

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED  
AND SUBSIDIARY**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report**

**For three months ended of 2022 and 2021**

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

**Telephone:** 02-22688368

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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 Company and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES Company and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

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

**Consolidated Balance Sheets**

**March 31 2022 、December 31 2021 and March 31 2021**

**Expressed in Thousands of New Taiwan Dollars**

		2022.3.31		2021.12.31		2021.3.31				2022.3.31		2021.12.31		2021.3.31	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6 (1))	\$	8,993,593	60	9,066,899	61	8,797,613	66	2100	Short-term loans (note 6 (11))	\$	3,164,706	21	3,142,240	21
1137	Financial assets at amortized costs- current (note 6 (3), (12) and 8)		62,120	-	52,572	-	52,117	-	2120	Financial liabilities at fair value through profit or loss- current (note 6 (2) and (13))		-	-	962	-
1140	Current contract assets (note 6 (20) and 7)		421,156	3	329,504	2	137,748	1	2170	Accounts payable		331,169	2	619,058	4
1170	Accounts receivable (note 6 (4) and (20))		379,741	3	653,771	4	361,664	3	2180	Accounts payable to related parties (note 7)		8,815	-	11,485	-
1181	Accounts receivable — related parties (note 6 (4), (20) and 7)		165,462	1	101,458	1	445,055	3	2200	Other payables (note 6 (21))		435,888	3	551,916	4
1206	Other receivables (note 6 (5), (7) and 7)		50,298	-	24,715	-	11,092	-	2220	Other payables to related parties (note 7)		43,535	-	43,725	-
1220	Current tax assets		-	-	-	-	9,062	-	2230	Current tax liabilities		134,075	1	87,177	1
1310	Inventories (note 6 (6))		1,154,606	8	1,141,455	8	362,056	3	2280	Current lease liabilities (note 6 (14))		28,127	-	35,133	-
1410	Prepayments		271,154	2	288,511	2	105,175	1	2321	Bonds payable, current portion (note 6 (13))		1,482,657	10	-	-
1460	Non-current assets classified as held for sale (note 6 (7), (8) and 7)		-	-	24,532	-	-	-	2322	Long-term borrowings, current portion (note 6 (3), (12) and 8)		839,350	6	838,700	6
1470	Other current assets		3,054	-	3,173	-	3,120	-	2399	Other current liabilities (note 6 (20))		61,032	-	88,581	1
			11,501,184	77	11,686,590	78	10,284,702	77				6,529,354	43	5,418,977	37
15xx	Non-current assets:							25xx	Non-current liabilities:						
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2) and (13))		383,161	3	406,002	3	430,141	3	2530	Bonds payable (note 6 (13))		-	-	1,474,834	10
1535	Financial assets at amortized costs- non -current (note 6 (3), (12) and 8)		-	-	8,000	-	8,000	-	2540	Long-term loans (note 6 (3), (12) and 8)		1,145,200	8	1,107,200	7
1600	Property, plant and equipment (note 6 (8) and 7)		2,462,085	16	2,283,174	16	2,199,490	16	2570	Deferred tax liabilities		331,770	2	339,045	2
1755	Right-of-use assets (note 6 (9))		306,188	2	307,747	2	339,418	3	2580	Non-current lease liabilities (note 6 (14))		1,424	-	3,976	-
1780	Intangible assets (note 6 (10))		1,438	-	989	-	8,131	-	2630	Long-term deferred revenue		91,867	1	91,648	1
1840	Deferred tax assets		291,773	2	219,162	1	140,471	1	2645	Guarantee deposits received		12,487	-	4,826	-
1915	Prepayments for business facilities		13,268	-	45,148	-	593	-				1,582,748	11	3,021,529	20
1920	Guarantee deposits paid		11,901	-	11,426	-	12,536	-	2xxx	Total liabilities		8,112,102	54	8,440,506	57
			3,469,814	23	3,281,648	22	3,138,780	23	31xx	Total equity attributable to owners of parent (note 6 (13), (17) and (18)):					
									3110	Ordinary share		1,074,648	7	1,074,648	7
									3200	Capital surplus		2,963,428	20	2,963,425	20
									3300	Retained earnings:					
									3310	Legal reserve		473,243	3	473,243	3
									3320	Special reserve		253,000	2	253,000	2
									3350	Unappropriated retained earnings		1,771,959	12	1,872,686	12
												2,498,202	17	2,598,929	17
									3400	Other equity interest:					
									3410	Exchange differences on translation of foreign financial statements		122,100	1	(298,036)	(2)
									3500	Treasury shares		-	-	-	-
										Total equity attributable to owners of parent		6,658,378	45	6,338,966	42
									36xx	Non-controlling interests		200,518	1	188,766	1
									3xxx	Total equity		6,858,896	46	6,527,732	43
1xxx	Total assets	\$	14,970,998	100	14,968,238	100	13,423,482	100	2-3xxx	Total liabilities and equity	\$	14,970,998	100	14,968,238	100

**See accompanying notes to consolidated financial statements**

**Chairman: Hsu, Wen-Yi**

**Manager: Hsu, Wen-Yi**

**General Accountant: Wang, Chieh-Min**

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

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**

**For Three Months Ended March 31, 2022 and 2021**

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

		<b>From January to March 2022</b>		<b>From January to March 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (note 6 (20) and 7) :</b>				
4110	Sales revenue	\$ 817,527	100	1,073,694	100
4190	Loss: Sales discounts and allowances	331	-	849	-
	<b>Net operating revenue</b>	817,196	100	1,072,845	100
5000	<b>Operating costs (note 6 (6), (8), (9), (10), (14), (15) and 7)</b>	794,903	97	686,120	64
5900	<b>Gross profit from operations</b>	22,293	3	386,725	36
6000	<b>Operating expenses (note 6 (8), (9), (10), (14), (15), (18), (21) and 7):</b>				
6100	Selling expenses	9,589	1	9,808	1
6200	Administrative expenses	82,213	10	98,924	9
6300	Research and development expenses	82,453	10	80,255	8
	<b>Total operating expenses</b>	174,255	21	188,987	18
6900	<b>Net operating profits (losses)</b>	(151,962)	(18)	197,738	18
7000	<b>Non-operating income and expenses (note 6 (13), (14), (22) and 7) :</b>				
7100	Interest revenue	54,574	7	54,591	5
7010	Other income	17,969	2	19,540	2
7020	Other gains and losses	(38,583)	(5)	(21,774)	(2)
7050	Finance costs	(21,507)	(2)	(18,837)	(2)
	<b>Total non-operating income and expenses</b>	12,453	2	33,520	3
7900	<b>Profit (Loss) from continuing operations before tax</b>	(139,509)	(16)	231,258	21
7950	<b>Loss: Tax expense (benefit) (note 6 (16))</b>	(36,627)	(4)	3,127	-
8200	<b>Profit</b>	(102,882)	(12)	228,131	21
8300	<b>Other comprehensive income:</b>				
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	427,529	52	(40,647)	(4)
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	<b>Other comprehensive income, net</b>	427,529	52	(40,647)	(4)
8500	<b>Total comprehensive income (loss)</b>	<b>\$ 324,647</b>	<b>40</b>	<b>187,484</b>	<b>17</b>
	<b>Profit, attributable to:</b>				
8610	Owners of parent	\$ (100,727)	(12)	230,342	21
8620	Non-controlling interests	(2,155)	-	(2,211)	-
		<b>\$ (102,882)</b>	<b>(12)</b>	<b>228,131</b>	<b>21</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 319,409	39	189,485	17
8720	Non-controlling interests	5,238	1	(2,001)	-
		<b>\$ 324,647</b>	<b>40</b>	<b>187,484</b>	<b>17</b>
	<b>Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (19))</b>				
9750	Basic earnings per share	<b>\$ (0.94)</b>		<b>2.16</b>	
9850	Diluted earnings per share	<b>\$ (0.94)</b>		<b>2.05</b>	

