

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY**

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Nine Months Ended September 30, 2021 and 2020

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

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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 (“the Group”) as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 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

September 30, 2021, December 31, 2020 and September 30, 2020

Expressed in Thousands of New Taiwan Dollars

		<u>2021.9.30</u>		<u>2020.12.31</u>		<u>2020.9.30</u>				<u>2021.9.30</u>		<u>2020.12.31</u>		<u>2020.9.30</u>	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6 (1))	\$ 8,505,086	59	9,943,380	68	7,474,491	61	2100	Short-term loans (note 6 (11))	\$ 3,274,766	23	4,513,883	31	3,426,849	28
1110	Current financial assets at fair value through profit or loss (note 6 (2) and (13))	-	-	13,607	-	1,517	-	2120	Financial liabilities at fair value through profit or loss-current (note 6 (2) and (13))	-	-	-	-	1,650	-
1137	Financial assets at amortized costs- current (note 6 (3) and (12) and 8)	51,532	-	-	-	-	-	2170	Accounts payable	807,500	6	319,494	2	402,602	4
1140	Current contract assets (note 6 (20) and 7)	253,692	2	188,071	1	194,162	2	2180	Accounts payable to related parties (note 7)	9,932	-	3,175	-	198	-
1170	Accounts receivable (note 6 (4) and (20))	438,714	3	394,033	3	459,168	4	2200	Other payables (note 6 (21))	625,237	4	534,213	4	404,529	4
1181	Accounts receivable—related parties (note 6 (4), (20) and 7)	107,328	1	701,751	5	531,855	4	2216	Dividend payable (note 6 (16) and 7)	262,021	2	-	-	-	-
1206	Other receivables (note 6 (5) and 7)	35,603	-	10,945	-	15,345	-	2220	Other payables to related parties (note 7)	46,371	-	38,454	-	30,878	-
1220	Current tax assets	-	-	11,513	-	-	-	2230	Current tax liabilities	88,448	1	31,553	-	10,916	-
1310	Inventories (note 6 (6))	954,559	7	325,196	2	337,267	3	2280	Current lease liabilities (note 6 (14))	35,709	-	32,598	-	32,980	-
1410	Prepayments	458,630	3	36,522	-	272,698	2	2321	Bonds payable, current portion (note 6 (12))	-	-	1,443,956	10	1,436,338	12
1460	Non-current assets classified as held for sale (note 6 (7) and (8))	507,203	4	-	-	-	-	2399	Other current liabilities, others (note 6 (20))	47,049	-	27,090	-	37,096	-
1470	Other current assets	4,345	-	2,044	-	1,756	-			<u>5,197,033</u>	<u>36</u>	<u>6,944,416</u>	<u>47</u>	<u>5,784,036</u>	<u>48</u>
		<u>11,316,692</u>	<u>79</u>	<u>11,627,062</u>	<u>79</u>	<u>9,288,259</u>	<u>76</u>	25xx	Non-current liabilities:						
15xx	Non-current assets:							2530	Bonds payable (note 6 (13))	1,467,053	10	-	-	-	-
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2) and (13))	442,517	3	446,000	3	434,622	4	2540	Long-term loans (note 6 (3), (12) and 8)	838,050	6	836,100	6	-	-
1535	Financial assets at amortized costs- non -current (note 6 (3) and (12) and 8)	8,000	-	8,000	-	-	-	2570	Deferred tax liabilities	429,804	3	520,289	4	476,815	4
1600	Property, plant and equipment (note 6 (8))	1,900,836	13	2,120,032	15	2,132,391	17	2580	Non-current lease liabilities (note 6 (14))	8,716	-	33,187	-	40,687	-
1755	Right-of-use assets (note 6 (9))	316,696	2	344,034	2	111,508	1	2630	Long-term deferred revenue	95,279	1	110,546	1	114,244	1
1780	Intangible assets (note 6 (10))	2,423	-	10,779	-	1,302	-	2645	Guarantee deposits received	6,462	-	1,118	-	924	-
1840	Deferred tax assets	298,602	2	115,075	1	198,470	2			<u>2,845,364</u>	<u>20</u>	<u>1,501,240</u>	<u>11</u>	<u>632,670</u>	<u>5</u>
1915	Prepayments for business facilities	57,856	1	359	-	682	-	2xxx	Total liabilities	<u>8,042,397</u>	<u>56</u>	<u>8,445,656</u>	<u>58</u>	<u>6,416,706</u>	<u>53</u>
1920	Guarantee deposits paid	11,116	-	12,540	-	13,806	-								
		<u>3,038,046</u>	<u>21</u>	<u>3,056,819</u>	<u>21</u>	<u>2,892,781</u>	<u>24</u>	31xx	Total equity attributable to owners of parent (note 6 (13), (17) and (18)):						
								3110	Ordinary share	1,074,648	7	1,072,558	7	1,067,018	9
								3200	Capital surplus	2,860,701	20	2,816,502	19	2,770,908	23
								3300	Retained earnings:						
								3310	Legal reserve	473,243	3	403,331	3	403,331	4
								3320	Special reserve	253,000	2	345,229	2	345,229	3
								3350	Unappropriated retained earnings	1,964,088	14	1,887,499	13	1,662,795	13
										<u>2,690,331</u>	<u>19</u>	<u>2,636,059</u>	<u>18</u>	<u>2,411,355</u>	<u>20</u>
								3400	Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(402,540)	(3)	(253,000)	(2)	(422,173)	(4)
								3500	Treasury shares	-	-	(74,605)	-	(74,605)	(1)
									Total equity attributable to owners of parent	6,223,140	43	6,197,514	42	5,752,503	47
								36xx	Non-controlling interests	89,201	1	40,711	-	11,831	-
								3xxx	Total equity	6,312,341	44	6,238,225	42	5,764,334	47
1xxx	Total assets	<u>\$ 14,354,738</u>	<u>100</u>	<u>14,683,881</u>	<u>100</u>	<u>12,181,040</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 14,354,738</u>	<u>100</u>	<u>14,683,881</u>	<u>100</u>	<u>12,181,040</u>	<u>100</u>

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

From July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020

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

		For the three months ended September 30				For the nine months ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6 (20) and 7):								
4110	Sales revenue	\$ 910,233	101	1,323,483	100	3,172,466	100	3,444,601	100
4190	Loss: Sales discounts and allowances	4,717	1	794	-	9,681	-	4,239	-
	Operating Revenue	905,516	100	1,322,689	100	3,162,785	100	3,440,362	100
5000	Operating costs (note 6 (6), (8), (9), (10), (14), (15) and 7)	856,234	95	842,854	64	2,404,962	76	2,406,690	70
5900	Gross profit from operations	49,282	5	479,835	36	757,823	24	1,033,672	30
6000	Operating expenses (note 6 (4), (8), (9), (10), (14), (15), (18), (21) and 7):								
6100	Selling expenses	8,250	1	8,840	1	26,885	1	23,598	1
6200	Administrative expenses	75,807	8	77,327	6	293,363	9	211,949	6
6300	Research and development expenses	99,607	10	57,238	3	325,744	10	181,145	5
6450	Expected credit loss (gain)	(8,630)	(1)	(2,495)	-	(13,402)	-	1,190	-
	Total operating expenses	175,034	18	140,910	10	632,590	20	417,882	12
6900	Net operating profits	(125,752)	(13)	338,925	26	125,233	4	615,790	18
7000	Non-operating income and expenses (note 6 (13), (14), (22))								
7100	Interest revenue	58,438	6	46,927	3	164,622	5	121,382	3
7010	Other income	14,417	2	9,245	1	49,553	2	48,325	1
7020	Other gains and losses	1,682	-	(41,507)	(3)	(2,043)	-	(131,894)	(4)
7050	Finance costs	(17,948)	(2)	(15,009)	(1)	(54,434)	(2)	(48,832)	(1)
	Total non-operating income and expenses	56,589	6	(344)	-	157,698	5	(11,019)	(1)
7900	Profit from continuing operations before tax	(69,163)	(7)	338,581	26	282,931	9	604,771	17
7950	Loss: Tax expense (benefit) (note 6 (16))	(165,905)	(18)	63,336	5	(161,051)	(5)	138,059	4
8200	Profit	96,742	11	275,245	21	443,982	14	466,712	13
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	(17,231)	(2)	155,118	12	(150,156)	(5)	(77,072)	(2)
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income, net	(17,231)	(2)	155,118	12	(150,156)	(5)	(77,072)	(2)
8500	Total comprehensive income (loss)	<u>\$ 79,511</u>	<u>9</u>	<u>430,363</u>	<u>33</u>	<u>293,826</u>	<u>9</u>	<u>389,640</u>	<u>11</u>
	Profit, attributable to:								
8610	Owners of parent	\$ 101,117	11	277,033	21	449,055	14	474,416	13
8620	Non-controlling interests	(4,375)	-	(1,788)	-	(5,073)	-	(7,704)	-
		<u>\$ 96,742</u>	<u>11</u>	<u>275,245</u>	<u>21</u>	<u>443,982</u>	<u>14</u>	<u>466,712</u>	<u>13</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 84,018	9	431,878	33	299,515	9	397,473	11
8720	Non-controlling interests	(4,507)	-	(1,515)	-	(5,689)	-	(7,833)	-
		<u>\$ 79,511</u>	<u>9</u>	<u>430,363</u>	<u>33</u>	<u>293,826</u>	<u>9</u>	<u>389,640</u>	<u>11</u>
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (19))								
9750	Basic earnings per share	<u>\$ 0.94</u>		<u>2.62</u>		<u>4.20</u>		<u>4.51</u>	
9850	Diluted earnings per share	<u>\$ 0.93</u>		<u>2.46</u>		<u>4.05</u>		<u>4.35</u>	

