1,287,120	Pay/receive on behalf, no general customers for comparison	10.57
0	"	ShunSin (Samoa)	1	Other payables	620,974	Capital Loan	5.10
1	ShunSin (Samoa)	ShunSin (Zhongshan)	3	Other payables	700,385	Pay/receive on behalf, no general customers for comparison	5.75

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:

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 September 30, 2020, is as follows (excluding the invested company in mainland China):

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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
				September 30,2020	September 30,2019	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hongkong)	Hongkong	Holding Company	2,589,284	2,589,284	678,808,240	90.15%	7,835,364 (note6)	527,183	474,964	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,928	287,928	9,510,000	100.00%	878,047	96,175	96,175	subsidiary
The Company	ShunSin (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	(note4)	(note4)	100.00%	144,382	(30,287)	(30,287)	subsidiary
The Company	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	(note5)	(note5)	100.00%	1,173,388	9,871	9,871	subsidiary
ShunSin (Samoa)	ShunSin (Hongkong)	Hongkong	Holding Company	287,622	287,622	74,183,976	9.85%	856,142	527,183	51,927	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 ratio is 100%. ShunSin (Ha Noi) does not issue shares due to it is limited corporation thus it has no shares.

Note 5: ShunSin (Bac Giang) was registered on May 5, 2020 in Bac Giang, Vietnam. The authorized capital is USD 40,000 thousand. The Company invested total USD 40,000 thousand on May 13, 2020 and July 15, 2020, shareholding ratio is 100%. ShunSin (Bac Giang) does not issue shares due to it is limited corporation thus it has no shares.

Note 6: The booking value of the investment NTD 7,835,364 thousand has deducted the unrealized gain on selling equipment NTD 292 thousand.

### (3) Information on investment in Mainland China:

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

Unit: NTS 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 September 30, 2020	Net income (losses) of investee	Percentage of ownership	Share of profits/ losses of investee (Note 2 and 3)	Carrying value as of September 30, 2020 (Note 2 and 3)	Accumulated inward remittance of earnings as of September 30, 2020
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of SiP products and other types of integrated circuits	3,030,692 (RMB722,637)	(2)	Note 4	Note 4	Note 4	Note 4	583,766 (RMB 136,896)	100.00%	583,766 (RMB 136,896)	8,930,600 (RMB2,089,958)	Note 4
Talenteck	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	(17,121) (RMB (4,015))	55.00%	(9,417) (RMB(2,208))	13,601 (RMB 3,183)	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 mainland China.
- (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 September 30, 2020 (exchange rate at closing period RMB: NTD = 1:4.2731, and the remainder is calculated at the average exchange rate (RMB: NTD = 1:4.2643)).

#### B. Investment limits in mainland China: Not applicable.

#### 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 September 30, 2020 (which were written off at the time of

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compiling the consolidated financial report), please refer to “Information on Major Transactions”.

(4) Information of major shareholders:

			Unit: Share
<b>Name of major shareholder</b>	<b>Shares</b>	<b>Number of shares held</b>	<b>Shareholding ratio</b>
Foxconn (Far East) Limited		63,964,800	59.95%

- (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 information on the opening of the shareholder's shareholding and delivery of the trust to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the 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 to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

#### **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.