

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY**

Consolidated Financial Statements

With Independent Auditors' Review Report

For three months ended of 2021 and 2020

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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 March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

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

Consolidated Balance Sheets

March 31 2021 、December 31 2020 and March 31 2020

Expressed in Thousands of New Taiwan Dollars

		2021.3.31		2020.12.31		2020.3.31				2021.3.31		2020.12.31		2020.3.31			
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%		
11xx	Current assets：							21xx	Current liabilities：								
1100	Cash and cash equivalents (note 6 (1))	\$	8,797,613	66	9,943,380	68	6,491,008	59	2100	Short-term loans (note 6 (10))	\$	3,013,672	23	4,513,883	31	2,642,410	24
1110	Current financial assets at fair value through profit or loss (note 6 (2) and (12))		-	-	13,607	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6 (2) and (12))		918	-	-	-	10,500	-
1137	Financial assets at amortized costs- current (note 6 (3) and (11) and 8)		52,117	-	-	-	-	-	2170	Accounts payable		319,637	2	319,494	2	354,547	3
1140	Current contract assets (note 6 (19) and 7)		137,748	1	188,071	1	329,334	3	2180	Accounts payable to related parties (note 7)		11,126	-	3,175	-	49	-
1170	Accounts receivable (note 6 (4) and (19))		361,664	3	394,033	3	407,827	4	2200	Other payables (note 6 (20))		547,488	4	534,213	4	347,932	3
1181	Accounts receivable—related parties (note 6 (4) 、(19) and 7)		445,055	3	701,751	5	286,552	2	2216	Dividend payable (note 6 (16))		-	-	-	-	387,641	4
1206	Other receivables (note 6 (5))		11,092	-	10,945	-	119,942	1	2220	Other payables to related parties (note 7)		34,785	-	38,454	-	29,480	-
1220	Current tax assets		9,062	-	11,513	-	5,210	-	2230	Current tax liabilities		54,846	1	31,553	-	20,712	-
1310	Inventories (note 6 (6))		362,056	3	325,196	2	360,712	3	2280	Current lease liabilities (note 6 (13))		35,543	-	32,598	-	16,537	-
1410	Prepayments		105,175	1	36,522	-	66,008	1	2321	Bonds payable, current portion (note 6 (12))		-	-	1,443,956	10	1,421,224	13
1470	Other current assets		3,120	-	2,044	-	1,512	-	2399	Other current liabilities, others (note 6 (19))		22,311	-	27,090	-	43,072	-
			10,284,702	77	11,627,062	79	8,068,105	73	25xx	Non-current liabilities：		4,040,326	30	6,944,416	47	5,274,104	47
15xx	Non-current assets：							2530	Bonds payable (note 6 (12))		1,451,614	11	-	-	-	-	
1510	Financial assets measured at fair value through profit or loss—non-current (note 6 (2) and (12))		430,141	3	446,000	3	425,067	4	2540	Long-term loans (note 6 (3) 、(11) and 8)		836,750	6	836,100	6	-	-
1535	Financial assets at amortized costs- non -current (note 6 (3) and (11) and 8)		8,000	-	8,000	-	-	-	2570	Deferred tax liabilities		518,886	4	520,289	4	425,629	4
1600	Property, plant and equipment (note 6 (7) and 7)		2,199,490	16	2,120,032	15	2,229,404	20	2580	Non-current lease liabilities (note 6 (13))		26,517	-	33,187	-	26,289	-
1755	Right-of-use assets (note 6 (8))		339,418	3	344,034	2	82,350	1	2630	Long-term deferred revenue		103,580	1	110,546	1	89,376	1
1780	Intangible assets (note 6 (9))		8,131	-	10,779	-	2,268	-	2645	Guarantee deposits received		809	-	1,118	-	1,177	-
1840	Deferred tax assets		140,471	1	115,075	1	249,552	2		Total liabilities		2,938,156	22	1,501,240	11	542,471	5
1915	Prepayments for business facilities		593	-	359	-	6,792	-	2xxx	Total equity attributable to owners of parent (note 6 (12) 、(16) and (17))：		6,978,482	52	8,445,656	58	5,816,575	52
1920	Guarantee deposits paid		12,536	-	12,540	-	15,821	-	31xx								
			3,138,780	23	3,056,819	21	3,011,254	27	3110	Ordinary share		1,074,648	8	1,072,558	7	1,065,248	10
									3200	Capital surplus		2,833,703	21	2,816,502	19	2,754,747	25
									3300	Retained earnings：							
									3310	Legal reserve		403,331	3	403,331	3	339,499	3
									3320	Special reserve		345,229	3	345,229	2	-	-
									3350	Unappropriated retained earnings		2,118,020	16	1,887,499	13	1,645,491	15
												2,866,580	22	2,636,059	18	1,984,990	18
									3400	Other equity interest：							
									3410	Exchange differences on translation of foreign financial statements		(293,857)	(2)	(253,000)	(2)	(410,685)	(4)
									3500	Treasury shares		(74,605)	(1)	(74,605)	-	(149,649)	(1)
										Total equity attributable to owners of parent		6,406,469	48	6,197,514	42	5,244,651	48
									36xx	Non-controlling interests		38,531	-	40,711	-	18,133	-
									3xxx	Total equity		6,445,000	48	6,238,225	42	5,262,784	48
1xxx	Total assets	\$	13,423,482	100	14,683,881	100	11,079,359	100	2-3xxx	Total liabilities and equity	\$	13,423,482	100	14,683,881	100	11,079,359	100

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

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

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For Three Months Ended March 31, 2021 and 2020

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

		From January to March 2021		From January to March 2020	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (19) and 7) :				
4110	Sales revenue	\$ 1,073,694	100	1,008,669	100
4190	Loss : Sales discounts and allowances	849	-	3,171	-
	Operating Revenue	1,072,845	100	1,005,498	100
5000	Operating costs (note 6 (6) 、(7) 、(8) 、(9) 、(13) 、(14) and 7)	686,120	64	746,391	74
5900	Gross profit from operations	386,725	36	259,107	26
6000	Operating expenses (note 6 (4) 、(7) 、(8) 、(9) 、(13) 、(14) 、(17) 、(19) 、(20) and 7) :				
6100	Selling expenses	9,808	1	7,939	-
6200	Administrative expenses	98,924	9	69,364	7
6300	Research and development expenses	80,255	8	68,318	7
	Total operating expenses	188,987	18	145,621	14
6900	Net operating profits	197,738	18	113,486	12
7000	Non-operating income and expenses (note 6 (12) 、(13) 、(21) and 7) :				
7100	Interest revenue	54,591	5	35,571	4
7010	Other income	19,540	2	13,444	1
7020	Other gains and losses	(21,774)	(2)	(69,421)	(7)
7050	Finance costs	(18,837)	(2)	(17,477)	(2)
	Total non-operating income and expenses	33,520	3	(37,883)	(4)
7900	Profit from continuing operations before tax	231,258	21	75,603	8
7950	Loss: Tax expense (note 6 (15))	3,127	-	28,959	3
8200	Profit	228,131	21	46,644	5
8300	Other comprehensive income :				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(40,647)	(4)	(65,579)	(7)
8399	Loss : Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income, net	(40,647)	(4)	(65,579)	(7)
8500	Total comprehensive income (loss)	\$ 187,484	17	(18,935)	(2)
	Profit, attributable to :				
8610	Owners of parent	\$ 230,342	21	48,051	5
8620	Non-controlling interests	(2,211)	-	(1,407)	-
		\$ 228,131	21	46,644	5
	Comprehensive income attributable to :				
8710	Owners of parent	\$ 189,485	17	(17,404)	(2)
8720	Non-controlling interests	(2,001)	-	(1,531)	-
		\$ 187,484	17	(18,935)	(2)
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (18))				
9750	Basic earnings per share	\$ 2.16		0.46	
9850	Diluted earnings per share	\$ 2.05		0.45	