**See accompanying notes to consolidated financial statements**

**Chairman: Hsu, Wen-Yi**

**Manager: Hsu, Wen-Yi**

**General Accountant: Wang, Chieh-Min**

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

**Consolidated Statements of Changes in Equity**

**January 1 to March 31, 2022 and 2021**

(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	Unappropria ted retained earnings	Total						
<b>Balance as of January 1, 2021</b>	\$ 1,072,558	2,816,502	403,331	345,229	1,887,499	2,636,059	(253,000)	(74,605)	6,197,514	40,711	6,238,225
Profit	-	-	-	-	230,342	230,342	-	-	230,342	(2,211)	228,131
Other comprehensive income (loss)	-	-	-	-	-	-	(40,857)	-	(40,857)	210	(40,647)
Total comprehensive income (loss)	-	-	-	-	230,342	230,342	(40,857)	-	189,485	(2,001)	187,484
Shares issued due to stock option executed	2,090	17,201	-	-	-	-	-	-	19,291	-	19,291
Changes in ownership interests in subsidiaries	-	-	-	-	179	179	-	-	179	(179)	-
<b>Balance as of March 31, 2021</b>	<b>\$ 1,074,648</b>	<b>2,833,703</b>	<b>403,331</b>	<b>345,229</b>	<b>2,118,020</b>	<b>2,866,580</b>	<b>(293,857)</b>	<b>(74,605)</b>	<b>6,406,469</b>	<b>38,531</b>	<b>6,445,000</b>
<b>Balance as of January 1, 2022</b>	\$ 1,074,648	2,963,425	473,243	253,000	1,872,686	2,598,929	(298,036)	-	6,338,966	188,766	6,527,732
Loss	-	-	-	-	(100,727)	(100,727)	-	-	(100,727)	(2,155)	(102,882)
Other comprehensive income (loss)	-	-	-	-	-	-	420,136	-	420,136	7,393	427,529
Total comprehensive income (loss)	-	-	-	-	(100,727)	(100,727)	420,136	-	319,409	5,238	324,647
Changes in ownership interests in subsidiaries	-	3	-	-	-	-	-	-	3	(3)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	6,517	6,517
<b>Balance as of March 31, 2022</b>	<b>\$ 1,074,648</b>	<b>2,963,428</b>	<b>473,243</b>	<b>253,000</b>	<b>1,771,959</b>	<b>2,498,202</b>	<b>122,100</b>	<b>-</b>	<b>6,658,378</b>	<b>200,518</b>	<b>6,858,896</b>

**See accompanying notes to consolidated financial statements**

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

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

**Consolidated Statements of Cash Flows**  
**For Three Months Ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>From January to March, 2022</b>	<b>From January to March, 2021</b>
<b>Cash flows from operating activities:</b>		
Profit (Loss) before tax	\$ (139,509)	231,258
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	122,038	135,580
Amortization expense	114	2,923
Net loss on financial assets and liabilities at fair value through profit or loss	35,888	15,363
Interest expense	21,507	18,837
Interest income	(54,574)	(54,591)
Property, plant and equipment transferred to expenses	-	210
Net loss on disposal and scrapping of property, plant and equipment	-	11
Gain from modification of lease	(5)	-
Total adjustments to reconcile profit (loss)	124,968	118,333
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(91,652)	50,323
Accounts receivable	274,030	32,369
Accounts receivable—related parties	(64,004)	256,696
Other receivables	9,743	(158)
Inventories	(13,151)	(36,860)
Prepayments	17,357	(68,653)
Other current assets	769	(426)
Total changes in operating assets	133,092	233,291
Changes in operating liabilities:		
Accounts payable	(287,889)	143
Accounts payable—related parties	(2,670)	7,951
Other payable	(74,323)	(59,450)
Other payable—related parties	(1,405)	(2,089)
Other current liabilities	(27,549)	(4,779)
Long-term deferred income	219	(6,966)
Total changes in operating liabilities	(393,617)	(65,190)
Total changes in operating assets and liabilities	(260,525)	168,101
Total adjustments	(135,557)	286,434
Cash inflow generated from operations	(275,066)	517,692
Interest received	43,499	54,602
Interest paid	(12,924)	(11,420)
Income taxes paid	(1,899)	(3,997)
<b>Net cash flows from (used in) operating activities</b>	<b>(246,390)</b>	<b>556,877</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized costs	-	(52,530)
Proceeds from disposal of non-current assets classified as held for sale	281	-
Acquisition of property, plant and equipment	(223,199)	(153,643)
Decrease (Increase) in guarantee deposits paid	(475)	4
Acquisition of intangible assets	(515)	(308)
Decrease (Increase) in prepayments for business facilities	16,369	(234)
<b>Net cash flows from (used in) investing activities</b>	<b>(207,539)</b>	<b>(206,711)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	3,093,724	1,204,212
Decrease in short-term loans	(3,071,258)	(2,704,423)
Increase (Decrease) in guarantee deposits received	7,829	(175)
Payments of lease liabilities	(9,992)	(9,406)
Shares issued due to stock option executed	-	19,291
Changes in non-controlling interests	6,517	-
<b>Net cash flows from (used in) financing activities</b>	<b>26,820</b>	<b>(1,490,501)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>353,803</b>	<b>(5,432)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(73,306)</b>	<b>(1,145,767)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,066,899</b>	<b>9,943,380</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 8,993,593</b>	<b>8,797,613</b>

**See accompanying notes to consolidated financial statements**

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**ShunSin Technology Holdings Limited and 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 report was issued and authorized by the Board of Directors on May 10, 2022.

**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, 2022, and it does not cause significant impact on consolidated financial report.

- 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”

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

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

New or Amended Standards	Main revision contents	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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.  The amendments include clarifying the classification requirements for debt a company	2023/1/1

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

	might settle by converting it into equity.	
Amendments to IAS 1 “Disclosure of Accounting Policies”	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>• requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	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”
- 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 2021, except for the following. Please refer to the note 4 in consolidated financial report of 2021 for relative information.

##### **(1) Statement on compliance**

This consolidated financial report is prepared in accordance with the Regulations Governing the

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

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) Basic of consolidation

The principles for preparing consolidated financial report are consistent with those in 2021, please refer to note 4 (3) in consolidated financial report of 2021 for relative information.

Subsidiaries included in consolidated financial reports:

Name of Investor	Name of subsidiary	Business activities	Percentage of ownership (%)		
			2022.3.31	2021.12.31	2021.3.31
The Company	ShunSin Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunSin (Hong Kong))	Holding Company	91.80%	91.80% (Note 1)	91.03% (Note 1)
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchase	100.00%	100.00%	100.00%
The Company	ShunYun Technology Holdings Limited (hereinafter referred to as ShunYun (Cayman))	Sales of high-speed optical transceiver module	100.00% (Note 2)	100.00%	100.00%
The Company	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to as ShunYun (HaNoi)) (Note 4)	Optical transceivers manufacturing	(Note 3)	(Note 3)	100.00%
The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	(Note 3)	(Note 3)	100.00%
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.20%	8.20% (Note 1)	8.97% (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%	100.00%
ShunSin (Zhongshan)	Talentek Microelectronics (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical	44.58% (Note 5)	45.42%	66.18%

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		equipment, communication equipment and automation equipment			
ShunYun (Cayman)	ShunYun (HaNoi) (Note 4)	Optical transceivers manufacturing	100.00%	100.00%	(Note 3)
ShunYun (Cayman)	ShunSin (Bac Giang)	Optical transceivers manufacturing	100.00%	100.00%	(Note 3)
ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00%	- % (Note 6)

Note 1: The company increased its capital in ShunSin (Hong Kong) by US\$10,000 thousand on December 7, 2021, resulting in the company's shareholding ratio in ShunSin (Hong Kong) from 91.03% to 91.80%, while the shareholding ratio of ShunSin (Samoa) to ShunSin (Hong Kong) decreased from 8.97% to 8.20%.

Note 2: ShunYun (Cayman) was registered on July 13, 2020 in Cayman Islands. The authorized capital is US\$ 40,000 thousand. The Company invested US\$4,000 thousand in January, 2022, which has invested US\$29,280 thousand as of March 31, 2022, and the shareholding ratio is 100%.

Note 3: ShunYun (Cayman) purchased 100% equity of the Company's subsidiary, ShunYun (Ha Noi) and ShunSin (Bac Giang), on December 15, 2021. It has acquired 100% of ShunYun (Ha Noi) and ShunSin (Bac Giang).

Note 4: 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 5: Talentek (Hefei) passed the implementation of the share incentive plan by the resolution of the shareholders' meeting on December 31, 2021. It is estimated that after the capital increase and share incentive plan are completed in full, the expected shareholding ratio of ShunSin (Zhongshan) is 37.93%. As of March 31, 2022, however, several shareholders' funds have not been invested and the share incentive plan has not been fully paid according to the payment schedule. Although the shareholding ratio of ShunSin (Zhongshan) to Talentek (Hefei) is less than 50%, the overall shareholding ratio of ShunSin (Zhongshan) and its related parties is more than 50%, so it is still considered to have control over Talentek (Hefei).

Note 6: 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 March 31, 2022.

Subsidiaries not included in the consolidated financial report: None.

### (3) Income tax

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

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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 2021 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 2021. Please refer to note 6 of the consolidated financial report in 2021 for relative information.