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

Consolidated Statements of Changes in Equity

January 1 to September 30, 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:											
Legal reserve	-	-	63,832	-	(63,832)	-	-	-	-	-	-
Special reserve	-	-	-	345,229	(345,229)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(387,641)	(387,641)	-	-	(387,641)	-	(387,641)
Profit	-	-	-	-	474,416	474,416	-	-	474,416	(7,704)	466,712
Other comprehensive income (loss)	-	-	-	-	-	-	(76,943)	-	(76,943)	(129)	(77,072)
Total comprehensive income (loss)	-	-	-	-	474,416	474,416	(76,943)	-	397,473	(7,833)	389,640
Shares issued due to stock option executed	1,770	14,567	-	-	-	-	-	-	16,337	-	16,337
Proceeds from sale of treasury shares	-	-	-	-	-	-	-	75,044	75,044	-	75,044
Share-based payment transactions	-	3,174	-	-	-	-	-	-	3,174	-	3,174
Balance as of September 30, 2020	\$ 1,067,018	2,770,908	403,331	345,229	1,662,795	2,411,355	(422,173)	(74,605)	5,752,503	11,831	5,764,334
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
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	69,912	-	(69,912)	-	-	-	-	-	-
Special reserve	-	-	-	(92,229)	92,229	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(440,212)	(440,212)	-	-	(440,212)	-	(440,212)
Profit	-	-	-	-	449,055	449,055	-	-	449,055	(5,073)	443,982
Other comprehensive income (loss)	-	-	-	-	-	-	(149,540)	-	(149,540)	(616)	(150,156)
Total comprehensive income (loss)	-	-	-	-	449,055	449,055	(149,540)	-	299,515	(5,689)	293,826
Shares issued due to stock option executed	2,090	17,201	-	-	-	-	-	-	19,291	-	19,291
Proceeds from sale of treasury shares	-	26,998	-	-	-	-	-	74,605	101,603	-	101,603
Changes in ownership interests in subsidiaries	-	-	-	-	45,429	45,429	-	-	45,429	(45,429)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	99,608	99,608
Balance as of September 30, 2021	\$ 1,074,648	2,860,701	473,243	253,000	1,964,088	2,690,331	(402,540)	-	6,223,140	89,201	6,312,341

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

Consolidated Statements of Cash Flows
January 1 to September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	From January to September, 2021	From January to September, 2020
Cash flows from operating activities:		
Profit before tax	\$ 282,931	604,771
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	398,677	363,099
Amortization expense	8,574	1,593
Expected credit loss (gain)	(13,402)	1,190
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(1,284)	103,883
Interest expense	54,434	48,832
Interest income	(164,622)	(121,382)
Share-based payments	26,998	3,174
Property, plant and equipment transferred to expenses	7,015	246
(Gain) Net on disposal and scrapping of property, plant and equipment	(141)	1,860
Rent concessions (recognized as other income)	-	(1,719)
Total adjustments to reconcile profit (loss)	316,249	400,776
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(65,621)	66,222
Notes receivable	-	710
Accounts receivable	(31,424)	70,256
Accounts receivable—related parties	594,423	39,637
Other receivables	(15,766)	110,738
Inventories	(629,363)	(3,206)
Prepayments	(422,108)	(154,178)
Other current assets	(351)	4,934
Total changes in operating assets	(570,210)	135,113
Changes in operating liabilities:		
Accounts payable	488,006	39,131
Accounts payable—related parties	6,757	197
Other payable	(11,187)	(7,991)
Other payable—related parties	9,613	(13,624)
Other current liabilities	19,959	16,860
Long-term deferred income	(15,267)	20,154
Total changes in operating liabilities	497,881	54,727
Total changes in operating assets and liabilities	(72,329)	189,840
Total adjustments	243,920	590,616
Cash inflow generated from operations	526,851	1,195,387
Interest received	155,730	119,312
Interest paid	(31,307)	(27,339)
Income taxes paid	(38,897)	(28,694)
Net cash flows from (used in) operating activities	612,377	1,258,666
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(52,530)	-
Acquisition of property, plant and equipment	(636,003)	(222,195)
Proceeds from disposal of property, plant and equipment	226	24,453
Decrease (Increase) in guarantee deposits paid	1,424	(2,998)
Acquisition of intangible assets	(308)	-
Increase in prepayments for business facilities	(57,782)	(827)
Net cash flows from (used in) investing activities	(744,973)	(201,567)
Cash flows from (used in) financing activities:		
Increase in short-term loans	4,297,256	4,878,371
Decrease in short-term loans	(5,536,353)	(4,473,764)
Increase (Decrease) in guarantee deposits received	6,078	(510)
Payments of lease liabilities	(26,585)	(18,758)
Cash dividends paid	(178,191)	(387,641)
Shares issued due to stock option executed	19,291	16,337
Proceeds from sale of treasury shares	74,605	75,044
Changes in non-controlling interests	99,608	-
Net cash flows from (used in) financing activities	(1,244,291)	89,079
Effect of exchange rate changes on cash and cash equivalents	(61,407)	(58,002)
Net (decrease) increase in cash and cash equivalents	(1,438,294)	1,088,176
Cash and cash equivalents at beginning of period	9,943,380	6,386,315
Cash and cash equivalents at end of period	\$ 8,505,086	7,474,491

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 was renamed as ShunSin Technology Holdings Limited and 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 statements were authorized for issuance by the Board of Directors on November 11, 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”

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

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

- (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 January 1, 2022, would not have a significant impact on its consolidated financial statements.

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

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

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

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:

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 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”

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- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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		
			2021.9.30	2020.12.31	2020.9.30
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) Limited (hereinafter referred to as ShunYun (Ha Noi)) (Note 2)	Optical transceivers manufacturing	100.00%	100.00%	100.00%
The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	100.00%	100.00%	100.00%
The Company	ShunYun Technology Holdings Limited (hereinafter referred to ShunYun (Cayman))	Optical transceivers sale	100.00% (Note 3)	100.00% (Note 3)	- %
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.97%	9.85%	9.85%

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			(Note 1)			
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	56.27% (Note 4)	66.25%	55.00%	
ShunYun (Zhongshan)	ShunYun Technology Holdings Limited (Hong Kong) (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00% (Note 5)	-	%	- %

Note 1: The company increased its capital in ShunSin (Hong Kong) by US\$9,500 thousand 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 invested US\$ 230 thousand and US\$ 16,550 thousand in November 2020 and the first three quarters of 2021, respectively and invested US\$ 2,500 thousand and US\$ 2,000 thousand in October and November 2021. The Company has invested total US\$ 21,280 thousand as of November 11, 2021, and the shareholding ratio is 100%.