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

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

Consolidated Statements of Changes in Equity

January 1 to March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance as of January 1, 2020	\$ 1,065,248	2,753,167	339,499	-	1,985,081	2,324,580	(345,230)	(149,649)	5,648,116	19,664	5,667,780
Appropriation and distribution of retained earnings :											
Cash dividends of ordinary share	-	-	-	-	(387,641)	(387,641)	-	-	(387,641)	-	(387,641)
Profit	-	-	-	-	48,051	48,051	-	-	48,051	(1,407)	46,644
Other comprehensive income (loss)	-	-	-	-	-	-	(65,455)	-	(65,455)	(124)	(65,579)
Total comprehensive income (loss)	-	-	-	-	48,051	48,051	(65,455)	-	(17,404)	(1,531)	(18,935)
Share-based payment transactions	-	1,580	-	-	-	-	-	-	1,580	-	1,580
Balance as of March 31, 2020	\$ 1,065,248	2,754,747	339,499	-	1,645,491	1,984,990	(410,685)	(149,649)	5,244,651	18,133	5,262,784
Balance as of January 1, 2021	\$ 1,072,558	2,816,502	403,331	345,229	1,887,499	2,636,059	(253,000)	(74,605)	6,197,514	40,711	6,238,225
Profit	-	-	-	-	230,342	230,342	-	-	230,342	(2,211)	228,131
Other comprehensive income (loss)	-	-	-	-	-	-	(40,857)	-	(40,857)	210	(40,647)
Total comprehensive income (loss)	-	-	-	-	230,342	230,342	(40,857)	-	189,485	(2,001)	187,484
Shares issued due to stock option executed	2,090	17,201	-	-	-	-	-	-	19,291	-	19,291
Changes in ownership interests in subsidiaries	-	-	-	-	179	179	-	-	179	(179)	-
Balance as of March 31, 2021	\$ 1,074,648	2,833,703	403,331	345,229	2,118,020	2,866,580	(293,857)	(74,605)	6,406,469	38,531	6,445,000

See accompanying notes to consolidated financial statements.

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

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

Consolidated Statements of Cash Flows
For Three Months Ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	From January to March, 2021	From January to March, 2020
Cash flows from operating activities :		
Profit before tax	\$ 231,258	75,603
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	135,580	121,935
Amortization expense	2,923	633
Net loss on financial assets and liabilities at fair value through profit or loss	15,363	61,855
Interest expense	18,837	17,477
Interest income	(54,591)	(35,571)
Share-based payments	-	1,580
Property, plant and equipment transferred to expenses	210	95
Loss (gain) on disposal and scrapping of property, plant and equipment	11	(189)
Total adjustments to reconcile profit (loss)	118,333	167,815
Changes in operating assets and liabilities :		
Changes in operating assets :		
Contract assets	50,323	(68,950)
Notes receivable	-	710
Accounts receivable	32,369	122,787
Accounts receivable—related parties	256,696	284,940
Other receivables	(158)	2,974
Inventories	(36,860)	(26,651)
Prepayments	(68,653)	36,544
Other current assets	(426)	5,178
Total changes in operating assets	233,291	357,532
Changes in operating liabilities :		
Accounts payable	143	(8,924)
Accounts payable—related parties	7,951	48
Other payable	(59,450)	(7,190)
Other payable—related parties	(2,089)	(4,880)
Other current liabilities	(4,779)	22,836
Long-term deferred income	(6,966)	(4,714)
Total changes in operating liabilities	(65,190)	(2,824)
Total changes in operating assets and liabilities	168,101	354,708
Total adjustments	286,434	522,523
Cash inflow generated from operations	517,692	598,126
Interest received	54,602	36,669
Interest paid	(11,420)	(10,225)
Income taxes paid	(3,997)	-
Net cash flows from (used in) operating activities	556,877	624,570
Cash flows from (used in) investing activities :		
Acquisition of financial assets at amortized costs	(52,530)	-
Acquisition of property, plant and equipment	(153,643)	(73,166)
Proceeds from disposal of property, plant and equipment	-	189
Decrease (Increase) in guarantee deposits paid	4	(5,013)
Acquisition of intangible assets	(308)	-
Increase in prepayments for business facilities	(234)	(6,197)
Net cash flows from (used in) investing activities	(206,711)	(84,187)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,204,212	650,368
Decrease in short-term loans	(2,704,423)	(1,030,187)
Increase (Decrease) in guarantee deposits received	(175)	341
Payments of lease liabilities	(9,406)	(7,599)
Shares issued due to stock option executed	19,291	-
Net cash flows from (used in) financing activities	(1,490,501)	(387,077)
Effect of exchange rate changes on cash and cash equivalents	(5,432)	(48,613)
Net (decrease) increase in cash and cash equivalents	(1,145,767)	104,693
Cash and cash equivalents at beginning of period	9,943,380	6,386,315
Cash and cash equivalents at end of period	\$ 8,797,613	6,491,008

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 Its Subsidiaries
Notes to Consolidated Financial Statements

1. History of the Company

ShunSin Technology Holdings Limited (formerly known as Amtec Holdings Limited, hereinafter referred to as “the Company”) was established in the Cayman Islands on January 8, 2008, and set up a branch in Taiwan on July 4, 2013. On 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 May 13, 2021.

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 Group’s adoption of the newly revised International Financial Reporting Standards from January 1, 2021, and it does not cause significant impact on consolidated financial report.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

- (2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements.

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions After June 30, 2021”

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

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

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

New or Amended Standards	Main revision contents	Effective date per IASB
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>	2023/1/1
Amendments to IAS 1 “Disclosure of Accounting Policies”	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	2023/1/1
Amendments to IAS 8 “Definition of Accounting Estimates”	<p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the target set out based on accounting policies.</p>	2023/1/1

The Group is evaluating the impact of its initial adoption of the above mentioned standards or

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

interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “sale or contribution of Assets Between an Investor and Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”」
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

4. Summary of Major Accounting Policies

The major accounting policies adopted in this consolidated financial report are the same as those in 2020, except for the following. Please refer to the note 4 in consolidated financial report of 2020 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 2020, please refer to note 4 (3) in consolidated financial report of 2020 for relative information.

Subsidiaries included in consolidated financial reports:

Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2021.3.31	2020.12.31	2020.3.31
The Company	ShunSin Technology Holdings Limited (Hong Kong) (hereinafter referred to ShunSin (Hong Kong))	Holding Company	91.03% (Note 1)	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	ShunYun Technology (Ha Noi,Vietnam)	Optical transceivers manufacturing	100.00%	100.00%	100.00%

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

	Limited(hereinafter referred to as ShunYun (Ha Noi)) (Note 2)				
The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	100.00%	100.00%	- %
The Company	ShunYun Technology Holdings Limited (hereinafter referred to as ShunYun (Cayman))	Holding Company	100.00% (Note 3)	100.00% (Note 3)	- %
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.97% (Note 1)	9.85%	9.85%
ShunSin (Hong Kong)	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 (Hong Kong)	ShunYun Technology (Zhongshan) Limited (hereinafter referred to as ShunYun (Zhongshan))	Optical transceivers manufacturing	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	66.18% (Note 4)	66.25% (Note 4)	55.00% (Note 4)

Note 1: The company increased its capital in ShunSin (Hong Kong) by US\$9.5 million on January 25, 2021, resulting in the company's shareholding ratio in ShunSin (Hong Kong) from 90.15% to 91.03%, while the shareholding ratio of ShunSin (Samoa) to ShunSin (Hong Kong) decreased from 9.85% to 8.97%.

Note 2: ShunSin Technology (Ha Noi, Vietnam) Limited was renamed as ShunYun Technology (Ha Noi, Vietnam) Limited on February 1, 2021, and the statutory change procedures have been completed.