(1) Cash and cash equivalents

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Cash on hand	\$ 63	68	-
Current deposit	1,498,931	1,467,975	6,225,988
Times deposit	7,494,599	7,598,856	2,571,625
Cash and cash equivalents as shown in the consolidated cash flow statement	<u><u>\$ 8,993,593</u></u>	<u><u>9,066,899</u></u>	<u><u>8,797,613</u></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>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
Forward foreign exchange contract	\$ -	-	(918)
SWAP contract	-	(962)	-
	<u><u>\$ -</u></u>	<u><u>(962)</u></u>	<u><u>(918)</u></u>

The Group engages in derivative financial commodity transactions to avoid exchange rate

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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, 2021 and March 31, 2021 are as follows:

SWAP contract:

<b>2021.12.31</b>				
<b>Contract amount</b>	<b>Currency</b>	<b>Period</b>	<b>Fair value asset (Liability)</b>	
CNY 407,000	Sell NTD/Buy RMB	2022.1.14	<b>\$ (962)</b>	

Forward foreign exchange contract:

<b>2021.3.31</b>				
<b>Contract amount</b>	<b>Currency</b>	<b>Period</b>	<b>Fair value asset (Liability)</b>	
USD 5,000	USD to RMB	2021.4.19	<b>\$ (918)</b>	

B. Non-current

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Financial assets designated at fair value through profit and loss:			
Right to redeem bonds	\$ -	-	750
Non-derivative financial assets			
Stocks of domestic unlisted companies	21,605	20,704	-
Stocks of foreign unlisted companies	95,538	113,643	65,147
Private Equity	266,018	271,655	364,244
	<b>\$ 383,161</b>	<b>406,002</b>	<b>430,141</b>

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 cost

A. Current

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Restricted bank deposits	<b>\$ 62,120</b>	<b>52,572</b>	<b>52,117</b>

ShunYun (Zhongshan), a subsidiary of the Group, applied to the customs for the qualification of import and export goods, guaranteed with customs deposit amounting to RMB 12,000 thousand (NTD 54,120 thousand) in January, 2022. 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 transferred restricted bank deposits to

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current assets due to the long-term loans will be due in one year as of March 31, 2022.

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 NTD 52,117 thousand and NTD 52,572 thousand on March 31, 2021 and December 31, 2021, which expired in January 2022.

**B. Non-current**

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Restricted bank deposits	<u>\$ -</u>	<u>8,000</u>	<u>8,000</u>

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

Please refer to note 8 for the details of customs deposit and collateral for long-term loans as of March 31, 2022, December 31, 2021 and March 31, 2021.

**(4) Accounts receivable**

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Accounts receivable	\$ 379,741	653,771	375,940
Accounts receivable-related party	165,462	101,458	445,055
Less: loss allowance	-	-	(14,276)
	<u>\$ 545,203</u>	<u>755,229</u>	<u>806,719</u>

Accounts receivable of the Group is not discounted or provided as collateral.

The Group uses the simplified method of estimating the anticipated credit loss for all 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 March 31, 2022, December 31, 2021 and March 31, 2021, are analyzed as follows:

	<b>2022.3.31</b>	
	<b>Weighted average anticipated credit loss rate (%)</b>	<b>Provision against anticipated credit losses during the continuance of existence</b>
<b>Book value of accounts receivable</b>		

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Not overdue	\$	456,791	-	-
Past due 1-30 days		81,684	-	-
Past due 31-60 days		5,001	-	-
Past due 61-90 days		116	-	-
Past due 91-120 days		86	-	-
Past due 121-365 days		<u>1,525</u>	-	<u>-</u>
	<b>\$</b>	<b><u>545,203</u></b>		<b><u>-</u></b>

There is no need to recognize anticipated credit losses during the duration after assessment.

<b>2021.12.31</b>				
	<b>Book value of accounts receivable</b>	<b>Weighted average anticipated credit loss rate (%)</b>	<b>Provision against anticipated credit losses during the continuance of existence</b>	
Not overdue	\$ 722,333	-	-	-
Past due 1-30 days	31,095	-	-	-
Past due 61-90 days	252	-	-	-
Past due 91-120 days	1,133	-	-	-
Past due 121-365 days	<u>416</u>	-	<u>-</u>	<u>-</u>
	<b>\$ <u>755,229</u></b>		<b><u>-</u></b>	<b><u>-</u></b>

There is no need to recognize anticipated credit losses during the duration after assessment.

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

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

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

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

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

(5) Other receivables

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Other receivables	<b><u>\$ 50,298</u></b>	<b><u>24,715</u></b>	<b><u>11,092</u></b>

Other receivables of the Group were not overdue on March 31, 2022, December 31, 2021 and March 31, 2021.

(6) Inventories

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Raw materials	\$ 1,121,879	1,091,396	323,330
Work-in-process	19,819	26,790	18,677
Finished products (including semi-finished products)	12,908	23,269	20,049
	<b><u>\$ 1,154,606</u></b>	<b><u>1,141,455</u></b>	<b><u>362,056</u></b>

Operating costs recognized by the Group:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Cost of selling inventories	\$ 789,887	662,929
Loss allowance for inventory valuation losses and slow-moving inventories	300	16,479
Inventory Obsolescence	2,414	8,606
Unallocated manufacturing overhead	3,679	-
Revenue from sale of scraps	(1,377)	(1,894)
	<b><u>\$ 794,903</u></b>	<b><u>686,120</u></b>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the inventory of the Group has

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not been provided as a pledge guarantee.

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

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 on October 28, 2021. The book value of the equipment is 507,203 thousand (RMB 118,111 thousand). The Group transferred the equipment to non-current assets classified as held for sale with its book value. Among part of the aforementioned machinery and equipment for sale, 4,110 thousand (RMB 946 thousand) was transferred back to self use in December 2021, while the remaining machinery and equipment for sale were sold at their book value in March 2022 and in October and December of 2021. The disposal price was 24,532 thousand (RMB 5,651 thousand) and 484,462 thousand (RMB 111,514 thousand), and the gain on the disposal was 0. As of March 31, 2022 and December 31, 2021, the aforementioned remaining amount of 28,797 thousand and 4,546 thousand has not yet been received, which is listed under other receivables.

(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 March 31, 2022 and 2021 are as follows:

	Housing and building	Machiner y and equipment	Office equipment (including computer communic ation equipment )	Inspection equipment	Other equipment	Lease improvem ent	Unfinishe d constructi on and equipment to be inspected	Total
Cost:								
Balance as of January 1, 2022	\$ 1,253,510	2,471,996	75,090	668,513	374,460	46,897	213,247	5,103,713
Acquisition	-	30,245	79	13,702	5,767	449	131,707	181,949
Disposal	-	-	(717)	(321)	(12,307)	-	-	(13,345)
Re-classification(Note 1)	-	67,967	-	-	1,728	-	(54,184)	15,511
Impact of exchange rate changes	48,621	99,652	2,857	26,767	14,128	1,830	9,786	203,641
Balance as of March 31, 2022	<b>\$ 1,302,131</b>	<b>2,669,860</b>	<b>77,309</b>	<b>708,661</b>	<b>383,776</b>	<b>49,176</b>	<b>300,556</b>	<b>5,491,469</b>
Balance as of January 1, 2021	\$ 489,937	2,664,726	68,702	943,932	435,249	46,989	727,759	5,377,294
Acquisition	91,790	90,175	8,667	13,013	3,373	-	18,011	225,029
Disposal	-	-	(120)	(415)	(168)	-	-	(703)
Re-classification(Note 2)	684,295	26,472	6,813	-	277	-	(718,067)	(210)
Impact of exchange rate changes	(8,534)	(22,667)	(7,381)	(1,013)	(611)	(234)	1,850	(38,590)
Balance as of March 31, 2021	<b>\$ 1,257,488</b>	<b>2,758,706</b>	<b>76,681</b>	<b>955,517</b>	<b>438,120</b>	<b>46,755</b>	<b>29,553</b>	<b>5,562,820</b>
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2022	\$ 284,128	1,711,308	63,395	490,519	250,334	20,855	-	2,820,539
Depreciation	13,298	56,170	1,168	18,689	19,945	1,292	-	110,562
Disposal	-	-	(717)	(321)	(12,307)	-	-	(13,345)
Impact of exchange rate changes	11,937	67,673	2,414	19,057	9,707	840	-	111,628
Balance as of March 31, 2022	<b>\$ 309,363</b>	<b>1,835,151</b>	<b>66,260</b>	<b>527,944</b>	<b>267,679</b>	<b>22,987</b>	<b>-</b>	<b>3,029,384</b>