Note 4: Talentek (Hefei) was approved by shareholders' meeting on June 25, 2021 to increase its capital by RMB 12,000 thousand. The expected shareholding ratio of ShunSin (Zhongshan) will be 44.44% after increasing capital. The actual shareholding ratio is 56.27% according to invested capital, because several shareholders have not invested funds yet as of September 30, 2021. And the shareholding ratio of ShunSin (Zhongshan) is 45.42% as of November 11, 2021.

Note 5: ShunYun (Zhongshan) was approved by Board of Directors on July 30, 2021 to set up its subsidiary, ShunYun Technology (Hong Kong) Holdings Limited (hereinafter referred as ShunYun (Hong Kong) in Hong Kong, on July 7, 2021. The authorized capital is US\$ 10,000 thousand. The expected shareholding ratio of ShunYun (Zhongshan) is 100%, but it has not invested funds yet as of November 11, 2021.

Subsidiaries not included in the consolidated financial report: None.

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(3) Non-current assets classified as held for sale

When Board of directors of the Group decided to sell some of property, plant and equipment and right-of-use assets, these assets shall be applicable to the accounting policy of non-current assets classified as held for sale.

Non-current assets comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment is no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(4) Income tax

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

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2020 for relative information.

(1) Cash and cash equivalents

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Cash on hand	\$ 63	-	-
Current deposit	1,086,662	7,477,843	4,530,142
Times deposit	7,418,361	2,465,537	2,944,349
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 8,505,086</u>	<u>9,943,380</u>	<u>7,474,491</u>

For the disclosure of interest rate risk and sensitivity analysis of the Group's financial assets, please refer to note 6 (23) for details.

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

A. Current

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</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	(1,650)
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
Forward foreign exchange contract	-	11,057	1,517
	<u>\$ -</u>	<u>13,607</u>	<u>(133)</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 December 31, 2020 and September 30, 2020 are as follows:

Forward foreign exchange contract:

	<u>2020.12.31</u>			
	<u>Contract amount</u>	<u>Currency</u>	<u>Period</u>	<u>Fair value asset (Liability)</u>
Sell forward foreign exchange	USD 15,000	USD to RMB	110.1.28~110.3.2	<u>\$ 11,057</u>

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2020.9.30				
	Contract amount	Currency	Period	Fair value asset (Liability)
Sell forward foreign exchange	USD 15,000	USD to RMB	109.12.10	<u><u>\$ 1,517</u></u>

The Group did not engage in derivative financial asset transactions on September 30, 2021.

B. Non-current

	2021.9.30	2020.12.31	2020.9.30
Financial assets designated at fair value through profit and loss:			
Derivative financial assets			
Non-derivative financial assets			
Domestic unlisted company stocks	\$ 6,453	-	-
Stocks of foreign unlisted companies	114,891	65,472	64,096
Private fund	321,173	380,528	370,526
	<u><u>\$ 442,517</u></u>	<u><u>446,000</u></u>	<u><u>434,622</u></u>

Please refer to note 6 (22) for the amount recognized as profit or loss in the fair value re-measurement.

(3) Financial assets at amortized costs

A. Current

	2021.9.30	2020.12.31	2020.9.30
Restricted bank deposit	<u><u>\$ 51,532</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 51,532 thousand).

B. Current

	2021.9.30	2020.12.31	2020.9.30
Restricted bank deposit	<u><u>\$ 8,000</u></u>	<u><u>8,000</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

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of September 30,2021 and December 31, 2020.

(4) Notes receivable and accounts receivable:

	2021.9.30	2020.12.31	2020.9.30
Accounts receivable	\$ 440,433	408,279	473,703
Accounts receivable-related party	107,328	701,751	531,855
Less: loss allowance	(1,719)	(14,246)	(14,535)
	<u>\$ 546,042</u>	<u>1,095,784</u>	<u>991,023</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 foresighted information which includes information on the overall economy and related industries.

The anticipated credit loss of notes receivable and accounts receivable of the Group on September 30,2021, December 31, 2020 and September 30,2020, are analyzed as follows:

	2021.9.30		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 521,962	-	-
Past due 1-30 days	23,478	-	-
Past due 31-60 days	438	-	-
Past due 91-120 days	164	-	-
	<u>\$ 546,042</u>		<u>-</u>

The Group has recognized whole amount of \$1,719 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

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	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.

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

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

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

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	From January to September 2021	From January to September 2020
Opening balance	\$ 14,246	13,802
Reversal of expected credit loss	(13,402)	1,190
Exchange gain (loss)	<u>875</u>	<u>(457)</u>
Ending balance	<u>\$ 1,719</u>	<u>14,535</u>

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

(5) Other receivables

	2021.9.30	2020.12.31	2020.9.30
Other receivables	<u>\$ 35,603</u>	<u>10,945</u>	<u>15,345</u>

Other receivables of the Group were not overdue on September 30,2021, December 31, 2020 and September 30,2020.

(6) Inventories

	2021.9.30	2020.12.31	2020.9.30
Raw materials	\$ 935,608	292,040	308,121
Work-in-process	11,091	12,389	16,571
Finished products (including semi-finished products)	<u>7,860</u>	<u>20,767</u>	<u>12,575</u>
	<u>\$ 954,559</u>	<u>325,196</u>	<u>337,267</u>

Operating costs recognized by the Group:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Cost of selling inventories	\$ 842,506	840,562	2,378,169	2,396,059
Loss allowance for inventory valuation losses and slow-moving inventories	13,728	2,292	28,687	13,371
Revenue from sale of scraps	<u>-</u>	<u>-</u>	<u>(1,894)</u>	<u>(2,740)</u>
	<u>\$ 856,234</u>	<u>842,854</u>	<u>2,404,962</u>	<u>2,406,690</u>

As of September 30,2021, December 31, 2020 and September 30,2020, the inventory of the Group has not been provided as a pledge guarantee.

(7) Non-current assets classified as held for sale

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In order to optimize assets and raise efficiency of operation, after obtaining management's approval on July 30, 2021, Board of Directors approved to sell ShunSin (Zhongshan)'s equipment to Triple Win Technology (Shenzhen) Co., Ltd. The book value of the equipment is 507,203 thousand and it is estimated no gain or loss in this disposal. The Group transferred the equipment to non-current assets classified as held for sale with its book value.

(8) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and equipment of the Group from January 1 to September 30, 2021 and 2020 are as follows:

	Housing and building	Machiner y and equipment	Office equipment (including computer communication equipment)	Inspection equipment	Other equipment	Lease improvement	Unfinishe d constructi on 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	334,135	11,023	144,818	30,243	86	124,393	736,488
Disposal	-	(19,224)	(2,650)	(422)	(2,552)	-	-	(24,848)
Re-classification(Note 1 and 2)	684,295	(754,805)	6,270	(362,814)	(132,514)	-	(717,840)	(1,277,408)
Impact of exchange rate changes	(22,663)	(68,511)	(7,807)	(55,242)	(10,286)	(760)	(5,498)	(170,767)
Balance as of September 30, 2021	\$ 1,243,359	2,156,321	75,538	670,272	320,140	46,315	128,814	4,640,759
Balance as of January 1, 2020	\$ 482,658	2,716,649	64,547	999,550	349,634	46,118	641,337	5,300,493
Acquisition	-	85,490	32	21,679	37,912	-	95,176	240,289
Disposal	-	(211,941)	(284)	(103,350)	(8,808)	-	-	(324,383)
Re-classification(Note 1)	-	9,428	-	1,269	14,319	-	(5,778)	19,238
Impact of exchange rate changes	(3,014)	(15,815)	(367)	(5,922)	(2,865)	(262)	(3,365)	(31,610)
Balance as of September 30, 2020	\$ 479,644	2,583,811	63,928	913,226	390,192	45,856	727,370	5,204,027
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	37,939	165,462	4,322	96,883	58,178	3,768	-	366,552
Disposal	-	(19,224)	(2,650)	(404)	(2,485)	-	-	(24,763)
Re-classification(Note 2)	-	(419,683)	(335)	(242,252)	(101,205)	-	-	(763,475)
Impact of exchange rate changes	(4,169)	(43,128)	(830)	(39,345)	(7,885)	(296)	-	(95,653)
Balance as of September 30, 2021	\$ 267,406	1,671,131	62,638	489,502	229,865	19,381	-	2,739,923
Balance as of January 1, 2020	\$ 203,563	1,922,956	54,049	616,868	236,874	10,732	-	3,045,042
Depreciation	19,697	175,568	5,718	106,288	31,042	3,668	-	341,981
Disposal	-	(194,039)	(284)	(95,201)	(8,389)	-	-	(297,913)
Impact of exchange rate changes	(1,115)	(11,087)	(295)	(3,511)	(1,412)	(54)	-	(17,474)
Balance as of September 30, 2020	\$ 222,145	1,893,398	59,188	624,444	258,115	14,346	-	3,071,636
Carrying amount::								
Balance as of January 1, 2021	256,301	677,022	6,571	269,312	151,987	31,080	727,759	2,120,032
Balance as of September 30, 2021	\$ 975,953	485,190	12,900	180,770	90,275	26,934	128,814	1,900,836
Balance as of September 30, 2020	\$ 257,499	690,413	4,740	288,782	132,077	31,510	727,370	2,132,391