Note 3: ShunYun (Cayman) was registered on July 13, 2020 in Cayman Islands. The authorized capital is US\$ 40,000 thousand. The Company has invested total US\$ 2,430 thousand as of May 12, 2021, and the 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 66.18% and 66.25% according to invested capital, because several shareholders have not invested funds yet as of March 31, 2021 and December 31, 2020.

Subsidiaries not included in the consolidated financial report: None.

(3) Income tax

The Group measured and disclose midterm income tax expense in accordance with the

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Guidelines 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 Guidelines 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 2020 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 2020. Please refer to note 6 of the consolidated financial report in 2020 for relative information.

(1) Cash and cash equivalents

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current deposit	\$ 6,225,988	7,477,843	4,530,568
Times deposit	2,571,625	2,465,537	1,960,440
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 8,797,613</u>	<u>9,943,380</u>	<u>6,491,008</u>

For the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets, please refer to note 6 (22) for details.

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

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A. Current			
	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Financial assets (liabilities) designated at fair value through profit and loss :			
Derivative financial assets (liabilities)			
Right to redeem and sell back bonds	\$ -	2,550	(10,500)
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
Forward foreign exchange contract	(918)	11,057	-
	<u>\$ (918)</u>	<u>13,607</u>	<u>(10,500)</u>

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 March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

Forward foreign exchange contract:

				<u>2021.3.31</u>	
		Contract amount	Currency	Period	Fair value asset (Liability)
Sell forward foreign exchange	USD	5,000	USD to RMB	2021.4.19	<u>\$ (918)</u>
				<u>2020.12.31</u>	
		Contract amount	Currency	Period	Fair value asset (Liability)
Sell forward foreign exchange	USD	15,000	USD to RMB	2021.1.28~2021.3.2	<u>\$ 11,057</u>

B. Non-current			
	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Financial assets designated at fair value through profit and loss:			
Derivative financial assets			
Right to redeem and sell back bonds	\$ 750	-	-
Non-derivative financial assets			
Stocks of foreign unlisted companies	65,147	65,472	-
Private fund	364,244	380,528	425,067
	<u>\$ 430,141</u>	<u>446,000</u>	<u>425,067</u>

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Please refer to note 6 (21) for the amount recognized as profit or loss in the fair value re-measurement.

(3) Financial assets at amortized costs

A. Current

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Restricted bank deposit	\$ <u>52,117</u>	<u>-</u>	<u>-</u>

ShunYun (Zhongshan), a subsidiary of the Group, applied to the customs for the qualification of import and export goods, guaranteed by ShunSin (Zhongshan) with customs deposit amounting to RMB 12,000 thousand (NTD 52,117 thousand).

B. Non-current

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Restricted bank deposit	\$ <u>8,000</u>	<u>8,000</u>	<u>-</u>

The Group started to use long-term loans in October, 2020. According to the contract, the amount of 8,000 thousand was deposited into the joint loan interest custody account.

The Group recognized as financial assets measured at amortized cost, whose intension is to hold the asset to maturity to collect contractual cash flow which is solely payment of principal and interest on the principal amount outstanding.

Please refer to note 8 for the details of customs deposit and collateral for long-term loans as of March 31, 2021 and December 31, 2020.

(4) Notes receivable and accounts receivable:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Accounts receivable	\$ 375,940	408,279	421,629
Accounts receivable-related party	445,055	701,751	286,552
Less: loss allowance	(14,276)	(14,246)	(13,802)
	<u>\$ 806,719</u>	<u>1,095,784</u>	<u>694,379</u>

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

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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 March 31, 2021, December 31, 2020 and March 31, 2020, are analyzed as follows:

2021.3.31			
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 759,539	-	-
Past due 1-30 days	45,689	-	-
Past due 31-60 days	1,481	-	-
Past due 61-90 days	4	-	-
Past due 91-120 days	<u>6</u>	-	<u>-</u>
	<u>\$ 806,719</u>		<u>-</u>

The Group has recognized whole amount of \$14,276 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

2020.12.31			
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,031,592	-	-
Past due 1-30 days	62,861	-	-
Past due 31-60 days	1,320	-	-
Past due 61-90 days	10	-	-
Past due 91-120 days	<u>1</u>	-	<u>-</u>
	<u>\$ 1,095,784</u>		<u>-</u>

The Group has recognized whole amount of \$14,246 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

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

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

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

	From January to March 2021	From January to March 2020
Opening balance	\$ 14,246	13,802
Exchange gain (loss)	30	-
Ending balance	<u>\$ 14,276</u>	<u>13,802</u>

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

(5) Other receivables

	2021.3.31	2020.12.31	2020.3.31
Other receivables	<u>\$ 11,092</u>	<u>10,945</u>	<u>119,942</u>

Other receivables of the Group were not overdue on March 31, 2021, December 31, 2020 and March 31, 2020.

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(6) Inventories

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Raw materials	\$ 323,330	292,040	325,526
Work-in-process	18,677	12,389	18,651
Finished products (including semi-finished products)	<u>20,049</u>	<u>20,767</u>	<u>16,535</u>
	<u>\$ 362,056</u>	<u>325,196</u>	<u>360,712</u>

Operating costs recognized by the Group:

	<u>From January to March 2021</u>	<u>From January to March 2020</u>
Cost of selling inventories	\$ 671,535	741,445
Loss allowance for inventory valuation losses and slow-moving inventories	16,479	7,260
Revenue from sale of scraps	<u>(1,894)</u>	<u>(2,314)</u>
	<u>\$ 686,120</u>	<u>746,391</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the inventory of the Group has not been provided as a pledge guarantee.

(7) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and equipment of the Group from January 1 to March 31, 2021 and 2020 are as follows:

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		Housing and building	Machinery and equipment	Office equipment (including computer communication equipment)	Inspection equipment	Other equipment	Lease improvement	Unfinished construction and equipment to be inspected	Total
Cost:									
Balance as of January 1, 2021	\$	489,937	2,664,726	68,702	943,932	435,249	46,989	727,759	5,377,294
Acquisition		91,790	90,175	8,667	13,013	3,373	-	18,011	225,029
Disposal		-	-	(120)	(415)	(168)	-	-	(703)
Re-classification		684,295	26,472	6,813	-	277	-	(718,067)	(210)
Exchange rate changes		(8,534)	(22,667)	(7,381)	(1,013)	(611)	(234)	1,850	(38,590)
Balance as of March 31, 2021	\$	1,257,488	2,758,706	76,681	955,517	438,120	46,755	29,553	5,562,820
Balance as of January 1, 2020	\$	482,658	2,716,649	64,547	999,550	349,634	46,118	641,337	5,300,493
Acquisition		-	29,078	32	4,239	1,158	-	52,436	86,943
Disposal		-	(1,699)	(94)	(5,775)	(4,225)	-	-	(11,793)
Re-classification		-	5,436	-	-	13,683	-	(474)	18,645
Exchange rate changes		(3,732)	(19,836)	(461)	(7,146)	(2,624)	(331)	(5,032)	(39,162)
Balance as of March 31, 2020	\$	478,926	2,729,628	64,024	990,868	357,626	45,787	688,267	5,355,126
Accumulated depreciation and impairment losses:									
Balance as of January 1, 2021	\$	233,636	1,987,704	62,131	674,620	283,262	15,909	-	3,257,262
Depreciation		6,634	59,424	1,691	36,273	19,558	1,265	-	124,845
Disposal		-	-	(120)	(404)	(168)	-	-	(692)
Exchange rate changes		(1,213)	(20,529)	(203)	2,971	979	(90)	-	(18,085)
Balance as of March 31, 2021	\$	239,057	2,026,599	63,499	713,460	303,631	17,084	-	3,363,330
Balance as of January 1, 2020	\$	203,563	1,922,956	54,049	616,868	236,874	10,732	-	3,045,042
Depreciation		6,635	59,039	1,939	35,904	10,700	1,237	-	115,454
Disposal		-	(1,699)	(94)	(5,775)	(4,225)	-	-	(11,793)
Exchange rate changes		(1,533)	(14,421)	(408)	(4,757)	(1,770)	(92)	-	(22,981)
Balance as of March 31, 2020	\$	208,665	1,965,875	55,486	642,240	241,579	11,877	-	3,125,722
Carrying amount: :									
Balance as of January 1, 2021		<u>256,301</u>	<u>677,022</u>	<u>6,571</u>	<u>269,312</u>	<u>151,987</u>	<u>31,080</u>	<u>727,759</u>	<u>2,120,032</u>
Balance as of March 31, 2021	\$	1,018,431	732,107	13,182	242,057	134,489	29,671	29,553	2,199,490
Balance as of March 31, 2020	\$	270,261	763,753	8,538	348,628	116,047	33,910	688,267	2,229,404