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Balance as of January 1, 2021	\$	233,636	1,987,704	62,131	674,620	283,262	15,909	-	3,257,262
Depreciation		6,634	59,424	1,691	36,273	19,558	1,265	-	124,845
Disposal		-	-	(120)	(404)	(168)	-	-	(692)
Impact of exchange rate changes		(1,213)	(20,529)	(203)	2,971	979	(90)	-	(18,085)
Balance as of March 31, 2021	<b>\$</b>	<b>239,057</b>	<b>2,026,599</b>	<b>63,499</b>	<b>713,460</b>	<b>303,631</b>	<b>17,084</b>	<b>-</b>	<b>3,363,330</b>
Carrying amount:									
Balance as of March 31, 2022	<b>\$</b>	<b>992,768</b>	<b>834,709</b>	<b>11,049</b>	<b>180,717</b>	<b>116,097</b>	<b>26,189</b>	<b>300,556</b>	<b>2,462,085</b>
Balance as of January 1, 2022		<b>969,382</b>	<b>760,688</b>	<b>11,695</b>	<b>177,994</b>	<b>124,126</b>	<b>26,042</b>	<b>213,247</b>	<b>2,283,174</b>
Balance as of March 31, 2021	<b>\$</b>	<b>1,018,431</b>	<b>732,107</b>	<b>13,182</b>	<b>242,057</b>	<b>134,489</b>	<b>29,671</b>	<b>29,553</b>	<b>2,199,490</b>

Note 1: From January 1 to March 31, 2022, the amounts reclassified from prepayments for business facilities is \$15,511 thousand respectively.

Note 2: From January 1 to March 31, 2021, the amounts of reclassifying into expenses is \$210 thousand.

**(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:

		<b>Land</b>	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
Cost:					
Balance as of January 1, 2022	\$	280,657	98,914	7,801	387,372
Decrease (contract modified)		-	(584)	-	(584)
Impact of exchange rate changes		9,810	3,495	303	13,608
Balance as of March 31, 2022	<b>\$</b>	<b>290,467</b>	<b>101,825</b>	<b>8,104</b>	<b>400,396</b>
Balance as of January 1, 2021	\$	282,271	92,396	7,049	381,716
Acquisition		-	3,646	2,290	5,936
Decrease (contract expired)		-	-	(1,493)	(1,493)
Impact of exchange rate changes		198	20	(42)	176
Balance as of March 31, 2021	<b>\$</b>	<b>282,469</b>	<b>96,062</b>	<b>7,804</b>	<b>386,335</b>
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2022	\$	12,193	63,091	4,341	79,625
Depreciation		2,092	8,676	708	11,476
Impact of exchange rate changes		486	2,436	185	3,107
Balance as of March 31, 2022	<b>\$</b>	<b>14,771</b>	<b>74,203</b>	<b>5,234</b>	<b>94,208</b>
Balance as of January 1, 2021	\$	3,942	30,694	3,046	37,682
Depreciation		2,073	7,958	704	10,735
Decrease (contract expired)		-	-	(1,493)	(1,493)
Impact of exchange rate changes		(3)	6	(10)	(7)
Balance as of March 31, 2021	<b>\$</b>	<b>6,012</b>	<b>38,658</b>	<b>2,247</b>	<b>46,917</b>
Carrying amount:					
Balance as of March 31, 2022	<b>\$</b>	<b>275,696</b>	<b>27,622</b>	<b>2,870</b>	<b>306,188</b>

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Balance as of January 1, 2022	<u>\$</u>	<u>268,464</u>	<u>35,823</u>	<u>3,460</u>	<u>307,747</u>
Balance as of March 31, 2021	<u>\$</u>	<u>276,457</u>	<u>57,404</u>	<u>5,557</u>	<u>339,418</u>

(10) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to March 31, 2022 and 2021 are as follows:

	<b>Cost of computer software</b>
Cost:	
Balance as of January 1, 2022	\$ 30,888
Acquisition	515
Impact of exchange rate changes	1,210
Balance as of March 31, 2022	<u><u>\$ 32,613</u></u>
Balance as of January 1, 2021	\$ 30,354
Acquisition	308
Impact of exchange rate changes	(153)
Balance as of March 31, 2021	<u><u>\$ 30,509</u></u>
Amortization and impairment losses:	
Balance as of January 1, 2022	\$ 29,899
Amortization	114
Impact of exchange rate changes	1,162
Balance as of March 31, 2022	<u><u>\$ 31,175</u></u>
Balance as of January 1, 2021	\$ 19,575
Amortization	2,923
Impact of exchange rate changes	(120)
Balance as of March 31, 2021	<u><u>\$ 22,378</u></u>
Carrying amount:	
Balance as of March 31, 2022	<u><u>\$ 1,438</u></u>
Balance as of January 1, 2022	<u><u>\$ 989</u></u>
Balance as of March 31, 2021	<u><u>\$ 8,131</u></u>

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

<u>From January to March 2022</u>	<u>From January to March 2021</u>
---------------------------------------	---------------------------------------

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Operating costs	\$	28	2,708
Operating expenses		86	215
	<b>\$</b>	<b>114</b>	<b>2,923</b>

(11) Short-term loans

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

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Unsecured bank loans	<u>\$ 3,164,706</u>	<u>3,142,240</u>	<u>3,013,672</u>
Line of credit	<u>\$ 4,039,935</u>	<u>3,893,962</u>	<u>4,116,336</u>
Interest rate range (%)	<u>0.76~1.07</u>	<u>0.72~0.90</u>	<u>0.72~0.87</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:

<b>2022.3.31</b>			
	<b>Currency</b>	<b>Period</b>	<b>Amount</b>
Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$ 840,000
Less: deferred financing fee			(650)
Secured loan from MUFG Bank	NTD	2021.12~2024.12	801,640
Secured loan from E.SUN Bank	NTD	2021.12~2024.12	343,560
Subtotal			1,984,550
Less: past due within one year			(839,350)
Total			<u>\$ 1,145,200</u>
Line of credit			<u>\$ 1,300,000</u>
Interest rate range (%)			<u>1.85~1.90</u>

  

<b>2021.12.31</b>			
	<b>Currency</b>	<b>Period</b>	<b>Amount</b>
Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$ 840,000
Less: deferred financing fee			(1,300)
Secured loan from MUFG Bank	NTD	2021.12~2024.12	775,040
Secured loan from E.SUN Bank	NTD	2021.12~2024.12	332,160
Subtotal			1,945,900
Less: past due within one year			(838,700)

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Total				<b>\$ 1,107,200</b>
Line of credit				<b>\$ 1,300,000</b>
Interest rate range (%)				<b>1.11~1.85</b>
<b>2021.3.31</b>				
	<b>Currency</b>	<b>Period</b>	<b>Amount</b>	
Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$	840,000
Less: deferred financing fee				(3,250)
Less: past due within one year				-
Total				<b>\$ 836,750</b>
Line of credit				<b>\$ 3,060,000</b>
Interest rate range (%)				<b>1.85</b>

The Group started to use syndicated loan 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 (12) in the consolidated financial report of 2021 for relative information.

According to the provisions of the syndicated loan contract from China CITIC Bank, the Group will repay the principal in one lump sum when it expires, and may apply for extension of the credit term before the expiry date. If the banks agree to the extension, the unpaid principal balance shall be repaid in five installments. The first installment is on the date after thirty-six months of the first use, and thereafter every six months shall be an installment for repayment. As of March 31, 2021, the Company has not applied for extension, therefore the non-current portion of non-current borrowings are classified as long-term borrowings, current portion.

According to the stipulations of the contract between the MUFG Bank and E.SUN Bank, the principal will be repaid in one lump sum upon maturity. Therefore, the amount of long-term borrowings - current portion on March 31, 2022 and December 31, 2021 is 0 thousand. According to the description of the above three non-current portion of non-current borrowings, the Group's long-term borrowings - current portion is 839,350 thousand.

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(13) Convertible bonds payable

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
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	125,101	117,278	94,058
Cost of convertible bonds issue at premium	7,500	7,500	7,500
Ending balance of convertible bonds payable	<b><u>\$ 1,482,657</u></b>	<b><u>1,474,834</u></b>	<b><u>1,451,614</u></b>

During January 1 to March 31, 2022 and 2021, the Group did not issue, repurchase, or pay off the bonds, please refer to note 6 (13) 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:

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Initial balance of embedded derivative financial commodity (put and call)	\$ -	2,550	2,550
Valuation losses in the current period	-	(2,550)	(1,800)
	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>750</u></b>

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

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Closing balance (Initial balance)	<b><u>\$ 129,000</u></b>	<b><u>129,000</u></b>

The expiration dates of First unsecured convertible bonds is February 12, 2023, so the Group reclassified the convertible bonds as current liabilities.