Note 1: From January 1 to September 30, 2021 and 2020, the amounts of reclassifying into expenses are \$7,015 thousand and \$246 thousand, and the amounts reclassified from prepayments for business facilities are \$285 thousand and \$19,484 thousand respectively.

Note 2: From January 1 to September 30, 2021, the cost and accumulated depreciation transferred to non-current assets classified as held for sale are \$1,270,678 thousand and \$763,475 thousand, respectively.

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(9) Right-of-use asset

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

	<u>Land</u>	<u>Building</u>	<u>Vehicle</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 282,271	92,396	7,049	381,716
Acquisition	-	4,056	2,290	6,346
Decrease (contract expired)	-	-	(1,493)	(1,493)
Impact of exchange rate changes	(644)	(716)	(130)	(1,490)
Balance as of September 30, 2021	<u>\$ 281,627</u>	<u>95,736</u>	<u>7,716</u>	<u>385,079</u>
Balance as of September 30, 2020	\$ 39,253	54,982	5,595	99,830
Acquisition	-	41,742	3,773	45,515
Decrease (contract expired)	-	-	(2,438)	(2,438)
Impact of exchange rate changes	(223)	(3,334)	(29)	(3,586)
Balance as of September 30, 2020	<u>\$ 39,030</u>	<u>93,390</u>	<u>6,901</u>	<u>139,321</u>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2021	\$ 3,942	30,694	3,046	37,682
Depreciation	6,157	23,875	2,093	32,125
Decrease (contract expired)	-	-	(1,493)	(1,493)
Impact of exchange rate changes	20	92	(43)	69
Balance as of September 30, 2021	<u>\$ 10,119</u>	<u>54,661</u>	<u>3,603</u>	<u>68,383</u>
Balance as of September 30, 2020	\$ 1,372	5,405	2,724	9,501
Depreciation	1,021	18,068	2,029	21,118
Decrease (contract expired)	-	-	(2,438)	(2,438)
Impact of exchange rate changes	(6)	(346)	(16)	(368)
Balance as of September 30, 2020	<u>\$ 2,387</u>	<u>23,127</u>	<u>2,299</u>	<u>27,813</u>
Carrying amount:				
Balance as of January 1, 2021	<u>\$ 278,329</u>	<u>61,702</u>	<u>4,003</u>	<u>344,034</u>
Balance as of September 30, 2021	<u>\$ 271,508</u>	<u>41,075</u>	<u>4,113</u>	<u>316,696</u>
Balance as of September 30, 2020	<u>\$ 36,643</u>	<u>70,263</u>	<u>4,602</u>	<u>111,508</u>

(10) Intangible assets

The cost, amortization and impairment losses of the Group's intangible assets from January 1 to September 30, 2021 and 2020 are as follows:

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	Cost of computer software
Cost:	
Balance as of January 1, 2021	\$ 30,354
Acquisition	308
Impact of exchange rate changes	(496)
Balance as of September 30, 2021	<u>\$ 30,166</u>
Balance as of January 1, 2020	\$ 20,061
Impact of exchange rate changes	(114)
Balance as of September 30, 2020	<u>\$ 19,947</u>
Amortization and impairment losses:	
Balance as of January 1, 2021	\$ 19,575
Amortization	8,574
Impact of exchange rate changes	(406)
Balance as of September 30, 2021	<u>\$ 27,743</u>
Balance as of January 1, 2020	\$ 17,146
Amortization	1,593
Impact of exchange rate changes	(94)
Balance as of September 30, 2020	<u>\$ 18,645</u>
Carrying amount:	
Balance as of January 1, 2021	<u>\$ 10,779</u>
Balance as of September 30, 2021	<u>\$ 2,423</u>
Balance as of September 30, 2020	<u>\$ 1,302</u>

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

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Operating costs	\$ 2,642	125	8,031	393
Operating expenses	129	271	543	1,200
	<u>\$ 2,771</u>	<u>396</u>	<u>8,574</u>	<u>1,593</u>

(11) Short-term loans

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

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	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Unsecured bank loans	\$ <u>3,274,766</u>	<u>4,513,883</u>	<u>3,426,849</u>
Line of credit	\$ <u>3,757,734</u>	<u>2,617,649</u>	<u>2,666,095</u>
Interest rate range (%)	<u>0.72~3.80</u>	<u>0.72~1.3</u>	<u>0.80~3.90</u>

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

(12) Long-term loans

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Bank loans	\$ 840,000	840,000	-
Less: deferred financing fee	(1,950)	(3,900)	-
Part due within one year	-	-	-
Total	<u>\$ 838,050</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>	<u>-</u>
Maturity range	<u>111.12.26</u>	<u>111.12.26</u>	<u>-</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 September 30, 2021 and December 31, 2020 is 0 thousand.

(13) Convertible bonds payable

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
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	7,294	7,294	7,294
Compound present value of bonds converted at issuance	1,350,056	1,350,056	1,350,056
Amortization of Company debt payable at discount	109,497	86,400	78,782

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Cost of convertible bonds issue at premium	7,500	7,500	7,500
Ending balance of convertible bonds payable	<u><u>\$ 1,467,053</u></u>	<u><u>1,443,956</u></u>	<u><u>1,436,338</u></u>

During January 1 to September 30, 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:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Initial balance of embedded derivative financial commodity (put and call)	\$ 2,550	2,250	2,250
Valuation gains (losses) in the current period	(2,550)	300	(3,900)
	<u><u>\$ -</u></u>	<u><u>2,550</u></u>	<u><u>(1,650)</u></u>

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

	<u>From January to September 2021</u>	<u>From January to September 2020</u>
Closing balance (Initial balance)	<u><u>\$ 129,000</u></u>	<u><u>129,000</u></u>

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

(14) Lease Liability

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

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Current	\$ 35,709	32,598	32,980
Non-current	8,716	33,187	40,687
Total	<u><u>\$ 44,425</u></u>	<u><u>65,785</u></u>	<u><u>73,667</u></u>

Please refer to note 6 (23) for analysis of expiration.

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Amounts recognized in profit or loss are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Interest expense from lease liabilities	<u>\$ 361</u>	<u>409</u>	<u>1,261</u>	<u>1,001</u>
Expense of short-term lease	<u>\$ 13,495</u>	<u>4,731</u>	<u>62,095</u>	<u>16,381</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 8</u>	<u>9</u>	<u>25</u>	<u>21</u>
Covid-19-Related Rent Concessions (recognized as other income)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>1,719</u>

Amounts recognized in cash flow statement are as follows:

	From January to September 2021	From January to September 2020
Total cash used in operating activity	\$ 63,381	17,403
Total cash used in financing activity	26,585	18,758
Total cash used in lease	<u>\$ 89,966</u>	<u>36,161</u>

A. Lease of land, buildings and constructions

The Group leases land, houses and buildings as operating site and factory. The leasing periods of land is usually 30 to 50 years, the leasing periods of buildings and constructions 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.