(8) 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:

		Land	Building	Vehicle	Total
Cost:					
Balance as of January 1, 2021	\$	282,271	92,396	7,049	381,716
Acquisition		-	3,646	2,290	5,936
Decrease (contract expired)		-	-	(1,493)	(1,493)
Exchange rate changes		198	20	(42)	176
Balance as of March 31, 2021	\$	282,469	96,062	7,804	386,335

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Balance as of January 1, 2020	\$	39,253	54,982	5,595	99,830
Acquisition		-	690	-	690
Exchange rate changes		(281)	(2,038)	(40)	(2,359)
Balance as of March 31, 2020	\$	38,972	53,634	5,555	98,161
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2021	\$	3,942	30,694	3,046	37,682
Depreciation		2,073	7,958	704	10,735
Decrease (contract expired)		-	-	(1,493)	(1,493)
Exchange rate changes		(3)	6	(10)	(7)
Balance as of March 31, 2021	\$	6,012	38,658	2,247	46,917
Balance as of January 1, 2020	\$	1,372	5,405	2,724	9,501
Depreciation		344	5,453	684	6,481
Exchange rate changes		(13)	(131)	(27)	(171)
Balance as of March 31, 2020	\$	1,703	10,727	3,381	15,811
Carrying amount:					
Balance as of January 1, 2021	\$	278,329	61,702	4,003	344,034
Balance as of March 31, 2021	\$	276,457	57,404	5,557	339,418
Balance as of March 31, 2020	\$	37,269	42,907	2,174	82,350

(9) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to March 31, 2021 and 2020 are as follows:

	Cost of computer software
Cost:	
Balance as of January 1, 2021	\$ 30,354
Acquisition	308
Impact of exchange rate changes	(153)
Balance as of March 31, 2021	\$ 30,509
Balance as of January 1, 2020	\$ 20,061
Impact of exchange rate changes	(144)
Balance as of March 31, 2020	\$ 19,917
Amortization and impairment losses:	
Balance as of January 1, 2021	\$ 19,575

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Amortization	2,923
Impact of exchange rate changes	<u>(120)</u>
Balance as of March 31, 2021	<u>\$ 22,378</u>
Balance as of January 1, 2020	\$ 17,146
Amortization	633
Impact of exchange rate changes	<u>(130)</u>
Balance as of March 31, 2020	<u>\$ 17,649</u>
Carrying amount:	
Balance as of January 1, 2021	<u>\$ 10,779</u>
Balance as of March 31, 2021	<u>\$ 8,131</u>
Balance as of March 31, 2020	<u>\$ 2,268</u>

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

	From January to March 2021	From January to March 2020
Operating costs	\$ 2,708	141
Operating expenses	<u>215</u>	<u>492</u>
	<u>\$ 2,923</u>	<u>633</u>

(10) Short-term loans

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

	110.3.31	109.12.31	109.3.31
Unsecured bank loans	<u>\$ 3,013,672</u>	<u>4,513,883</u>	<u>2,642,410</u>
Line of credit	<u>\$ 4,116,336</u>	<u>2,617,649</u>	<u>2,496,619</u>
Interest rate range (%)	<u>0.72~0.87</u>	<u>0.72~1.3</u>	<u>0.81~2.54</u>

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

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(11) Long-term loans

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

	2021.3.31	2020.12.31	2020.3.31
Bank loans	\$ 840,000	840,000	-
Less: deferred financing fee	(3,250)	(3,900)	-
Part due within one year	-	-	-
Total	<u>\$ 836,750</u>	<u>836,100</u>	<u>-</u>
Line of credit	<u>\$ 3,060,000</u>	<u>3,060,000</u>	<u>-</u>
Interest rate range (%)	<u>1.85</u>	<u>1.85</u>	
Maturity range	<u>111.12.26</u>	<u>111.12.26</u>	

The Group started to use long-term loans in October 2020. According to the contract, the amount deposited into the joint loan interest custody account is 8,000 thousand. Please refer to note 8 for more information on the collateral loans. And please refer to note 6 (11) in the consolidated financial report of 2020 for relative information.

In accordance with the provisions of the loan contract, the Group shall pay off the principal on the 36th month from the first use date, and shall repay the balance of the principal in five instalments every six months thereafter. Both the amount of long-term loans due within one year of the Group as of March 31, 2021 and December 31, 2020 is 0 thousand.

(12) Convertible bonds payable

	2021.3.31	2020.12.31	2020.3.31
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>
Compound present value of bonds converted at issuance	1,350,056	1,350,056	1,350,056
Amortization of Company debt payable at discount	94,058	86,400	63,668
Cost of convertible bonds issue at premium	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>
Ending balance of convertible bonds payable	<u>\$ 1,451,614</u>	<u>1,443,956</u>	<u>1,421,224</u>

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During January 1 to March 31, 2021 and 2020, the Group did not issue, repurchase, or pay off the bonds, please refer to note 6 (12) in the consolidated financial report of 2020 for relative information.

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

	2021.3.31	2020.12.31	2020.3.31
Initial balance of embedded derivative financial commodity (put and call)	\$ 2,550	2,250	2,250
Valuation gains (losses) in the current period	(1,800)	300	(12,750)
	\$ 750	2,550	(10,500)

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

	From January to March 2021	From January to March 2020
Closing balance (Initial balance)	\$ 129,000	129,000

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. Due to put right has expired, the expiration dates of First unsecured convertible bonds, which are February 12, 2023 and January 3, 2023, respectively. The Group reclassified the convertible bonds and current financial assets at fair value through profit or loss as non-current items.

(13) Lease Liability

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

	2021.3.31	2020.12.31	2020.3.31
Current	\$ 35,543	32,598	16,537
Non-current	26,517	33,187	26,289
Total	\$ 62,060	65,785	42,826

Please refer to note 6 (22) for analysis of expiration.

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Amounts recognized in profit or loss are as follows:

	From January to March 2021	From January to March 2020
Interest expense from lease liabilities	<u>\$ 483</u>	<u>326</u>
Expense of short-term lease	<u>\$ 22,814</u>	<u>7,426</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 8</u>	<u>3</u>

Amounts recognized in cash flow statement are as follows:

	From January to March 2021	From January to March 2020
Total cash used in operating activity	\$ 23,305	7,755
Total cash used in financing activity	9,406	7,599
Total cash used in lease	<u>\$ 32,711</u>	<u>15,354</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.

(14) Employee benefit

The pension expenses of the Group from January 1 to March 31, 2021 and 2020 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:

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	From January to March 2021	From January to March 2020
Operating costs	\$ 9,734	5,494
Operating expenses	4,535	2,686
	<u>\$ 14,269</u>	<u>8,180</u>

(15) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to March 31, 2021 and 2020 are as follows:

	From January to March 2021	From January to March 2020
Current		
Current period	\$ 30,114	4,067
Adjustment of previous period	(22)	-
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(26,965)	24,892
Income tax expense	<u>\$ 3,127</u>	<u>28,959</u>

B. Examination and approval of income tax

The Company 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. The income tax return of the Company's Taiwan Branch has been approved by the taxation authorities through 2018.