(14) Lease Liability

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

	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Current	\$ 28,127	35,133	35,543
Non-current	1,424	3,976	26,517
Total	<b><u>\$ 29,551</u></b>	<b><u>39,109</u></b>	<b><u>62,060</u></b>

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

Amounts recognized in profit or loss are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Interest expense from lease liabilities	<u>\$ 270</u>	<u>483</u>
Expense of short-term lease	<u>\$ 2,978</u>	<u>22,814</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 8</u>	<u>8</u>

Amounts recognized in cash flow statement are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Total cash used in operating activity	\$ 3,256	23,305
Total cash used in financing activity	9,992	9,406
Total cash used in lease	<u>\$ 13,248</u>	<u>32,711</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 2 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 March 31, 2022 and 2021 have been allocated to the labor insurance bureau and the local competent authority of the consolidated foreign subsidiaries. The details of the expenses reported by the Group are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Operating costs	\$ 7,516	9,734
Operating expenses	5,989	4,535
	<u>\$ 13,505</u>	<u>14,269</u>

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(16) Income tax

- A. The income tax expense (benefit) details of the Group from January 1 to March 31, 2022 and 2021 are as follows:

	<u>From January to March 2022</u>	<u>From January to March 2021</u>
Current		
Current period	\$ 45,406	30,114
Adjustment of previous period	-	(22)
	<u>45,406</u>	<u>30,092</u>
Deferred income tax benefit		
Occurrence and reversal of temporary differences	(82,033)	(26,965)
Income tax expense	<u><u>\$ (36,627)</u></u>	<u><u>3,127</u></u>

- B. Examination and approval of income tax

The Company are exempt from income tax and do not need to declare profit-making enterprise income tax according to the law of the country where the Company is established. The income tax return of the Company's Taiwan Branch and the ShunYun (Cayman)'s Taiwan Branch have been approved by the taxation authorities through 2019 and 2020, respectively.

(17) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to March 31 for 2022 and 2021, except for the following. Please refer to note 6 (17) in the consolidated financial report of 2021 for relative information.

- A. Capital surplus

The capital surplus balance of the Company is as follows:

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Share premium	\$ 2,689,050	2,689,050	2,689,050
Changes in ownership interests in subsidiaries	97,124	97,121	-
Employee stock option-expired	4,841	4,841	4,841
Treasury share transactions	37,810	37,810	10,812
Share payment transactions of its subsidiaries	5,603	5,603	-
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<u><u>\$ 2,963,428</u></u>	<u><u>2,963,425</u></u>	<u><u>2,833,703</u></u>

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**B. Retained earnings distribution**

According to Charter of the Company, the Company's earnings distribution for 2021 and 2020 were decided by the shareholders' meeting on May 10, 2022 and May 13, 2021 respectively. The dividend distribution are as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Dividend per share (USD)</b>	<b>Amount</b>	<b>Dividend per share (USD)</b>	<b>Amount</b>
Dividend distributed to ordinary shareholders:				
Cash	\$ 2.56	<u><b>275,110</b></u>	4.10	<u><b>440,212</b></u>

Information for retained earnings distribution approved by Board of Directors on May 10, 2022 and May 13, 2021, respectively could be inquired on Market Observation Post System.

**C. Treasury Stock**

The Company was approved by Board of Directors on January 8, 2019 to repurchase 2,858 thousand shares as treasury stock in order to transfer them to employee. The aforementioned 2,858 thousand shares had been repurchased with the average price \$85.18 per share, and total repurchasing amount is \$243,432 thousand. As of March 31, 2021, the transferred shares are 1,982 thousand shares. The company completed the transfer of all 2,858 thousand shares in 2021, and all share proceeds have been fully received. As of March 31, 2022, the company has not repurchased treasury shares and transferred them to employees.

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 March 31, 2022 has no significant changes except for the following mentioned. Please refer to the note 6 (18) in the consolidated financial report of 2021 for relative information.

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

Unit: 1,000

	<b>From January to March 2021</b>	
	<b>Weighted average performance price</b>	<b>Number of option</b>
Outstanding stock as of January 1	TWD 92.30	226

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Grant quantity in current period	-	-
Quantity lost in current period	-	-
Quantity executed in current period	-	(209)
Overdue expiration of the current period	-	<u>(17)</u>
Outstanding stock as of March 31	-	<u><u>-</u></u>
Executable as of March 31	-	<u><u>-</u></u>

The stock options for employees have expired on January 17, 2021.

**B. Relative information of Policy Governing First Share Repurchased and Transferred to Employees**

The share-based payment of the Group from January 1 to March 31, 2021 has no significant changes except for the following mentioned. Please refer to the note 6 (18) in the consolidated financial report of 2021 for relative information.

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on April 16, 2021, 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 per share while the stock price on April 16, 2021, which are also subscription dates, are \$116 per share. As of March 31, 2021, 2,858 thousand shares were transferred and the Company has collected all the receivables of shares.

**(19) Earnings per share**

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

		Unit: 1,000
	<b>From January to March 2022</b>	<b>From January to March 2021</b>
<b>Basic earnings (loss) per share of the Company</b>		
Net profit (loss) for the current period	\$ (100,727)	230,342
Weighted average number of outstanding shares	<u>107,465</u>	<u>106,561</u>
Basic earnings (loss) per share (NT\$)	<u>\$ (0.94)</u>	<u>2.16</u>
<b>Diluted earnings (loss) per share of the Company</b>		
Net profit (loss) for the current period	\$ (100,727)	230,342
The impact of potential common stocks with diluting effect		
Fair value assessment of embedded derivatives (such as trading rights)	-	1,800
Expected reduction in interest expense for convertible bonds conversion	<u>-</u>	<u>7,658</u>

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Net profit (loss) for the current period	<u>\$ (100,727)</u>	<u>239,800</u>
Weighted average number of outstanding shares	107,465	106,561
The impact of potential common stocks with diluting effect		
Employees' remuneration	-	1,063
The impact of employee stock options	-	190
The impact of convertible bonds	-	9,069
Weighted average number of outstanding shares	<u>107,465</u>	<u>116,883</u>
Diluted earnings (loss) per share (NT\$)	<u>\$ (0.94)</u>	<u>2.05</u>

The convertible bonds of the Group and the profit sharing bonus to employees are potential common stocks from January 1 to March 31, 2022, but due to their anti-dilution effect, they are not included in the calculation of diluted earnings per share from January 1 to March 31, 2022.

(20) Revenues from customers' contract

A. Disaggregation of revenue

	<u>From January to March 2022</u>	<u>From January to March 2021</u>
Primary geographical markets:		
Singapore	\$ 236,610	343,706
US	209,424	7,924
Taiwan	180,345	146,039
China	142,037	526,118
Malaysia	31,557	38,670
Ireland	11,141	3,888
Hong Kong	3,781	6,348
Other countries	2,301	152
	<u>\$ 817,196</u>	<u>1,072,845</u>

B. Remaining balance of contracts

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Accounts receivable (including related party)	\$ 545,203	755,229	820,995
Less: Loss allowance	-	-	(14,276)
Total amount	<u>\$ 545,203</u>	<u>755,229</u>	<u>806,719</u>
Contract assets	<u>\$ 421,156</u>	<u>329,504</u>	<u>137,748</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 165</u>	<u>-</u>	<u>81</u>

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The Group has assessed that there is no need to recognize loss allowance for contract assets as of March 31, 2022, December 31 and March 31, 2021.

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 did not recognize any remuneration to employees and directors due to the net loss before tax during first quarter of 2022. The Company accrued profit sharing bonus to employees from January 1 to March 31, 2021 is \$40,000 thousand, and \$274 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 2021 and 2020 are \$43,333 thousand and \$100,000 thousand respectively, and \$465 thousand and \$855 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 2021 and the year of 2020. Related information is available at the MOPS.

**(22) Non-operating gains and losses**

**A. Interest income**

Interest incomes of the Group are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Bank deposit interest	<b>\$ 54,574</b>	<b>54,591</b>

**B. Other incomes**

Other incomes of the Group are as follows:

<b>From January to March 2022</b>	<b>From January to March 2021</b>
---------------------------------------	---------------------------------------

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Incomes from government subsidy	13,866	12,727
Other incomes	4,103	6,813
Total amount of other incomes	<u><u>\$ 17,969</u></u>	<u><u>19,540</u></u>

C. Other profits and losses

Other profits and losses of Group are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Net profits (losses) of foreign currency exchange	\$ 4,730	(6,358)
Losses from disposal of Property, plant and equipment	-	(11)
Losses from financial assets/liabilities at fair value through profit and loss	(35,888)	(15,363)
Other losses	(7,425)	(42)
	<u><u>\$ (38,583)</u></u>	<u><u>(21,774)</u></u>

D. Financial costs

The financial costs of the Group are as follows:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Interest expenses from bank loans	\$ 13,414	10,696
Interest expenses of convertible bonds	7,823	7,658
Interest expenses of lease liabilities	270	483
	<u><u>\$ 21,507</u></u>	<u><u>18,837</u></u>

(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 2021, except for the following mentioned. Please refer to the note 6 (23) in the consolidated financial report of 2021 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 March 31, 2022, December 31, 2021 and March 31, 2021, 82%, 83% and 78% 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.