(15) Employee benefit

The pension expenses of the Group from January 1 to September 30, 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 July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Operating costs	\$ 8,486	9,370	27,580	19,414
Operating expenses	<u>5,554</u>	<u>3,598</u>	<u>14,867</u>	<u>8,332</u>
	<u>\$ 14,040</u>	<u>12,968</u>	<u>42,447</u>	<u>27,746</u>

(16) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to September 30, 2021 and 2020 are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Current				
Current period	\$ 27,699	7,738	111,430	10,916
Adjustment of previous period	<u>-</u>	<u>-</u>	<u>(3,292)</u>	<u>1,291</u>
	<u>27,699</u>	<u>7,738</u>	<u>108,138</u>	<u>12,207</u>
Deferred income tax expenses (benefit)				
Occurrence and reversal of temporary differences	(75,875)	55,598	(151,460)	125,852
Reverse the temporary difference of previous year	(106,971)	-	(106,971)	-
Recognition of unrecognized taxable loss of previous period	<u>(10,758)</u>	<u>-</u>	<u>(10,758)</u>	<u>-</u>
Income tax expense	<u>\$ (165,905)</u>	<u>63,336</u>	<u>(161,051)</u>	<u>138,059</u>

As of September 30, 2021, the estimated effective tax rate decreased 121% compared with that as of June 30, 2021 due to the Board of Directors decided not to distribute ShunSin (Zhongshan)'s retained earnings of 2015 and 2016, therefore, the Group did not recognize deferred tax liabilities amounting to 106,971 thousand on September 30, 2021.

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 2019.

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(17) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to September 30 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 September 30, 2021, December 31, 2020 and September 30, 2020, the Company issued shares worth \$1,074,648 thousand, \$1,072,558 thousand and \$1,067,018 thousand with par value of \$10 for 107,465, 107,256 and 106,702 thousand ordinary shares respectively, and all outstanding shares were collected.

A. Capital surplus

The capital surplus balance of the Company is as follows:

	2021.9.30	2020.12.31	2020.9.30
Share premium	\$ 2,689,050	2,665,140	2,601,417
Employee stock option	-	11,550	40,491
Employee stock option-expired	4,841	-	-
Treasury share transactions	37,810	10,812	-
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<u>\$ 2,860,701</u>	<u>2,816,502</u>	<u>2,770,908</u>

B. Retained earnings distribution

According to Charter of the Company, 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 September 30, 2021 and 2020, the cash dividend amounting to \$262,021 thousand and \$0 thousands 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 of 2021 and 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

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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 September 30, 2020, the transferred shares are 1,982 thousand shares and the amount of repurchased shares is \$74,605 thousand. Board of Directors of the Group approved to transfer remaining 876 thousand shares on April 16, 2021. Employees' payment deadline is on June 18, 2021. Money received amounting is \$74,605 thousand and the treasury stock has been transferred to employees on July 5, 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.

(18) Share-based payment

The share-based payment of the Group from January 1 to September 30, 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 September 2021		From January to September 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	-	-	-	(101)
Quantity executed in current period	-	(209)	-	(177)
Overdue expiration of the current period	-	(17)	-	-
Outstanding stock as of September 30	-	<u>-</u>	92.30	<u>786</u>
Executable as of September 30	-	<u>-</u>	92.30	<u>786</u>

Unit: 1,000

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 September 30, 2021 and 2020 has

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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.

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on April 16, 2021 and 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 \$30.82 and \$0 per share while the stock price on April 16, 2021 and March 25, 2020, which are also subscription dates, are \$116 and \$84.30 per share. As of September 30, 2021, 2,858 thousand shares were transferred and the Company has collected all the receivables of shares.

C. Expenses for employees

The expenses incurred by the Group from January 1 to September 30, 2021 and 2020 due to the share-based payment are as follows:

	From January to September 2021	From January to September 2020
Expense from employee stock option	\$ -	3,174
Expense from treasury stock	26,998	-
Total	<u>\$ 26,998</u>	<u>3,174</u>

(19) Earnings per share

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

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
	Unit: 1,000			
Basic earnings per share of the Company				
Net profit for the current period	\$ 101,117	277,033	449,055	474,416
Weighted average number of outstanding shares	<u>107,427</u>	<u>105,762</u>	<u>106,862</u>	<u>105,124</u>
Basic earnings per share (NT\$)	<u>\$ 0.94</u>	<u>2.62</u>	<u>4.20</u>	<u>4.51</u>
Diluted earnings per share of the Company				
Net profit for the current period	\$ 101,117	277,033	449,055	474,416
The impact of potential common stocks with diluting effect				

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Fair value assessment of embedded derivatives (such as trading rights)	450	(600)	2,550	3,900
Expected reduction in interest expense for convertible bonds conversion	7,740	7,577	23,097	22,610
Net profit for the current period(adjusted)	\$ 109,307	284,010	474,702	500,926
Weighted average number of outstanding shares	107,427	105,762	106,862	105,124
The impact of potential common stocks with diluting effect				
Employees' remuneration	474	347	719	665
The impact of employee stock options	-	245	204	205
The impact of convertible bonds	9,393	9,069	9,393	9,069
Weighted average number of outstanding shares	117,294	115,423	117,178	115,063
Diluted earnings per share (NT\$)	\$ 0.93	2.46	4.05	4.35

(20) Revenues from customers' contract

A. Disaggregation of revenue

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Primary geographical markets:				
Singapore	\$ 404,539	525,780	1,165,220	1,260,096
China	112,949	493,100	1,150,861	1,122,746
Taiwan	145,989	177,728	447,829	582,578
US	196,999	85,697	260,952	398,193
Malaysia	27,079	36,920	96,584	70,685
Hong Kong	10,304	-	23,452	-
Other countries	7,657	3,464	17,887	6,064
	\$ 905,516	1,322,689	3,162,785	3,440,362

B. Remaining balance of contracts

	2021.9.30	2020.12.31	2020.9.30
Accounts receivable (including related party)	\$ 547,761	1,110,030	1,005,558

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Less: Loss allowance	(1,719)	(14,246)	(14,535)
Total amount	<u>\$ 546,042</u>	<u>1,095,784</u>	<u>991,023</u>
Contract assets	<u>\$ 253,692</u>	<u>188,071</u>	<u>194,162</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 54</u>	<u>-</u>	<u>189</u>

The Group has assessed that there is no need to recognize loss allowance for contract assets as of September 30, 2021, December 31 and September 30, 2020.

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

(21) Profit sharing bonus of employees and directors

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

The Company accrued profit sharing bonus to employees from July 1 to September 30, 2021 and 2020, from January 1 to September 30, 2021 and 2020 are \$0 thousand, \$8,680 thousand, \$43,333 thousand and \$33,680 thousand respectively, and \$103 thousand, \$232 thousand, \$501 thousand and \$459 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.

(22) Non-operating gains and losses

A. Interest income

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Interest incomes of the Group are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Bank deposit interest	<u>\$ 58,438</u>	<u>46,927</u>	<u>164,622</u>	<u>121,382</u>

B. Other incomes

Other incomes of the Group are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Incomes from government subsidy	\$ 8,344	9,245	31,835	43,081
Rent concessions (recognized as other income)	-	-	-	1,719
Other incomes	6,073	-	17,718	3,525
Total amount of other incomes	<u>\$ 14,417</u>	<u>9,245</u>	<u>49,553</u>	<u>48,325</u>

C. Other profits and losses

Other profits and losses of Group are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Net profits (losses) of foreign currency exchange	\$ 18,367	(19,353)	205	(22,895)
Profits (losses) from disposal of Property, plant and equipment	20	(4,862)	141	(1,860)
Profits (losses) from financial assets/liabilities at fair value through profit and loss	(13,455)	(15,567)	1,284	(103,883)
Other losses	(3,250)	(1,725)	(3,673)	(3,256)
	<u>\$ 1,682</u>	<u>(41,507)</u>	<u>(2,043)</u>	<u>(131,894)</u>

D. Financial costs

The financial costs of the Group are as follows:

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	From July to September 2021	From July to September 2020	From January to September r 2021	From January to September r 2020
Interest expenses from bank loans	\$ 9,847	7,023	30,076	25,221
Interest expenses of convertible bonds	7,740	7,577	23,097	22,610
Interest expenses of lease liabilities	361	409	1,261	1,001
	\$ 17,948	15,009	54,434	48,832

(23) 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

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

(b) Concentration of credit risk

On September 30, 2021, December 31, 2020 and September 30, 2020, 80%, 83% and 85% 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.