(16) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to March 31 for 2021 and 2020, except for the following. Please refer to note 6 (16) in the consolidated financial report of 2020 for relative information.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Company issued shares worth \$1,074,648 thousand, \$1,072,558 thousand and \$1,065,248 thousand with par value of \$10 for 107,465, 107,256 and 106,525 thousand ordinary shares respectively, and all outstanding shares were collected.

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A. Capital surplus

The capital surplus balance of the Company is as follows:

	2021.3.31	2020.12.31	2020.3.31
Share premium	\$ 2,689,050	2,665,140	2,581,150
Employee stock option	-	11,550	44,597
Employee stock option-expired	4,841	-	-
Treasury share transactions	10,812	10,812	-
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<u>\$ 2,833,703</u>	<u>2,816,502</u>	<u>2,754,747</u>

B. Retained earnings distribution

The Company's earnings distribution for 2020 and 2019 were decided by the shareholders' meeting on May 13, 2021 and March 25, 2020 respectively. The dividend distribution are as follows:

	2020	2019
Cash dividends	<u>\$ 440,212</u>	<u>387,641</u>

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

Information for retained earnings distribution approved by Board of Directors on May 13, 2021 and March 25, 2020, respectively could be inquired on Market Observation Post System.

C. Treasury Stock

The Company was approved by Board of Directors on January 8, 2019 to repurchase 2,858 thousand shares as treasury stock in order to transfer them to employee. The aforementioned 2,858 thousand shares had been repurchased with the average price \$85.18 per share, and total repurchasing amount is \$243,432 thousand. As of March 31, 2021 and 2020, the transferred shares are 1,982 thousand and 1,101 thousand shares and the amount of repurchased shares is \$74,605 thousand and \$149,649 thousand.

Board of Directors of the Group approved to transfer remaining 876 thousand shares on April 16, 2021. Subscription date of employee, payment period will be determined and announced

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by Director in accordance with Policy Governing First Share Repurchased and Transferred to Employees. The remaining 876 thousand shares have not been transferred as of May 13, 2021.

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

(17) Share-based payment

The share-based payment of the Group from January 1 to March 31, 2021 has no significant changes except for the following mentioned. Please refer to the note 6 (17) in the consolidated financial report of 2020 for relative information

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

	From January to March 2021		From January to March 2020	
	Weighted average performance price	Number of option	Weighted average performance price	Number of option
Outstanding stock as of January 1	\$ 92.30	226	95.62	1,064
Grant quantity in current period	-	-	-	-
Quantity lost in current period	-	-	-	(44)
Quantity executed in current period	-	(209)	-	-
Overdue expiration of the current period	-	(17)	-	-
Outstanding stock as of March 31	-	-	95.62	1,020
Executable as of March 31	-	-	95.62	1,020

The aforementioned employee stock option plan expired on January 17, 2021.

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

The share-based payment of the Group from January 1 to March 31, 2021 and 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

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Board of Directors on March 25, 2020, 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 per share while the stock price on March 25, 2020, which are also subscription dates, are \$84.30 per share. As of March 31, 2021 and 2020, 1,982 thousand and 1,101 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 March 31, 2021 and 2020 due to the share-based payment are as follows:

	From January to March 2021	From January to March 2020
Expense from employee stock option	<u>\$ -</u>	<u>1,580</u>

(18) Earnings per share

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

Unit: 1,000

	From January to March 2021	From January to March 2020
Basic earnings per share of the Company		
Net profit for the current period	<u>\$ 230,342</u>	<u>48,051</u>
Weighted average number of outstanding shares	<u>106,561</u>	<u>104,768</u>
Basic earnings per share (NT\$)	<u>\$ 2.16</u>	<u>0.46</u>
Diluted earnings per share of the Company		
Net profit for the current period	\$ 230,342	48,051
The impact of potential common stocks with diluting effect		
Fair value assessment of embedded derivatives (such as trading rights)	1,800	-
Expected reduction in interest expense for convertible bonds conversion	<u>7,658</u>	<u>-</u>
Net profit for the current period (adjusted)	<u>\$ 239,800</u>	<u>48,051</u>
Weighted average number of outstanding shares	106,561	104,768
The impact of potential common stocks with diluting effect		

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Employees' remuneration	1,063	1,247
The impact of employee stock options	190	275
The impact of convertible bonds	9,069	-
Weighted average number of outstanding shares	<u>116,883</u>	<u>106,290</u>
Diluted earnings per share (NT\$)	<u>\$ 2.05</u>	<u>0.45</u>

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

(19) Revenues from contract with customers

A. Disaggregation of revenue

	From January to March 2021	From January to March 2020
Primary geographical markets:		
China	\$ 526,118	325,162
Singapore	343,706	236,832
Taiwan	146,039	224,180
Malaysia	38,670	22,150
US	7,924	196,146
Hong Kong	6,348	-
Other countries	4,040	1,028
	<u>\$ 1,072,845</u>	<u>1,005,498</u>

B. Remaining balance of contracts

	2021.3.31	2020.12.31	2020.3.31
Accounts receivable (including related party)	\$ 820,995	1,110,030	708,181
Less: Loss allowance	(14,276)	(14,246)	(13,802)
Total amount	<u>\$ 806,719</u>	<u>1,095,784</u>	<u>694,379</u>
Contract assets	<u>\$ 137,748</u>	<u>188,071</u>	<u>329,334</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 81</u>	<u>-</u>	<u>-</u>

The Group has assessed that there is no need to recognize loss allowance for contract assets

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as of March 31, 2021, December 31 and March 31, 2020.

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

(20) 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 January 1 to March 31, 2021 and 2020 are \$40,000 thousand and \$25,000 thousand respectively, and \$274 thousand and \$46 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 costs and 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 2020 and 2019 are \$100,000 thousand and \$87,563 thousand respectively, and \$855 thousand and \$752 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 2020 and the year of 2019. Related information is available at the MOPS.

(21) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

	From January to March 2021	From January to March 2020
Bank deposit interest	<u><u>\$ 54,591</u></u>	<u><u>35,571</u></u>

B. Other incomes

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Other incomes of the Group are as follows:

	From January to March 2021	From January to March 2020
Incomes from government subsidy	\$ 12,727	10,367
Other incomes	6,813	3,077
Total amount of other incomes	\$ 19,540	13,444

C. Other profits and losses

Other profits and losses of Group are as follows:

	From January to March 2021	From January to March 2020
Net profits (losses) of foreign currency exchange	\$ (6,358)	(7,641)
Profits (losses) from disposal of Property, plant and equipment	(11)	189
Profits (losses) from financial assets/liabilities at fair value through profit and loss	(15,363)	(61,855)
Other losses	(42)	(114)
	\$ (21,774)	(69,421)

D. Financial costs

The financial costs of Group are as follows:

	From January to March 2021	From January to March 2020
Interest expenses from bank loans	\$ 10,696	9,655
Interest expenses of convertible bonds	7,658	7,496
Interest expenses of lease liabilities	483	326
	\$ 18,837	17,477

(22) 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 2020, except for the following mentioned. Please refer to the note 6 (22) in the consolidated financial report of 2020 for relative information.

A. Credit risks

(a) Credit exposure risk

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

(b) Concentration of credit risk

On March 31, 2021, December 31, 2020 and March 31, 2020, 78%, 83% and 82% of the accounts receivable balance of the Group were composed of several customers respectively, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

For credit exposure risk information of notes receivable and accounts receivable, please refer to note 6 (4) for details and note 6 (5) for details of other receivables. The other receivables listed above are all financial assets with low credit risk. Therefore, the allowance loss during the period is measured by the amount of anticipated credit loss for 12 months.