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(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.

	<b>Book value</b>	<b>Cash flow of the contract</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>March 31, 2022</b>						
Non-derivative financial liabilities						
Short-term loans	\$ 3,164,706	3,172,869	3,172,869	-	-	-
Accounts payable (including related parties)	339,984	339,984	339,984	-	-	-
Other payables (including related parties)	479,423	479,423	479,423	-	-	-
Convertible bonds payable (including derivative financial assets)	1,482,657	1,500,000	1,500,000	-	-	-
Long-term loans	1,984,550	2,067,174	884,694	21,658	1,160,822	-
Lease liabilities	29,551	29,993	28,555	1,438	-	-
Guarantee deposits received	12,487	12,487	11,811	-	90	586
	<b>\$ 7,493,358</b>	<b>7,601,930</b>	<b>6,417,336</b>	<b>23,096</b>	<b>1,160,912</b>	<b>586</b>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Short-term loans	\$ 3,142,240	3,142,240	3,142,240	-	-	-
Accounts payable (including related parties)	630,543	630,543	630,543	-	-	-
Other payables (including related parties)	595,641	595,640	595,640	-	-	-
Convertible bonds payable (including derivative financial assets)	1,474,834	1,500,000	-	1,500,000	-	-
Long-term loans	1,945,900	2,007,619	875,652	12,556	1,119,411	-
Lease liabilities	39,109	39,807	35,785	4,022	-	-
Guarantee deposits received	4,826	4,826	4,175	-	87	564
	<b>7,833,093</b>	<b>7,920,675</b>	<b>5,284,035</b>	<b>1,516,578</b>	<b>1,119,498</b>	<b>564</b>
Derivative financial liabilities						
SWAP contract:						
Outflow	-	1,765,379	1,765,379	-	-	-
Inflow	962	(1,766,341)	(1,766,341)	-	-	-
	<b>962</b>	<b>(962)</b>	<b>(962)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>\$ 7,834,055</b>	<b>7,919,713</b>	<b>5,283,073</b>	<b>1,516,578</b>	<b>1,119,498</b>	<b>564</b>
<b>March 31, 2021</b>						
Non-derivative financial liabilities						
Short-term loans	\$ 3,013,672	3,013,672	3,013,672	-	-	-
Accounts payable (including related parties)	330,763	330,763	330,763	-	-	-
Other payables (including related parties)	582,273	582,273	582,273	-	-	-
Convertible bonds payable (including derivative financial assets)	1,450,864	1,500,000	-	1,500,000	-	-
Long-term loans	836,750	867,034	15,539	851,495	-	-

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Lease liabilities	62,060	63,791	36,881	26,031	879	-
Guarantee deposits received	809	809	109	201	-	499
	<u>\$ 6,277,191</u>	<u>6,358,342</u>	<u>3,979,237</u>	<u>2,377,727</u>	<u>879</u>	<u>499</u>

**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:

	2022.3.31			2021.12.31			2021.3.31		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	405,442	4.5060	1,826,920	2,197	4.3546	9,567	460,389	4.3552	2,005,087
USD	17,980	28.6250	514,678	85,955	27.6804	2,379,265	28,611	28.5433	816,657
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	35,026	28.6296	1,002,781	105,500	27.6818	2,920,432	38,732	28.5408	1,105,448
Yen	7,868	0.2345	1,845	13,074	0.2408	3,148	132,783	0.2595	34,462

**(b) Sensitivity analysis**

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On March 31, 2022 and 2021, when the Taiwan dollar devalues by 0.25% against the US dollar, the Chinese Yuan and the Japanese Yen, while all other factors remain unchanged, the net profit before tax from January 1 to March 31, 2022 and 2021 will increase by approximately \$3,342 thousand and \$4,205 thousand, respectively.

**(c) Exchange gains and losses of monetary items**

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from January 1 to March 31, 2022 and 2021 including realized and unrealized ones, are \$4,730 thousand and (\$6,358) thousand, respectively.

**D. Interest rate analysis**

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

The interest rate of the Group's long-term loans is floating interest rate. The following

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

If the interest rate increases or decreases by 0.25% and all other variables remain unchanged, the Group's net income before tax from January 1 to March 31, 2022 and 2021 will decrease or increase by 716 thousand and 0 thousand respectively, mainly due to the Group's floating interest rate loans.

**E. Information on fair value**

**(a) Types and fair value of financial instruments**

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

	<b>2022.3.31</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total amount</b>
		<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 21,605	-	-	21,605	21,605
Non-listed foreign shares	95,538	-	-	95,538	95,538
Private fund	266,018	-	-	266,018	266,018
Subtotal	383,161	-	-	383,161	383,161
Financial assets measured at amortized costs					
Cash and cash equivalents	8,993,593	-	-	-	-
Restricted bank deposit	62,120	-	-	-	-
Contract assets	421,156	-	-	-	-
Notes receivable and accounts receivable (including related parties)	545,203	-	-	-	-
Other receivables	50,298	-	-	-	-
Guarantee deposits paid	11,901	-	-	-	-
Subtotal	10,084,271	-	-	-	-
Total amounts	<b>\$ 10,467,432</b>	<b>-</b>	<b>-</b>	<b>383,161</b>	<b>383,161</b>
Financial liabilities at amortized costs					
Short-term loans	\$ 3,164,706	-	-	-	-

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Accounts payable ( including related parties)	339,984	-	-	-	-
Other payables (including related parties)	479,423	-	-	-	-
Convertible bond-liability component	1,482,657	-	-	-	-
Long-term loans	1,984,550	-	-	-	-
Lease liabilities	29,551	-	-	-	-
Guarantee deposits received	12,487	-	-	-	-
Total amounts	<b>\$ 7,493,358</b>	-	-	-	-

**2021.12.31**

		Fair value				Total amount
		Book value	Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss						
Domestic unlisted stocks	\$	20,704	-	-	20,704	20,704
Non-listed foreign shares		113,643	-	-	113,643	113,643
Private fund		271,655	-	-	271,655	271,655
Subtotal		406,002	-	-	406,002	406,002
Financial assets measured at amortized costs						
Cash and cash equivalents		9,066,899	-	-	-	-
Restricted bank deposit		60,572	-	-	-	-
Contract assets		329,504	-	-	-	-
Notes receivable and accounts receivable (including related parties)		755,229	-	-	-	-
Other receivables		24,715	-	-	-	-
Guarantee deposits paid		11,426	-	-	-	-
Subtotal		10,248,345	-	-	-	-
Total amounts	\$	10,654,347	-	-	406,002	406,002

Financial liabilities at fair value through profit or loss

Derivative financial liabilities -current	\$ 962	-	962	-	962
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Financial liabilities at amortized costs

Short-term loans	3,142,240	-	-	-	-
Accounts payable (including related parties)	630,543	-	-	-	-
Other payables (including related parties)	595,641	-	-	-	-
Convertible bond-liability component	1,474,834	-	-	-	-
Long-term loans	1,945,900	-	-	-	-
Lease liabilities	39,109	-	-	-	-
Guarantee deposits received	4,826	-	-	-	-
Subtotal	7,833,093	-	-	-	-
Total amounts	<b>\$ 7,834,055</b>	-	<b>962</b>	-	<b>962</b>

**2021.3.31**

	2011/2012				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					

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Derivative financial assets –non-current	\$	750	-	750	-	750
Non-listed foreign shares		65,147	-	-	65,147	65,147
Private fund		364,244	-	-	364,244	364,244
Subtotal		430,141	-	750	429,391	430,141
Financial assets measured at amortized costs						
Cash and cash equivalents		8,797,613	-	-	-	-
Restricted bank deposit		60,117	-	-	-	-
Contract assets		137,748	-	-	-	-
Notes receivable and accounts receivable (including related parties)		806,719	-	-	-	-
Other receivables		11,092	-	-	-	-
Guarantee deposits paid		12,536	-	-	-	-
Subtotal		9,825,825	-	-	-	-
Total amounts		<b>\$ 10,255,966</b>	<b>-</b>	<b>750</b>	<b>429,391</b>	<b>430,141</b>
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities -current	\$	918	-	918	-	918
Financial liabilities at amortized costs						
Short-term loans		3,013,672	-	-	-	-
Accounts payable (including related parties)		330,763	-	-	-	-
Other payables (including related parties)		582,273	-	-	-	-
Convertible bond-liability component		1,451,614	-	-	-	-
Long-term loans		836,750	-	-	-	-
Lease liabilities		62,060	-	-	-	-
Guarantee deposits received		809	-	-	-	-
Subtotal		6,277,941	-	-	-	-
Total amounts		<b>\$ 6,278,859</b>	<b>-</b>	<b>918</b>	<b>-</b>	<b>918</b>