	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
September 30, 2021	Book value				

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Non-derivative financial liabilities

Short-term loans	\$	3,274,766	3,274,766	3,274,766	-	-	-
Accounts payable (including related parties)		817,432	817,432	817,432	-	-	-
Other payables (including related parties)		671,608	671,608	671,608	-	-	-
Dividend payable		262,021	262,021	262,021	-	-	-
Convertible bonds payable (including derivative financial assets)		1,467,053	1,500,000	-	1,500,000	-	-
Long-term loans		838,050	859,371	15,539	843,832	-	-
Lease liabilities		44,425	45,359	36,548	8,611	200	-
Guarantee deposits received		6,462	6,462	5,770	198	-	494
	\$	7,381,817	7,437,019	5,083,684	2,352,641	200	494

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

September 30, 2020

Non-derivative financial liabilities

Short-term loans	\$	3,426,849	3,426,849	3,426,849	-	-	-
Accounts payable (including related parties)		402,800	402,800	402,800	-	-	-
Other payables (including related parties)		435,407	435,407	435,407	-	-	-
Convertible bonds payable (including derivative financial assets)		1,437,988	1,500,000	1,500,000	-	-	-
Lease liabilities		73,667	76,163	34,654	33,963	7,546	-
Guarantee deposits received		924	924	368	-	428	128
	\$	5,777,635	5,842,143	5,800,078	33,963	7,974	128

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:

	2021.9.30			2020.12.31			2020.9.30		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	14,360	27.8606	400,068	97,903	28.4790	2,788,170	38,307	29.1000	1,114,721
RMB	452,459	4.3084	1,949,373	349,610	4.3546	1,522,412	466,597	4.2719	1,993,255
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	46,260	27.8680	1,288,558	94,307	28.4795	2,685,823	29,093	29.1164	847,085
Yen	24,939	0.2489	6,207	15,046	0.2759	4,151	7,393	0.2755	2,037

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(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On September 30, 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 September 30, 2021 and 2020 will increase by approximately \$2,636 thousand and \$5,647 thousand, respectively.

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from July 1 to September 30, 2021 and 2020, and from January 1 to September 30, 2021 and 2020 including realized and unrealized ones, are \$18,367 thousand, (\$19,353) thousand, \$205 thousand and (\$22,895) thousand, respectively.

D. Interest rate analysis

The time deposits and short-term loans of the Company are fixed interest rates, which have no interest rate fluctuation risk. Therefore, it does not cause significant cash flow risk.

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 September 30, 2021 will decrease or increase by 1,575 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

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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:

2021.9.30					
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 6,453	-	-	6,453	6,453
Non-listed foreign shares	114,891	-	-	114,891	114,891
Private equity fund	321,173	-	-	321,173	321,173
Subtotal	442,517	-	-	442,517	442,517
Financial assets at amortized costs					
Cash and cash equivalents	8,505,086	-	-	-	-
Restricted bank deposit	51,532	-	-	-	-
Contract assets	253,692	-	-	-	-
Notes receivable and accounts receivable (including related parties)	546,042	-	-	-	-
Other receivables	35,603	-	-	-	-
Guarantee deposits paid	11,116	-	-	-	-
Subtotal	9,403,071	-	-	-	-
Total amounts	\$ 9,845,588	-	-	442,517	442,517
Financial liabilities at amortized costs					
Bank loans	\$ 3,274,766	-	-	-	-
Accounts payable (including related parties)	817,432	-	-	-	-
Other payables (including related parties)	671,608	-	-	-	-
Dividend payable	262,021	-	-	-	-
Convertible bond-liability component	1,467,053	-	-	-	-
Long-term loans	838,050	-	-	-	-
Lease liabilities	44,425	-	-	-	-
Guarantee deposits received	6,462	-	-	-	-
Subtotal	7,381,817	-	-	-	-
Total amounts	\$ 7,381,817	-	-	-	-
2020.12.31					
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Derivative financial assets-current	\$ 13,607	-	13,607	-	13,607
Non-listed foreign shares	65,472	-	-	65,472	65,472

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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	-	-	-	-
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	-	-	-	-
2020.9.30					
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	\$ 1,517	-	1,517	-	1,517
Non-listed foreign shares	64,096	-	-	64,096	64,096
Private equity fund	370,526	-	-	370,526	370,526
Subtotal	436,139	-	1,517	434,622	436,139
Financial assets at amortized costs					
Cash and cash equivalents	\$ 7,474,491	-	-	-	-
Contract assets	194,162	-	-	-	-
Notes receivable and accounts receivable (including related parties)	991,023	-	-	-	-
Other receivables	15,345	-	-	-	-
Guarantee deposits paid	13,806	-	-	-	-
Subtotal	8,688,827	-	-	-	-
Total amounts	\$ 9,124,966	-	1,517	434,622	436,139
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities-current	\$ 1,650	-	1,650	-	1,650

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Financial liabilities at amortized costs

Bank loans	3,426,849	-	-	-	-
Accounts payable (including related parties)	402,800	-	-	-	-
Other payables (including related parties)	435,407	-	-	-	-
Convertible bond-liability component	1,436,338	-	-	-	-
Lease liabilities	73,667	-	-	-	-
Guarantee deposits received	924	-	-	-	-
Subtotal	5,775,985	-	-	-	-
Total amounts	\$ 5,777,635	-	1,650	-	1,650

(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 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 profit after tax or the enterprise value of the investee and the listed earnings and 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 September 2021			From January to September 2020	
Domestic unlisted stocks	Non-listed foreign	Private equity fund	Non-listed foreign	Private equity fund

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		<u>company shares</u>		<u>company shares</u>	
Balance on January 1	\$ -	65,472	380,528	-	476,151
Add	-	-	-	64,096	-
Gains/ Losses:					
Recognized in gains/ losses	6,504	51,009	(53,770)	-	(102,709)
The impact of exchange rate	(51)	(1,590)	(5,585)	-	(2,916)
Balance on September 30	\$ 6,453	114,891	321,173	64,096	370,526

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.

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"> • P/E ratio multiplier (11.95 on 2021.9.30) • Multiplier of enterprise value-to-sales(3.58 on 2021.9.30, 4.16 on 2020.12.31 and 5.81 on 2020.9.30) • Lack of market liquidity discounts (15% on 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value • The higher the discount for

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		2021.9.30, 20% on	lack of market
		2020.12.31 and 35% on	liquidity, the
		2020.9.30)	lower the fair value
Financial assets at fair value through profit or loss- Private fund investment consideration	Net asset value method	Net asset value	• 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:

			Changes in fair value reflecting in current profits and losses	
		Move up or down	Favorable change	Unfavorable change
September 30, 2021				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	P/E ratio	5%	3,240	(3,240)
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	1,066	(1,066)
December 31, 2020				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	792	(792)
September 30, 2021				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	P/B ratio	5%	122	(122)
Equity instrument investment in non-active market	P/S ratio	5%	609	(609)

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

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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:

2021.9.30					
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	1,782,400	1,782,400	-	-	-

2021.9.30					
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	1,782,400	1,782,400	-	-	-

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	-	-	-

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)		
			Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Short-term loans	1,993,600	1,993,600	-	-	-

2020.9.30					
Financial assets subject to offset, offset settlement agreement or similar agreements					
Total amount of	Offset financial	Net amount of	Relative amount not offset in balance sheet (d)		
			Financial	Cash	Net amount

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	recognized financial assets (a)	liabilities recognized in balance sheet (b)	financial assets in balance sheet (c)=(a)-(b)	instrument	collateral received	(e)=(c)-(d)
Other financial assets	2,619,000	2,619,000	-	-	-	-
2020.9.30						
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	2,619,000	2,619,000	-	-	-	-

(24) 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.