B. Liquidity risk

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

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
March 31, 2021						
Non-derivative financial liabilities						
Short-term loans	\$ 3,013,672	3,013,672	3,013,672	-	-	-
Accounts payable (including related parties)	330,763	330,763	330,763	-	-	-
Other payables (including related parties)	582,273	582,273	582,273	-	-	-
Convertible bonds payable (including derivative financial assets)	1,450,864	1,500,000	-	1,500,000	-	-
Long-term loans	836,750	867,034	15,539	851,495	-	-
Lease liabilities	62,060	63,791	36,881	26,031	879	-
Guarantee deposits received	809	809	109	201	-	499
	\$ 6,277,191	6,358,342	3,979,237	2,377,727	879	499
December 31, 2020						
Non-derivative financial liabilities						
Short-term loans	\$ 4,513,883	4,513,883	4,513,883	-	-	-
Accounts payable (including related parties)	322,669	322,669	322,669	-	-	-
Other payables (including related parties)	572,667	572,667	572,667	-	-	-
Convertible bonds payable (including derivative financial assets)	1,441,406	1,500,000	1,500,000	-	-	-
Long-term loans	836,100	870,865	15,539	855,326	-	-
Lease liabilities	65,785	67,770	34,035	31,011	2,724	-
Guarantee deposits received	1,118	1,118	350	202	-	566
	\$ 7,753,628	7,848,972	6,959,143	886,539	2,724	566
March 31, 2020						
Non-derivative financial liabilities						
Short-term loans	\$ 2,642,410	2,642,410	2,642,410	-	-	-

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Accounts payable (including related parties)	354,596	354,596	354,596	-	-	-
Other payables (including related parties)	377,412	377,412	377,412	-	-	-
Dividends payable, non-cash assets distributions	387,641	387,641	387,641	-	-	-
Convertible bonds payable (including derivative financial assets)	1,431,724	1,500,000	1,500,000	-	-	-
Lease liabilities	42,826	44,295	17,423	16,100	10,772	-
Guarantee deposits received	1,177	1,177	282	-	340	555
	\$ 5,237,786	5,307,531	5,279,764	16,100	11,112	555

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:

	2021.3.31			2020.12.31			2020.3.31		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	28,611	28.5435	816,657	97,903	28.4790	2,788,170	49,293	30.2296	1,490,108
RMB	460,389	4.3552	2,005,087	349,610	4.3546	1,522,412	431,074	4.2594	1,836,117
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	38,732	28.5408	1,105,448	94,307	28.4795	2,685,823	47,292	30.2294	1,429,618
Yen	132,783	0.2595	34,462	15,046	0.2759	4,151	11,032	0.2788	3,076

(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On March 31, 2021 and 2020, 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 March 31, 2021 and 2020 will increase by approximately \$4,205 thousand and \$4,733 thousand, respectively.

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from January 1 to March 31, 2021 and 2020 including realized and unrealized ones, are \$6,358 thousand and \$7,641 thousand, respectively.

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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.

The interest rate of the Group's long-term loans is floating interest rate. The following sensitivity analysis based on the exposure to interest rate risk for long-term loans on reporting date. The analysis of floating interest rate liability is based on the assumption that the liability is outstanding for whole year. The rate of change used when reporting interest rates within the Group to key management is an increase or decrease of 0.25% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 0.25% and all other variables remain unchanged, the Group's net income before tax from January 1 to March 31, 2021 will decrease or increase by 525 thousand, mainly due to the Group's floating interest rate loans.

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:

	2021.3.31				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Derivative financial assets - non - current	\$ 750	-	750	-	750
Non-listed foreign shares	65,147	-	-	65,147	65,147
Private equity fund	364,244	-	-	364,244	364,244
Subtotal	430,141	-	750	429,391	430,141
Financial assets at amortized costs					
Cash and cash equivalents	8,797,613	-	-	-	-
Restricted bank deposit	60,117	-	-	-	-
Contract assets	137,748	-	-	-	-

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Notes receivable and accounts receivable (including related parties)	806,719	-	-	-	-
Other receivables	11,092	-	-	-	-
Guarantee deposits paid	12,536	-	-	-	-
Subtotal	9,825,825	-	-	-	-
Total amounts	\$ 10,255,966	-	750	429,391	430,141
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 918	-	918	-	918
Financial liabilities at amortized costs					
Bank loans	3,013,672	-	-	-	-
Accounts payable (including related parties)	330,763	-	-	-	-
Other payables (including related parties)	582,273	-	-	-	-
Convertible bond-liability component	1,451,614	-	-	-	-
Long-term loans	836,750	-	-	-	-
Lease liabilities	62,060	-	-	-	-
Guarantee deposits received	809	-	-	-	-
Subtotal	6,277,941	-	-	-	-
Total amounts	\$ 6,278,859	-	918	-	918
2020.12.31					
Fair value					
	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Derivative financial assets - current	\$ 13,607	-	13,607	-	13,607
Non-listed foreign shares	65,472	-	-	65,472	65,472
Private equity fund	380,528	-	-	380,528	380,528
Subtotal	459,607	-	13,607	446,000	459,607
Financial assets at amortized costs					
Cash and cash equivalents	9,943,380	-	-	-	-
Restricted bank deposit	8,000	-	-	-	-
Contract assets	188,071	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,095,784	-	-	-	-
Other receivables	10,945	-	-	-	-
Guarantee deposits paid	12,540	-	-	-	-
Subtotal	11,258,720	-	-	-	-
Total amounts	\$ 11,718,327	-	13,607	446,000	459,607
Financial liabilities at amortized costs					
Bank loans	\$ 4,513,883	-	-	-	-

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Accounts payable (including related parties)	322,669	-	-	-	-
Other payables (including related parties)	572,667	-	-	-	-
Convertible bond-liability component	1,443,956	-	-	-	-
Long-term loans	836,100	-	-	-	-
Lease liabilities	65,785	-	-	-	-
Guarantee deposits received	1,118	-	-	-	-
Total amounts	\$ 7,756,178	-	-	-	-

2020.3.31					
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Private equity fund	\$ 425,067	-	-	425,067	425,067
Financial assets at amortized costs					
Cash and cash equivalents	6,491,008	-	-	-	-
Contract assets	329,334	-	-	-	-
Notes receivable and accounts receivable (including related parties)	694,379	-	-	-	-
Other receivables	119,942	-	-	-	-
Guarantee deposits paid	15,821	-	-	-	-
Subtotal	7,650,484	-	-	-	-
Total amounts	\$ 8,075,551	-	-	425,067	425,067
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 10,500	-	10,500	-	10,500
Financial liabilities at amortized costs					
Bank loans	2,642,410	-	-	-	-
Accounts payable (including related parties)	354,596	-	-	-	-
Other payables (including related parties)	377,412	-	-	-	-
Dividend payable	387,641	-	-	-	-
Convertible bond-liability component	1,421,224	-	-	-	-
Lease liabilities	42,826	-	-	-	-
Guarantee deposits received	1,177	-	-	-	-
Subtotal	5,227,286	-	-	-	-
Total amounts	\$ 5,237,786	-	10,500	-	10,500

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

(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

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the following by its kind and attributes:

- (i) Equity instrument without open price: to use comparable company method and comparable transaction method. The main assumption of comparable company method is based on the enterprise value of the investee and the listed enterprise value-to-sales multiplier derived from the market prices of comparable 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 contract is usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	From January to March 2021		From January to March 2020
	Non-listed foreign company shares	Private equity fund	Private equity fund
Balance on January 1	\$ 65,472	380,528	476,151
Gains/ Losses:			
Recognized in gains/ losses	-	(14,506)	(48,208)
The impact of exchange rate	(325)	(1,778)	(2,876)
Balance on March 31	<u>\$ 65,147</u>	<u>364,244</u>	<u>425,067</u>

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

(d) Quantified information on significant unobservable inputs (Grade 3) used in fair value measurement

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

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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:

Items	Evaluation technologies	Significant unobservable input value	The relationship between significant unobservable input values and fair value
Financial assets at fair value through profit or loss—equity vehicle investment without active market	Refer to Listed (OTC) Company Act and Comparable transaction method	<ul style="list-style-type: none"> • Multiplier of enterprise value-to-sales(4.10 on 2021.3.31 and 4.16 on 2020. 12.31) • Lack of market liquidity discounts (30% on 2021.3.31 and 20% on 2020. 12.31) 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss-private equity fund	Net asset value method	Net asset value	<ul style="list-style-type: none"> • The higher the net asset value, the higher the fair value

(e) 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:

	Input value	Move up or down	Changes in fair value reflecting in current profits and losses	
			Favorable change	Unfavorable change
March 31,2021				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	792	(792)

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Financial assets measured at fair value through profit and loss

Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	792	(792)
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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.