(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

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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 and SWAP contract are usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	From January to March 2022			From January to March 2021	
	Domestic unlisted stocks	Non-listed foreign company shares	Private equity fund	Non-listed foreign company shares	Private equity fund
Balance on January 1	\$ 20,704	113,643	271,655	65,472	380,528
Gains/ Losses:					
Recognized in gains/ losses	187	(21,997)	(15,803)	-	(14,506)
The impact of exchange rate	714	3,892	10,166	(325)	(1,778)
Balance on March 31	<u>\$ 21,605</u>	<u>95,538</u>	<u>266,018</u>	<u>65,147</u>	<u>364,244</u>

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

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

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

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
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			<u>input values and fair value</u>
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"> <li>• P/E ratio multiplier (10.83 on 2022.03.31, 11.71 on 2021. 12.31)</li> <li>• Multiplier of enterprise value-to-sales (2.85 on 2022.03.31, 3.92 on 2021. 12.31 and 4.10 on 2021.03.31)</li> <li>• Lack of market liquidity discounts (P/E ratio multiplier: 20% on 2022.03.31 and 2021.12.31; multiplier of enterprise value-to-sales: 10% on 2022.03.31 and 2021.12.31 and 30% on 2021.03.31)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier, the higher the fair value</li> <li>• The higher the discount for lack of market liquidity, the lower the fair value</li> </ul>
Financial assets at fair value through profit or loss- Private fund investment consideration	Net asset value method	Net asset value	<ul style="list-style-type: none"> <li>• The higher the net asset value, the higher the fair value</li> </ul>

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

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

Input value	Move up or down	Changes in fair value reflecting in current profits and losses	
		Favorable change	Unfavorable change

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**March 31, 2022**

Financial assets measured at fair value through profit and loss

Equity instrument investment in non-active market	P/E ratio	5%	10,803	(10,803)
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	1,066	(1,066)

**December 31, 2021**

Financial assets measured at fair value through profit and loss

Equity instrument investment in non-active market	P/E ratio	5%	10,368	(10,368)
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	1,309	(1,309)

**March 31, 2021**

Financial assets measured at fair value through profit and loss

Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	792	(792)
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The favorable and unfavorable changes of the Group refer to the fluctuations of the fair value, which is calculated based on the evaluation technology according to the varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of changes in a single input value and does not take into account the correlation and variability between input values.

(f) Offsetting of financial assets and liabilities

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

2022.3.31					
Financial assets subject to offset, offset settlement agreement or similar agreements					
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)		
			Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	830,270	830,270	-	-	-
2022.3.31					
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 liabilities (a)	assets recognized in balance sheet (b)	financial liabilities in balance sheet (c)=(a)-(b)	instrument	collateral received	(e)=(c)-(d)
Short-term loans	830,270	830,270	-	-	-	-
<b>2021.12.31</b>						
<b>Financial assets subject to offset, offset settlement agreement or similar agreements</b>						
				Relative amount not offset in balance sheet (d)		
	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)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	802,720	802,720	-	-	-	-
<b>2021.12.31</b>						
<b>Financial assets subject to offset, offset settlement agreement or similar agreements</b>						
				Relative amount not offset in balance sheet (d)		
	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)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Short-term loans	802,720	802,720	-	-	-	-
<b>2021.3.31</b>						
<b>Financial assets subject to offset, offset settlement agreement or similar agreements</b>						
				Relative amount not offset in balance sheet (d)		
	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)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	570,800	570,800	-	-	-	-
<b>2021.3.31</b>						
<b>Financial assets subject to offset, offset settlement agreement or similar agreements</b>						
				Relative amount not offset in balance sheet (d)		
	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)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Short-term loans	570,800	570,800	-	-	-	-

**(24) Financial risk management**

The target and policy of financial risk management of the Group has no significant changes compared with note 6 (24) in the consolidated financial report of 2021.

**(25) Capital management**

The target, policy, and procedure of capital management of the Group are consistent with those in the consolidated financial report of 2021, the quantified data summary of capital management has no significant changes compared with the consolidated financial report of 2021. Please refer

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to the note 6 (25) in the consolidated financial report of 2021 for relate information.

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

For the year ended March 31, 2022 and 2021, 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:

	2022.1.1	Cash flow	Non-cash changes						2022.3.31
			Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Reduce	Others	
Short-term loans	\$ 3,142,240	22,466	-	-	-	-	-	-	3,164,706
Long-term loans	1,945,900	-	-	38,000	-	-	-	650	1,984,550
Convertible bonds payable	1,474,834	-	7,823	-	-	-	-	-	1,482,657
Lease liabilities	39,109	(9,992)	-	1,023	-	-	(589)	-	29,551
Total liabilities from financing activities	<u>\$ 6,602,083</u>	<u>12,474</u>	<u>7,823</u>	<u>39,023</u>	<u>-</u>	<u>-</u>	<u>(589)</u>	<u>650</u>	<u>6,661,464</u>

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

## **7. Related party transactions**

### **(1) Parent company and ultimate controller**

Foxconn (Far East) Limited is the parent company of the Group, holding 59.52% of the outstanding common shares of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

### **(2) Name and relations of related parties**

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

<b>Name of related parties</b>	<b>Relation with Group</b>
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.	Its ultimate controller is the same as that of Group

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Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of Group
Fortunebay Technology Pte. Ltd.	Its ultimate controller is the same as that of Group
Hong Fujin Precision Industry (Shenzhen) Limited Company	Its ultimate controller is the same as that of Group
Foxconn (Nanjing) Software Company	Its ultimate controller is the same as that of Group
Shenzhen Fu Neng New Energy Technology Co., Ltd.	Its ultimate controller is the same as that of Group
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Zhengyi longhua Special Material (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Triple Win Technology (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxcavity Precision Industry (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fulian Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Fulian Yuzhan Technology (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
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:

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Other related parties		
Foxconn Interconnect Technology Limited	142,434	88,339
Triple Win Technology (Shenzhen) Co., Ltd.	-	457,413
Others	249	248
	<b>\$ 142,683</b>	<b>546,000</b>

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.

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**B. Purchase**

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

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Other related parties	<b>\$ 13,217</b>	<b>17,676</b>

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

**C. Expenses for professional services**

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

	<b>From January to March 2022</b>	<b>From January to March 2021</b>
Ultimate controller	<b>\$ 269</b>	<b>290</b>

**D. Accounts receivable from related parties**

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

<b>Account items</b>	<b>Related-party categories</b>	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 163,266	99,344	87,922
	Triple Win Technology (Shenzhen) Co., Ltd.	2,106	2,027	357,046
	Others	90	87	87
Subtotal		165,462	101,458	445,055
Other receivables	Triple Win Technology (Shenzhen) Co., Ltd.	28,797	4,546	-
		<b>\$ 194,259</b>	<b>106,004</b>	<b>445,055</b>

As of March 31, 2022, December 31, 2021 and March 31, 2021, no allowance for loss is required for the above-mentioned related parties.

**E. Contract assets**

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

<b>Account items</b>	<b>Types of related parties</b>	<b>2022.3.31</b>	<b>2021.12.31</b>	<b>2021.3.31</b>
Contract assets	Other related parties			
	Triple Win Technology (Shenzhen) Co., Ltd.	<b>\$ -</b>	<b>-</b>	<b>22,248</b>

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F. Property trading - property, plant and equipment disposed

Details of the Group's disposal of property, plant and equipment are as follows:

	From January to March 2022		From January to March 2021	
	Proceeds	Gain (loss) on disposal	Proceeds	Gain (loss) on disposal
<b>Related-party categories</b>				
Triple Win Technology (Shenzhen) Co., Ltd.	\$ 24,532	-	-	-

As of March 31, 2022, the remaining sale price of RMB 28,797 thousand (including taxes) has not been received, and it is recognized as other receivables.