(25) 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.

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

For the year ended September 30, 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(9), (13) and (14) for related information.

The adjustment of liabilities from financing activities are as follows:

Non-cash changes								
	2021.1.1	Cash flow	Discount and amortiza tion	Exchang e rate changes	Fair value changes	Acquire	Others	2021.9.30
Short-term loans	\$ 4,513,883	(1,239,097)	-	(20)	-	-	-	3,274,766
Long-term loans	836,100	-	-	-	-	-	1,950	838,050
Convertible bonds payable	1,443,956	-	23,097	-	-	-	-	1,467,053
Lease liabilities	65,785	(26,585)	-	(1,121)	-	6,346	-	44,425
Total liabilities from financing activities	\$ 6,859,724	(1,265,682)	23,097	(1,141)	-	6,346	1,950	5,624,294

Non-cash changes								
	2020.1.1	Cash flow	Discount and amortiza tion	Exchang e rate changes	Fair value changes	Acquire	Changes in lease payment s	2020.9.30
Short-term loans	\$ 3,022,229	404,607	-	13	-	-	-	3,426,849

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Financial liabilities (assets) measured at fair value through profit or loss — non-current	(2,250)	-	-	-	3,900	-	-	1,650
Convertible bonds payable	1,413,728	-	22,610	-	-	-	-	1,436,338
Lease liabilities	51,875	(18,758)	-	(3,246)	-	45,515	(1,719)	73,667
Total liabilities from financing activities	<u>\$ 4,485,582</u>	<u>385,849</u>	<u>22,610</u>	<u>(3,233)</u>	<u>3,900</u>	<u>45,515</u>	<u>(1,719)</u>	<u>4,938,504</u>

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 59.95% of the outstanding common shares of the Group as of September 30, 2021, December 31, 2020 and September 30, 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 the Group
Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of the Group
Fortunebay Technology Pte. Ltd.	Its ultimate controller is the same as that of the Group
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of the Group
Foxconn (Nanjing) Software Company	Its ultimate controller is the same as that of the Group
AnPinDa Precision Industrial (Huizhou) Co., Ltd.	Its ultimate controller is the same as that of the Group
Shenzhen Fox-energy Technology Company	Its ultimate controller is the same as that of the Group
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of the Group
Zhengyi longhua Special Material (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of the Group
Triple Win Technology (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of the Group
Foxcavity Precision Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of the Group
Shenzhen Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of the Group
Shenzhen Fugui Precision Industry Co., Ltd.	Its ultimate controller is the same as that of the Group
Shenzhen Yuzhan Precision Technology Co., Ltd.	Its ultimate controller is the same as that of the Group

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YuanFu(Shenzhen) Technology Co.,Ltd.	Its ultimate controller is the same as that of the Group
Futaijie Science & Technology Development (Shenzhen) Co., LTD	Its ultimate controller is the same as that of the 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 July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Other related parties				
Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	-	1,015
Foxconn Interconnect Technology Limited	92,182	116,488	293,168	309,321
Triple Win Technology (Shenzhen) Co., Ltd.	3,793	437,063	801,835	995,602
Other related parties	<u>244</u>	<u>241</u>	<u>737</u>	<u>724</u>
	<u>\$ 96,219</u>	<u>553,792</u>	<u>1,095,740</u>	<u>1,306,662</u>

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

B. Purchase

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

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Other related parties	<u>\$ 10,859</u>	<u>10,790</u>	<u>69,108</u>	<u>43,633</u>

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

C. Expenses for professional services

The details of management service fees and legal fees paid by the Group to the related parties

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are as follows:

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Ultimate controller	<u>\$ 114</u>	<u>995</u>	<u>605</u>	<u>4,436</u>

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	2021.9.30	2020.12.31	2020.9.30
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 103,734	101,436	109,862
	Triple Win Technology (Shenzhen) Co., Ltd.	3,422	600,228	421,908
	Others	172	87	85
		<u>\$ 107,328</u>	<u>701,751</u>	<u>531,855</u>

As of September 30, 2021, December 31, 2020 and September 30, 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	2021.9.30	2020.12.31	2020.9.30
Contract assets	Other related parties			
	Triple Win Technology (Shenzhen) Co., Ltd.	<u>\$ 917</u>	<u>12,855</u>	<u>23,758</u>

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

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

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Foxcavity Precision Industry (Shenzhen) Co., Ltd.	\$ -	10,874	-	10,874
Futaihua Industry (Shenzhen) Co., Ltd.	18,592	-	18,592	-
	<u>\$ 18,592</u>	<u>10,874</u>	<u>18,592</u>	<u>10,874</u>

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G. 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	2021.9.30	2020.12.31	2020.9.30
Accounts payable	Other related parties	\$ 9,932	3,175	198
Other payables	Ultimate controller	6,126	14,805	14,805
	Other related parties			
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	10,190	11,887	11,655
	Futaihua Industry (Shenzhen) Co., Ltd.	20,790	-	-
	Others	9,265	11,762	4,418
		46,371	38,454	30,878
		\$ 56,303	41,629	31,076

H. Dividend payable

As of September 30, 2021, according to the resolution of Board of Directors of the company, the amount of cash dividends that have not been distributed to the parent company - Foxconn (Far East) Limited for the retained earning distribution of year 2020 is 262,021 thousand, which is accounted for dividend payable.

(4) Remuneration of major management personnel

	From July to September 2021	From July to September 2020	From January to September 2021	From January to September 2020
Short-term employee benefits	\$ 3,598	7,754	34,675	27,851
Post-retirement benefits	87	87	262	262
	\$ 3,685	7,841	34,937	28,113

8. Pledged assets

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

Pledged asset	Object	2021.9.30	2020.12.31	2020.9.30
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ 51,532	-	-
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	8,000	8,000	-

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Total \$ 59,532 8,000 -

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

10. Major disaster losses: None.

11. Major subsequent events

In order to adjust the organization of the Group, the Company intends to sell ShunYun (Cayman) to its 100% owned subsidiary – ShunYun (Hong Kong). The transaction price of trading 100% stock of ShunYun (Cayman) is the net value at the point of sale which is no more than USD 15,000 thousand. The Company intends to sell 100% stock of ShunSin (Bac Giang) and ShunYun (Ha Noi) to ShunYun (Cayman). The transaction prices of trading 100% stock of ShunSin (Bac Giang) and ShunYun (Ha Noi) are the net value at the point of sale amounting to USD 41,670 thousand and no less than USD 6,000 thousand, respectively. the net value at the point of sale which is no more than USD 15,000 thousand. As of November 11, 2021, the Company has not implemented the aforementioned organizational adjustment.

12. Others

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

Items	From July to September 2021			From July to September 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	111,925	63,708	175,633	133,353	66,973	200,326
Health insurance expenses	2,747	1,928	4,675	1,904	1,719	3,623
Pension expenses	8,486	5,554	14,040	9,370	3,598	12,968
Other employee benefit expenses	14,488	12,129	26,617	19,502	5,655	25,157
Depreciation expenses	85,646	27,457	113,103	103,018	20,119	123,137
Amortization expenses	2,642	129	2,771	125	271	396

Items	From January to September 2021			From January to September 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						

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Salary expenses	409,570	243,540	653,110	386,242	188,425	574,667
Health insurance expenses	6,613	6,011	12,624	3,988	4,463	8,451
Pension expenses	27,580	14,867	42,447	19,414	8,332	27,746
Other employee benefit expenses	54,122	28,380	82,502	46,058	15,136	61,194
Depreciation expenses	318,667	80,010	398,677	313,920	49,179	363,099
Amortization expenses	8,031	543	8,574	393	1,200	1,593

(2) Seasonal characteristic:

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

13. Disclosure of Note

(1) Information on major transactions

From January 1 to September 30, 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 September 30, 2021	Balance at September 30, 2021	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)	410,806 (RMB 95,350)	410,806 (RMB 95,350)	-	2	-	Business operation	-	-	-	4,079,028 (Note 2)	4,079,028 (Note 2)
2	ShunYun (Cayman)	ShunYun (Ha Noi)	Other receivables	Y	97,860 (USD 3,500)	97,475 (USD 3,500)	97,475 (USD 3,500)	0.50	2	-	Business operation	-	-	-	1,360,736 (Note 3)	2,721,472 (Note 3)

Note1: The method of filling in the nature of capital loan is as follows:

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

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

Note2: The 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.