(f) Offsetting of financial assets and liabilities

The Group has transactions in financial instruments that are subject to the provisions of paragraph 42 of the IAS 32 endorsed by FSC, and the financial assets and financial liabilities related to such transactions are expressed on the balance sheet as a net amount. The following table lists the relevant information about the offset of the above financial assets and financial liabilities:

2021.3.31					
Financial assets subject to offset, offset settlement agreement or similar agreements					
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)		
			Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	570,800	570,800	-	-	-
2021.3.31					
Financial assets subject to offset, offset settlement agreement or similar agreements					
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)		
			Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Short-term loans	570,800	570,800	-	-	-
2020.12.31					
Financial assets subject to offset, offset settlement agreement or similar agreements					
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)		
			Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	1,993,600	1,993,600	-	-	-

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2020.12.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Short-term loans	1,993,600	1,993,600	-	-	-	-

2020.3.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Other financial assets	2,146,330	2,146,330	-	-	-	-

2020.3.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Short-term loans	2,146,330	2,146,330	-	-	-	-

(23) 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 2020.

(24) Capital management

The target, policy, and procedure of capital management of the Group are consistent with those in the consolidated financial report of 2020, the quantified data summary of capital management has no significant changes compared with the consolidated financial report of 2020. Please refer to the note 6 (24) in the consolidated financial report of 2020 for relate information.

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

For the year ended March 31, 2021 and 2020, the Group's non-cash investing and financing activities were derived from acquisition right-of-use asset through finance leasing and the amortization of convertible bonds discount. Please refer to notes 6(8), (12) and (13) for related information.

The adjustment of liabilities from financing activities are as follows:

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			Non-cash changes					
			Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Other
	2021.1.1							2021.3.31
Short-term loans	\$ 4,513,883	(1,500,211)	-	-	-	-	-	3,013,672
Long-term loans	836,100	-	-	-	-	-	650	836,750
Convertible bonds payable	1,443,956	-	7,658	-	-	-	-	1,451,614
Lease liabilities	65,785	(9,406)	-	(255)	-	5,936	-	62,060
Total liabilities from financing activities	<u>\$ 6,859,724</u>	<u>(1,509,617)</u>	<u>7,658</u>	<u>(255)</u>	<u>-</u>	<u>5,936</u>	<u>650</u>	<u>5,364,096</u>

			Non-cash changes				
			Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire
	2020.1.1						2020.3.31
Short-term loans	\$ 3,022,229	(379,819)	-	-	-	-	2,642,410
Financial liabilities (assets) measured at fair value through profit or loss — non-current	(2,250)	-	-	-	-	12,750	10,500
Convertible bonds payable	1,413,728	-	7,496	-	-	-	1,421,224
Lease liabilities	51,875	(7,599)	-	(2,140)	-	690	42,826
Total liabilities from financing activities	<u>\$ 4,485,582</u>	<u>(387,418)</u>	<u>7,496</u>	<u>(2,140)</u>	<u>12,750</u>	<u>690</u>	<u>4,116,960</u>

7. Related party transactions

(1) Parent company and ultimate controller

Foxconn (Far East) Limited is the parent company of the Group, holding 59.52%, 59.64% and 60.05% of the outstanding common shares of the Group as of March 31, 2021, December 31, 2020 and March 31, 2020 respectively. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Name and relations of related parties

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

Name of related parties	Relation with Group
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.	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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Fortunebay Technology Pte. Ltd.	Its ultimate controller is the same as that of Group
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxconn (Nanjing) Software Company	Its ultimate controller is the same as that of Group
AnPinDa Precision Industrial (Huizhou) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fox-energy Technology Company	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
Zhengyi longhua Special Material (Shenzhen) 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
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
Shenzhen Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Shenzhen Yuzhan Precision Technology Co., Ltd.	Its ultimate controller is the same as that of Group
YuanFu(Shenzhen) Technology Co.,Ltd.	Its ultimate controller is the same as that of Group
Sharp Corporation	Other related parties
Champ Tech Optical (Foshan) Corporation	Other related parties

(3) Major transactions with related parties

A. Sales

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

	From January to March 2021	From January to March 2020
Other related parties		
Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	1,015
Foxconn Interconnect Technology Limited	88,339	98,251
Triple Win Technology (Shenzhen) Co., Ltd.	457,413	295,430
Other related parties	248	244
	\$ 546,000	394,940

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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:

	From January to March 2021	From January to March 2020
Other related parties	\$ 17,676	11,218

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:

	From January to March 2021	From January to March 2020
Ultimate controller	\$ 290	1,809

D. Accounts receivable from related parties

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

Account items	Related-party categories	2021.3.31	2020.12.31	2020.3.31
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 87,922	101,436	91,442
	Triple Win Technology (Shenzhen) Co., Ltd.	357,046	600,228	194,842
	Others	87	87	268
		\$ 445,055	701,751	286,552

As of March 31, 2021, December 31, 2020 and March 31, 2020, no allowance for loss is required for the above-mentioned related parties.

E. Contract assets

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

Account items	Types of related parties	2021.3.31	2020.12.31	2020.3.31
Contract assets	Other related parties			

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Triple Win Technology
(Shenzhen) Co., Ltd. \$ 22,248 12,855 82,864

F. Payables to the related parties

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

Account items	Types of related parties	2021.3.31	2020.12.31	2020.3.31
Accounts payable	Other related parties	\$ 11,126	3,175	49
Other payables	Ultimate controller	14,805	14,805	13,273
	Other related parties			
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	10,306	11,887	1,528
	Others	9,674	11,762	14,679
		34,785	38,454	29,480
		<u>\$ 45,911</u>	<u>41,629</u>	<u>29,529</u>

(4) Remuneration of major management personnel

	From January to March 2021	From January to March 2020
Short-term employee benefits	\$ 25,033	16,489
Post-retirement benefits	87	87
	<u>\$ 25,120</u>	<u>16,576</u>

8. Pledged assets

Book value list of pledged assets of the Group is as follows:

Pledged asset	Object	2021.3.31	2020.12.31	2020.3.31
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ 52,117	-	-
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	8,000	8,000	-
Total		<u>\$ 60,117</u>	<u>8,000</u>	<u>-</u>

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

10. Major disaster losses: None.

11. Major subsequent events: None.

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12. Others

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

Functions Items	From January to March 2021			From January to March 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	156,247	82,680	238,927	131,466	66,914	198,380
Health insurance expenses	1,824	2,302	4,126	1,038	1,422	2,460
Pension expenses	9,734	4,535	14,269	5,494	2,686	8,180
Other employee benefit expenses	22,317	8,143	30,460	4,411	2,396	6,807
Depreciation expenses	110,250	25,330	135,580	107,302	14,633	121,935
Amortization expenses	2,708	215	2,923	141	492	633

- (2) Seasonal characteristic:

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

13. Disclosure of Note

- (1) Information on major transactions

From January 1 to March 31, 2021, the Group shall disclose the information on the major transactions subject to the Guidelines:

A. Loan to other parties:

Unit: NT\$1,000

NO	Creditor	Borrower	General ledger account	Related party or not	Maximum outstanding balance at March 31, 2021	Balance at September 30, 2020	Actual amount drawn down (Note 2)	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)	The Company	Other receivables	Y	704,528 (RMB 160,000)	696,833 (RMB 160,000)	633,083 (RMB 145,362)	-	2	-	Business operation	-	-	-	4,873,172 (Note 2)	4,873,172 (Note 2)

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 policy for loans granted by subsidiaries to the Company whose voting shares are not directly or indirectly wholly-owned, the loan shall not be restricted to the regulation of individual subsidiary, though total loans shall not exceed 400% of the Company's net value.