G. Payables to related parties

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

Account	Related-party categories	2022.3.31	2021.12.31	2021.3.31
Accounts payable to related parties	Other related parties	\$ 8,815	11,485	11,126
Other payables to related parties	Ultimate controller	1,532	3,063	14,805
	Other related parties			
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	10,702	10,302	10,306
	Futaihua Industry (Shenzhen) Co., Ltd.	21,971	21,151	-
	Others	9,330	9,209	9,674
		43,535	43,725	34,785
		<b>\$ 52,350</b>	<b>55,210</b>	<b>45,911</b>

(4) Remuneration of major management personnel

Key management personnel compensation comprised:

	From January to March 2022	From January to March 2021
Short-term employee benefits	\$ 39,912	25,033
Post-employment benefits	375	87
	<b>\$ 40,287</b>	<b>25,120</b>

8. Pledged assets

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

Pledged asset	Object	2022.3.31	2021.12.31	2021.3.31
Restricted bank deposit (recognized as	Customs deposit and	\$ 62,120	52,572	52,117

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financial assets measured at amortized cost-current)	Long-term loan			
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	-	8,000	8,000
Total		<u>\$ 62,120</u>	<u>60,572</u>	<u>60,117</u>

**9. Material contingent liabilities and unrecognized contractual commitments**

The purchase contract price of property, plant and equipment signed by the Group on March 31, 2022 and 2021 was 1,747,950 thousand and 793,447 thousand respectively, and the paid amount was 932,319 thousand and 752,665 thousand respectively, which were recorded under unfinished construction and equipment to be inspected and other non-current assets.

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

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

**12. Others**

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

Functions Items	From January to March 2022			From January to March 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	88,665	72,145	160,810	156,247	82,680	238,927
Health insurance expenses	4,280	3,290	7,570	1,824	2,302	4,126
Pension expenses	7,516	5,989	13,505	9,734	4,535	14,269
Other employee benefit expenses	11,265	12,436	23,701	22,317	8,143	30,460
Depreciation expenses	104,563	17,475	122,038	110,250	25,330	135,580
Amortization expenses	28	86	114	2,708	215	2,923

(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

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From January 1 to March 31, 2022, 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	Is a related party	Maximum outstanding balance during the year ended March 31, 2022	Balance at March 31, 2022	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	Ceiling on total loans
													Item	Value		
1	ShunSin (Samoa)	The Company	Other receivables	Y	429,647 (RMB 95,350)	429,647 (RMB 95,350)	429,647 (RMB 95,350)	-	2	-	Business operation	-	-	-	4,039,480 (Note 2)	4,039,480 (Note 2)
2	ShunYun (Cayman)	ShunYun (Ha Noi)	Other receivables	Y	100,205 (USD 3,500)	100,205 (USD 3,500)	100,205 (USD 3,500)	0.50	2	-	Business operation	-	-	-	1,565,460 (Note 3)	3,130,920 (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.

Note3: 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 a 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. Loan to other parties:**

No	Guarantor/Endorser	Party being guaranteed/ endorsed		Relationship with the guarantor/ endorser (Note1)	Limited on guarantees/ endorsements provided for a single party (Note2)	Maximum outstanding guarantee/ endorsement amount as of March 31, 2022	Outstanding guarantee/ endorsement amount as of March 31, 2022	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	Provision of guarantees/ endorsements by parent company to subsidiary (Note2)	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												
2	The Company	ShunYun (Cayman)		2	3,329,189	1,717,800 (USD 60,000)	1,717,800 (USD 60,000)	1,145,200 (USD 40,000)	-	25.80%	6,658,378	Y	N	N

Note 1: Relationship between guarantor and guarantee:

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

Note 2: The total guarantees and endorsements of the Company to others should not be in excess of the Company's net value, and for a single party should not be in excess of 50% of the Company's net value.

**C. Marketable securities held as of March 31, 2022 (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	21,605	5.56%	21,605	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	95,538	0.76% (Note)	95,538	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	266,018	6.67%	266,018	

Note: Lansus Technologies Corporation Limited increased its capital in March, 2022, and its shares increased from 397,090 thousand shares to 402,528 thousand shares. Share ratio of ShunSin (Zhongshan) decreased from 0.77% to 0.76% since it did not participate in the capital increase.

**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:**

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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)		Remarks
			Purchase/(sale)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable, accounts receivable (payable)	
The Company	Foxconn Interconnect Technology Limited	Other related party	Sale	142,434	44.37%	4 months	-		163,266	29.42%	

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): 230,693	0.69	-		-	-
The Company	Foxconn Interconnect Technology Limited	Other related parties	Accounts receivable(Note 1): 163,266	4.34	-		60,053	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Parent company	Accounts receivable(Note 1): 1,104,418	0.25	-		297,745	-
ShunSin (Zhongshan)	The Company	Parent company	Accounts receivable(Note 1): 437,928	0.75	-		293,144	-
The Company	ShunYun (Cayman)	Parent company	Other receivable (Note 1): 219,872	-	-		-	-
ShunSin (Zhongshan)	The Company	Parent company	Other receivable (Note 1): 608,967	-	-		-	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 398,714	-	-		-	-
ShunYun (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 274,296	-	-		-	-
ShunSin (Samoa)	The Company	Parent company	Other receivable (Note 1): 429,682	-	-		-	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Parent company	Other receivable (Note 1): 101,519	-	-		-	-

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

Note 2: As of April 26, 2022.

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

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**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	Accounts payable	437,928	Within 4 months	2.93
0	"	"	1	Other payables	608,967	Pay/receive on behalf, no general customers for comparison	4.07
0	"	ShunSin (Samoa)	1	Other payables	429,682	Capital Loan	2.87
0	"	ShunYun (Cayman)	1	Other payables	219,872	Pay/receive on behalf, no general customers for comparison	1.47
1	ShunSin (Samoa)	ShunYun (Zhongshan)	3	Other payables	274,296	Pay/receive on behalf, no general customers for comparison	1.83
2	ShunYun (Cayman)	The Company	2	Accounts payable	230,693	Within 4 months	1.54
2	"	ShunYun (Zhongshan)	3	Contract liability	187,012	Recognition by completion ratio	1.25
2	"	ShunYun (Ha Noi)	3	Contract liability	328,084	Recognition by completion ratio	2.19
3	ShunYun (Zhongshan)	ShunSin (Zhongshan)	3	Other payables	398,714	Pay/receive on behalf, no general customers for comparison	2.66
4	ShunYun (Ha Noi)	ShunYun (Cayman)	3	Accounts payable	1,104,418	Within 4 months	7.38

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

1. Fill in 0 for parent company.
2. Subsidiaries are numbered in sequence starting with 1.

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

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

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

Note 4: It is hereby disclosed that the balance sheet accounts for more than 1% of the consolidated total assets and the subject of profit and loss accounts for more than 10% of the total revenue.

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

**(2) Information on re-investment business:**

The information of the reinvested business of the Group from January 1 to March 31, 2022, 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
				March 31, 2022	March 31, 2021	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	3,134,106	3,134,106	830,455,240	91.80%	9,345,045	(113,517)	(104,209)	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,928	287,928	9,510,000	100.00%	1,009,870	(9,117)	(9,117)	subsidiary

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The Company	ShunYun (Cayman)	Cayman	Holding Company	813,358	702,682	29,279,661	100.00%	782,730	25,343	25,343	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.20%	834,743	(113,517)	(9,308)	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234 (Note 4)	(Note 5)	100.00%	(36,270)	(47,917)	(47,917)	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	1,188,020 (Note 4)	(Note 5)	100.00%	1,197,478	1,983	1,983	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 (Cayman) purchased 100% equity of the Company's subsidiary, ShunYun (Ha Noi) and ShunSin (Bac Giang), on 2021/12/25, so it has acquired 100% equity of ShunYun (Ha Noi) and ShunSin (Bac Giang).

Note 5: ShunYun (Ha Noi) and 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 May 10, 2022.

### (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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of investee	Percentage of ownership	Share of profits/losses of investee (Note 2 and 3)	Carrying value as of March 31, 2022 (Note 2 and 3)	Accumulated inward remittance of earnings as of March 31, 2022
					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	(94,597) (RMB (21,468))	100.00%	(94,597) (RMB (21,468)) (Note 5)	9,747,518 (RMB 2,163,856) (Note 5)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	544,081 (RMB 125,085)	(2)	Note 4	Note 4	Note 4	Note 4	(29,453) (RMB (6,684))	100.00%	(29,453) (RMB (6,684))	599,113 (RMB 132,844)	Note 4
Talentek	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	174,728 (RMB 39,634)	(2)	Note 4	Note 4	Note 4	Note 4	(3,996) (RMB (907))	44.58%	(1,841) (RMB (418))	161,297 (RMB 35,765)	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 Taiwan company, so there is no such amount.

Note 5: The book value of the investment at the end of the period of 9,747,518 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 11,255 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of March 31, 2022 (exchange rate at closing period RMB: NTD = 1:4.5099), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.4064).

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

#### C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company from January 1 to March 31, 2022 (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.