Note 3: The policy for loans granted by overseas subsidiaries of which parent company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by overseas subsidiaries is not limited to its regulations, however, ceiling of total loans is 400% of the net assets value of lender; limit on loans granted by an subsidiary to a single party is 200% of the net assets value of lender.

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

B. Endorsement/Guarantee provided:

No	Guarantor/Endorser	Party being guaranteed/endorsed		Limited on guarantees/endorsements provided for a single party (Note2)	Maximum outstanding guarantee/endorsement amount as of September 30, 2021	Outstanding guarantee/endorsement amount as of September 30, 2021	Amount of guarantees/endorsements secured with collateral	Ratio of accumulated guarantee/endorsement amount to net asset value of the guarantor/endorser company (%)	Limit on total amount of guarantees/endorsements period (Note2)	Provision of guarantees/endorsements by parent company to subsidiary	Provision of guarantees/endorsements by subsidiary to parent company	Provision of guarantees/endorsements to the party in Mainland China	Amount of guarantees/endorsements secured with collateral
		Company name	Relationship with the guarantor/endorser (Note1)										
1	ShunSin (Zhongshan)	ShunYun (Zhongshan)	1	9,409,095	52,840 (RMB12,000)	51,532 (RMB12,000)	51,532 (RMB 12,000)	-	0.85%	9,409,095	N	N	Y

Note 1: Relationship between guarantor and guarantee:

1. Business transaction

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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 September 30, 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	Shareholding ratio	Fair value	
ShunSin (Samoa)	Stocks: Dyna Image Corp	—	Financial assets measured at fair value through profit or loss-non-current	540,000	6,453	5.56%	6,453	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	114,891	0.77%	114,891	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	321,173	6.67%	321,173	

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

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

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

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

Companies purchasing and selling goods	Counter party	relation	Transaction situation				Reason of trading terms differs from normal transaction		Notes receivable (payable), accounts receivable (payable)		Note
			Purchase/ (sale)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable, accounts receivable (payable)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	582,393	(32.58)%	4 months	-	-	282,694	63.52%	Note2
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Sale	163,960	(9.17)%	4 months	-	-	119,483	26.85%	Note2
ShunSin (Zhongshan)	Triple Win Technology (Shenzhen) Co., Ltd	Other related party	Sale	798,995	(44.70)%	4 months	-	-	3,422	0.77%	
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Sale	122,979	(96.14)%	4 months	-	-	-	- %	
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	Sale	471,866	(74.73)%	4 months	-	-	471,866	55.51%	
The Company	ShunYun (Cayman)	Subsidiary company	Sale	272,364	(18.81)%	4 months	-	-	122,118	29.27%	Note2
The Company	Foxconn Interconnect Technology	Other related party	Sale	293,168	(20.25)%	4 months	-	-	103,734	24.87%	

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ShunSin Technology Holdings Limited and Its Subsidiaries
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	Limited										
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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)	Subsidiary	Accounts receivable (Note 1): 122,118	5.95	-		-	-
The Company	Foxconn Interconnect Technology Limited	Other related party	Accounts receivable: 103,734	3.81	-		45,926	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	Accounts receivable (Note 1): 471,866	2.03	-		-	-
ShunSin (Zhongshan)	The Company	Parent company	Accounts receivable (Note 1): 282,694	2.65	-		279,130	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Accounts receivable (Note 1): 119,483	3.66	-		-	-
ShunSin (Zhongshan)	The Company	Parent company	Other receivable (Note 1): 748,990	-	-		-	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 369,312	-	-		-	-
ShunYun (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 248,482	-	-		-	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 209,583	-	-		-	-
ShunSin (Samoa)	The Company	Parent company	Other receivable (Note 1): 410,806	-	-		-	-

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

Note 2: As of November 1, 2021.

I. Engaging in derivatives trading: Please refer to note 6 (2) and (13) for details.

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

No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			
				Subject	Amount	Transaction conditions	Ratio to consolidated total operating income or total assets (Note 3)
0	The Company	ShunSin (Zhongshan)	1	Purchases	582,393	The price is based on the price agreed by both	18.36
0	"	"	1	Accounts payable	282,694	Within 4 months	1.97
0	"	"	1	Other payables	748,990	Pay/receive on behalf, no general customers for comparison	5.22
0	"	ShunSin (Samoa)	1	Other payables	410,806	Capital Loan	2.86
1	ShunSin	ShunYun	3	Other payables	248,482	Pay/receive on behalf,	1.73

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	(Samoa)	(Zhongshan)				no general customers for comparison	
2	ShunYun (Cayman)	The Company	2	Purchases	272,364	The price is based on the price agreed by both	8.59
2	"	"	2	Accounts payable	122,118	Within 4 months	0.85
2	"	ShunYun (Zhongshan)	3	Purchases	122,979	The price is based on the price agreed by both	3.88
2	"	"	3	Contract liability	170,586	Recognition by completion ratio	1.19
3	"	"	3	Other payables	209,583	Pay/receive on behalf, no general customers for comparison	1.46
3	ShunYun (Zhongshan)	ShunSin (Zhongshan)	3	Purchases	163,960	The price is based on the price agreed by both	5.17
3	"	"	3	Accounts payable	119,483	Within 4 months	0.83
3	"	"	3	Other payables	369,312	Pay/receive on behalf, no general customers for comparison	2.57
3	ShunYun (Ha Noi)	"	3	Purchases	471,866	The price is based on the price agreed by both	14.87
3	"	"	3	Accounts payable	471,866	Within 4 months	3.29

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 September 30, 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 (Note 3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/ losses of investee (Note 1 and 2)	Note
				September 30, 2021	September 30, 2020	Shares	Percentage 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%	8,651,348	214,036	194,837	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,928	287,928	9,510,000	100.00%	1,019,757	354,942	354,942	subsidiary
The Company	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234 (Note 4)	(Note 4)	100.00%	(144,573)	(259,185)	(259,185)	subsidiary

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The Company	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	1,188,020 (Note 5)	(Note 5)	100.00%	1,160,615	9,100	9,100	subsidiary
The Company	ShunYun (Cayman)	Cayman	Holding Company	466,278	6,580	16,779,661	100.00%	680,368	215,125	215,125	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.97%	852,495	214,036	19,199	affiliate
ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	(Note 6)	(Note 6)	(Note 6)	100.00%	(Note 6)	(Note 6)	(Note 6)	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.

Note 6: ShunYun (Zhongshan) has not invested funds as of November 11, 2021.

(3) Information on investment in Mainland China:

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

Unit: NTS 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (losses) of investee	Percentage of ownership	Share of profits/ losses of investee (Note 2 and 3)	Carrying value as of September 30, 2021 (Note 2 and 3)	Accumulated inward remittance of earnings as of September 30, 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	84,700 (RMB 19,518)	100.00%	76,351 (RMB 17,594) (Note 5)	9,400,330 (RMB2,189,045) (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	36,657 (RMB 8,447)	100.00%	36,657 (RMB 8,447)	299,910 (RMB 69,839)	Note 4
TalenteK	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	139,191 (RMB 31,398)	(2)	Note 4	Note 4	Note 4	Note 4	(14,434) (RMB (3,326))	56.27%	(1,559) (RMB (359))	114,778 (RMB 26,728)	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 9,400,330 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 8,765 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 September 30, 2021 (exchange rate at closing period RMB: NTD = 1: 4.2943, and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.3396).

B. Investment limits in mainland China: Not applicable.

C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company from January 1 to September 30, 2021 (which were written off at the time of compiling the consolidated financial report), please refer to “Information on Major Transactions”.

(4) Information of major shareholders:

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Unit: Share

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