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

B. Endorsement/Guarantee provided:

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No	Guarantor/ Endorser	Party being guaranteed/ endorsed		Limited on guarantees/ endorsements provided for a single party(Note2)	Maximum outstanding guarantee/ endorsement amount as of March 31, 2021	Outstanding guarantee/ endorsement amount as of March 31, 2021	Amount of guarantees/ endorsement s secured with collateral	Ratio of accumulated guarantee/ endorsement amount to net asset value of the guarantor/ endorser company (%)	Limit on total amount of guarantee s/ endorseme nts period (Note2)	Provision of guarantees/ endorsement s by parent company to subsidiary	Provision of guarantee s/ endorseme nts by subsidiary to parent company	Provision of guarantees/ endorsement s to the party in Mainland China	Amount of guarantees/ endorsement s secured with collateral
		Company name	Relationship with the guarantor/ endorser (Note1)										
1	ShunSin (Zhongshan)	ShunYun (Zhongshan)	1	9,403,337	52,840 (RMB 12,000)	52,262 (RMB 12,000)	52,262 (RMB 12,000)	-	0.82%	9,403,337	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: 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 ShunSin (Zhongshan)'s net value.

C. Marketable securities held as of March 31, 2021 (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	Sharehold ing ratio	Fair value	
ShunSin (Samoa)	Stocks: Dyna Image Corp	—	Financial assets measured at fair value through profit or loss — non-current	540,000	-	5.56%	-	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Inc.	—	"	-	65,147	0.86%	65,147	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	364,244	6.67%	364,244	

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

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

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

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

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Companies purchasing and selling goods	Counter party	relation	Transaction situation				Reason of trading terms differs from normal transaction		Notes receivable (payable), accounts receivable (payable)		Note
			Purchase/(sale)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable, accounts receivable (payable)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	(366,385)	(38.89)%	4 months	-	-	923,086	68.35%	Note2
ShunSin (Zhongshan)	Triple Win Technology (ShenZhen) Co., Ltd.	Other related party	Sale	(457,413)	(48.55)%	4 months	-	-	357,046	26.44%	
The Company	ShunYun (Cayman)	Subsidiary company	Sale	(111,144)	(18.49)%	4 months	-	-	113,652	20.89%	Note2

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 the period(Note 2)	setting aside for allowance for bad debt
					Amount	Treatment		
The Company	ShunYun (Cayman)	Parent company	Accounts receivable(Note 1): 113,652	7.82	-		-	-
ShunSin (Zhongshan)	The Company	Parent company	Accounts receivable(Note 1): 923,086	2.39	-		574,840	-
ShunSin (Zhongshan)	Triple Win Technology (Shenzhen) Co., Ltd	Other related party	Accounts receivable: 357,046	3.82	-		180,242	-
ShunSin (Zhongshan)	The Company	Parent company	Other receivable (Note 1): 249,637	-	-		-	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 346,370	-	-		-	-
ShunYun (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 246,088	-	-		-	-
ShunSin (Samoa)	The Company	Parent company	Other receivable (Note 1): 633,083	-	-		633,083	-
ShunYun (Cayman)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 109,892	0.03	-		-	-

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

Note 2: As of April 23, 2021.

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:

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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	366,385	The price is based on the price agreed by both parties	34.12
0	"	"	1	Accounts payable	923,086	Within 4 months	6.88
0	"	"	1	Other payables	249,637	Pay/receive on behalf, no general customers for comparison	1.86
0	"	ShunSin (Samoa)	1	Other payables	633,083	Capital Loan	4.72
1	ShunSin (Samoa)	ShunYun (Zhongshan)	3	Other payables	246,088	Pay/receive on behalf, no general customers for comparison	1.83
2	ShunYun (Cayman)	The Company	2	Purchases	111,144	The price is based on the price agreed by both parties	10.35
2	"	"	2	Accounts payable	113,652	Within 4 months	0.85
3	ShunYun (Zhongshan)	ShunYun (Cayman)	3	Other payables	109,892	Pay/receive on behalf, no general customers for comparison	0.82
3	"	ShunSin (Zhongshan)	3	Other payables	346,370	Pay/receive on behalf, no general customers for comparison	2.58

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 10% of the total revenue.

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

(2) Information on re-investment business:

The information of the reinvested business of the Group from January 1 to March 31, 2021, is as follows (excluding the invested company in mainland China):

Name of investment company	Name of invested company	Location	Main business contents	Original investment amounts (Note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/ losses of investee (Note 1 and 2)	Note
				March 31,2021	March 31,2020	Shares	Percentag e of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	2,856,206	2,589,284	752,471,240	91.03%	8,503,802	(11,495)	(10,464)	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,928	287,928	9,510,000	100.00%	1,218,293	335,807	335,807	subsidiary

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The Company	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234 (Note4)	(Note4)	100.00%	73,085	(45,325)	(45,325)	subsidiary
The Company	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	1,188,020 (Note5)	(Note5)	100.00%	1,157,918	4,632	4,632	subsidiary
The Company	ShunYun (Cayman)	Cayman	Holding Company	67,762	6,580	2,430,000	100.00%	73,179	4,195	4,195	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.97%	838,569	(11,495)	(1,031)	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: ShunYun (Ha Noi) does not issue shares due to it is limited corporation thus it has no shares.

Note 5: ShunSin (Bac Giang) does not issue shares due to it is limited corporation thus it has no shares.

(3) Information on investment in Mainland China:

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

Unit: NTD 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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of investee	Percentage of ownership	Share of profits/ losses of investee (Note 2 and 3)	Carrying value as of March 31, 2021 (Note 2 and 3)	Accumulated inward remittance of earnings as of March 31, 2021
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of SIP products and other types of integrated circuits	3,030,692 (RMB 722,637)	(2)	Note 4	Note 4	Note 4	Note 4	17,983 (RMB 4,108)	100.00%	15,652 (RMB 4,641) (Note 5)	9,400,587 (RMB 2,164,491) (Note 5)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	266,181 (RMB 61,392)	(2)	Note 4	Note 4	Note 4	Note 4	(17,987) (RMB 4,109)	100.00%	(17,987) (RMB 4,109)	248,786 (RMB 57,283)	Note 4
Talentek	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	118,984 (RMB 26,698)	(3)	Note 4	Note 4	Note 4	Note 4	(6,540) (RMB 1,494)	66.18%	(4,328) (RMB 989)	75,396 (RMB 17,360)	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 Zhongshan 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 book value of the investment at the end of the period of 9,400,587 thousand has deducted the unrealized benefits of the inventory and fixed assets sold to affiliated companies which amounting to 2,750 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of March 31, 2021 (exchange rate at closing period RMB: NTD = 1 : 4.3431, and the remainder is calculated at the average exchange rate (RMB: NTD = 1:4.3775).

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 March 31, 2021 (which were written off at the time of compiling the consolidated financial report), please refer to “Information on Major Transactions”.

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(4) Information of major shareholders:

Unit: Share		
Name of major shareholder	Shares	Number of shares held
Foxconn (Far East) Limited		63,964,800
		Shareholding ratio
		59.52%

- (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 aforementioned if shareholders deliver their shares 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.